

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS
LOK SABHA

STARRED QUESTION NO. 82* TO BE ANSWERED ON: 05.12.2025

Impact of GST Structure on Fertilizers and Agricultural Inputs

82*. SHRI BUNTY VIVEK SAHU:

SHRI MUKESHKUMAR CHANDRAKAANT DALAL:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) the details of the changes made under the Goods and Services Tax (GST) structure applicable to fertilizers and other agricultural inputs along with the objectives behind such changes;
- (b) the manner in which the said changes are likely to make the fertilizer sectors more transparent, cost-effective and farmer-friendly;
- (c) whether any assessment has been undertaken by the Government to evaluate the likely impact of these changes on production costs, efficacy of supply chain, availability and pricing of fertilizers for small and marginal farmers in the country, State/district-wise including Bulandshahr, Uttar Pradesh, Palghat in Maharashtra and Dahod Lok Sabha Constituency in Gujarat, if so, the details thereof; and
- (d) the expected outcomes of these reforms in terms of improving affordability, stability in prices of fertilizers, timely availability of fertilizers and promoting sustainable agricultural practices, State/district-wise specially in the State of Chhattisgarh, Bihar and Chhindwara district in Madhya Pradesh?

ANSWER

THE MINISTER FOR CHEMICALS & FERTILIZERS
(SHRI JAGAT PRAKASH NADDA)

(a) to (d): A statement is laid on the table of the House.

STATEMENT REFERRED TO LOK SABHA STARRED QUESTION NO 82* FOR 05.12.2025 REGARDING “IMPACT OF GST STRUCTURE ON FERTILIZERS AND AGRICULTURAL INPUTS” TABLED BY SHRI BUNTY VIVEK SAHU & SHRI MUKESHKUMAR CHANDRAKAANT DALAL

(a) to (d): The Government has rationalized Goods and Services Tax (GST) rates applicable on fertilizers and agricultural inputs with effect from 22.09.2025. The details of changes made are as under:

i. Fertilizer sector:

- a. GST on fertilizer raw materials/inputs such as Sulphuric Acid, Nitric Acid and Ammonia has been reduced from 18% to 5%.
- b. GST on Micronutrients has been reduced from 12% to 5%.

ii. Other Agricultural inputs:

- a. **Bio-Pesticides:** GST on bio-pesticides has been reduced from 12% to 5%.
- b. **Agricultural Machinery and Equipments:** GST rate on tractors and other agricultural machinery & equipments has been reduced from 18% / 12% to 5%.

Lowering GST rates from 18% to 5% on critical raw materials / inputs reduces the working-capital requirement, lowers the accumulation of Input Tax Credit (ITC) and improves cash flows, which will encourage more domestic production and support smooth availability of fertilizers to the farmers. The reduction in GST on micronutrient fertilizers from 12% to 5% also provides measurable financial relief to farmers by lowering their per-acre cultivation costs, improves affordability, particularly for small and marginal farmers who are often sensitive to input price fluctuations. Lower input costs make it financially viable for farmers to adopt recommended micronutrient doses. As per Indian Micro-Fertilizers Manufacturers Association, due to reduction of GST from 12% to 5%, savings would be of Rs. 140 per acre in Paddy, Rs. 199 per acre in Sugarcane, Rs. 446 per acre in Potato and Rs. 146 per acre in Wheat to farmers.

The reduction of GST on bio-pesticides from 12% to 5% is a progressive and environmentally conscious policy intervention to generate a significant positive impact on sustainable agriculture and eco-friendly crop protection practices in India. The reduction in GST would make bio-pesticides more economical and accessible to farmers, thereby encouraging their greater use as a pocket-friendly crop protection solution. Lower input costs would promote wider adoption of Integrated Pest Management (IPM) practices, wherein bio-

pesticides play a central role in reducing pest resistance and maintaining ecological balance. Competitive prices would support gradual shift from synthetic chemical pesticides towards safer biological alternatives. The tax relief directly supports the government's initiatives on organic and natural farming aligning with the vision of sustainable and residue-free agriculture. The reduction of GST from 12% to 5% on mechanical sprayers, sprinklers, drip irrigation systems, and nozzles is a welcome step towards promoting precision agriculture. This reform would make plant protection and irrigation equipment more affordable, thereby encouraging farmers to adopt scientific spraying practices and efficient pesticide application technologies. The resulting improvement in spray efficiency is expected to reduce wastage, minimize environmental contamination, and enhance the overall effectiveness of crop protection measures.

The reduction in GST resulted in lowering the purchase cost of tractors, power tillers, harvesters, threshers, and other essential farm machinery and equipments, making them more affordable and accessible to farmers. When combined with the financial support available under farm mechanization schemes, which provides subsidies up to 40–50 percent for purchase of agricultural machines, farmers would enjoy the dual advantage of reduction in taxation and financial assistance. This not only eases the financial burden on individual farmers but would also encourage farmer groups, cooperatives, and Farmer Producer Organizations (FPOs) to establish more number of Custom Hiring Centres and Farm Machinery Banks at lower project costs. This proactive step would accelerate the pace of mechanization and contribute meaningfully to achieving the goals of inclusive and sustainable agricultural development. This move would also provide a major boost to indigenous agricultural machinery manufacturers, in line with the vision of 'Atmanirbhar Bharat' by improving the competitiveness of domestic manufacturers. The reduction of the GST rate on tractors and other agricultural machinery from 12-18% to 5% will lead to a reduction in the prices of Tractors and farm machinery by 7-13%.

Since, GST is applicable uniformly throughout the country, above outcomes would also be effective across the country and would be applicable to all farmers equally irrespective of them being small or marginal farmers. These reforms would help in improving affordability, stability in prices of fertilizers timely availability of fertilizers & other agricultural inputs and promote sustainable agricultural practices.