

**GOVERNMENT OF INDIA
MINISTRY OF COOPERATION**

**LOK SABHA
UNSTARRED QUESTION NO. 1451
TO BE ANSWERED ON 09th DECEMBER, 2025**

IMPACT OF GST RATIONALISATION ON COOPERATIVES

**1451. SHRI YOGENDER CHANDOLIA:
SHRI LUMBARAM CHOUDHARY:
SHRI BIDYUT BARAN MAHATO:
SMT. VIJAYLAKSHMI DEVI:
SHRI MAHENDRA SINGH SOLANKY:
DR. HEMANG JOSHI:
SHRI VISHWESHWAR HEGDE KAGERI:
SMT. KAMLESH JANGDE:
SHRI MUKESHKUMAR CHANDRAKAANT DALAL:
SHRI CAPTAIN BRIJESH CHOWTA:
SHRI RAJKUMAR CHAHAR:
SHRI RAVINDRA SHUKLA ALIAS RAVI KISHAN:
SHRI DEVUSINH CHAUHAN:
SMT. SHOBHANABEN MAHENDRASINH BARAIYA:
SHRI ANIL FIROJIYA:
SHRI JANARDAN MISHRA:
SHRI DINESHBHAI MAKWANA:**

Will the Minister of COOPERATION (सहकारिता मंत्री) be pleased to state:

- (a) whether the Government has examined the likely impact of recent GST rationalisation on cooperatives, particularly those operating in the dairy, food processing, agriculture and rural enterprises sectors ;
- (b) if so, the details thereof, State-wise including Madhya Pradesh, particularly in Dewar Shajapur;
- (c) whether any assessment has been made regarding the likely impact of the revised GST rates on the income of members of milk cooperatives, farmer cooperatives and self-help groups engaged in processing and value addition;
- (d) if so, the details thereof; State and District- Wise particularly for Karnataka and Dakshina Kannada; and
- (e) the details of the likely impacts on the income of self-help groups operating in Chhattisgarh and Bihar?

ANSWER

**THE MINISTER OF COOPERATION
सहकारिता मंत्री (SHRI AMIT SHAH)**

(a) to (b): The impact of recent GST rationalisation on cooperatives, particularly those operating in the dairy, food processing, agriculture and rural enterprises sectors throughout the country, including Madhya Pradesh is as follows:-

Dairy Sector

i. The GST on Milk & Paneer has been made 'nil' and the GST on Butter, Ghee, Cheese, Milk cans etc. has been reduced from 12% to 5%.

ii. The likely impact of the revised GST rates on dairy cooperatives are as follows:-

- Direct boost to dairy farmers by making their products more competitive.
- The consequent reduction in prices of milk and dairy products will lead to increase in demand thereby increasing the revenue of dairy cooperative societies.

Food Processing

i. The GST on majority of food items have been revised to 5%. For instance GST on Jams and jellies, Fruit pulp, Fruit juice-based drinks, chocolates, corn flakes, Ice creams, Pastry, cakes, biscuits etc. have been reduced from 12/18% to 5%.

ii. The likely impact of the revised GST rates on **Food Processing** are as follows:-

- Lower rates will boost the demand for the said products thereby increasing the revenue of cooperatives in the food processing sector.

Agriculture and Rural Enterprises Sector

The GST on fertiliser inputs such as Ammonia, Sulphuric Acid, Nitric Acid has been reduced from 18% to 5% and the GST on many Bio-Pesticides & several Micronutrients have been reduced from 12% to 5%. Further, the GST on tractors below 1800 cc capacity has been reduced to 5% and the GST on tractor components such as tyres, tubes and Hydraulic pumps etc. have been reduced to 18% to 5%.

ii. The likely impact of the revised GST rates on the cooperatives engaged in Agriculture and Rural Enterprises Sector are as follows:-

- Reduction of input cost for fertilizer companies leading to reduction in fertilizer price.
- Timely availability of affordable fertilizer.
- Availability of affordable biobased inputs encouraging farmers to shift from chemical pesticide to bio pesticide thereby improving soil health and crop quality.
- Direct benefit to small farmers and FPOs.

(c) to (d): The reduction in GST rates is expected to enhance the competitiveness of cooperative products in the unorganised sector, leading to an increase in the market share of cooperative brands and strengthening consumer trust and food safety. Higher sales and improved margins are likely to enable cooperatives to generate additional surplus, which is expected to be passed on to members through higher procurement prices. For instance, presently about 80% of the consumer prices is passed on to dairy farmers, which is expected to rise to around 85% as a result of the GST rationalisation, including in Karnataka and Dakshina Kannada.

(e): Improved price competitiveness is expected to increase demand which is likely to encourage informal producers and women-led self-help groups to link with cooperatives, thereby providing better market access and resulting in improved income opportunities for self-help groups in all the States/UTs, including Chhattisgarh and Bihar.
