

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS AND FERTILIZERS
DEPARTMENT OF FERTILIZERS

LOK SABHA

UNSTARRED QUESTION NO. 974 TO BE ANSWERED ON: 05.12.2025

Impact of GST rates on Chemical Industries

974. SHRI KONDA VISHWESHWAR REDDY:

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

- (a) whether the Government has undertaken any assessment regarding the impact of GST rate rationalisation on the production, pricing, and availability of fertilizers, pharmaceutical products and industrial chemicals in the country, if so, the details of such assessment, sector-wise;
- (b) whether GST changes have increased/reduced the cost of raw materials and inputs used in fertilizers and pharmaceutical manufacturing, if so, the details thereof;
- (c) whether any representations have been received from industry stakeholders, fertilizer manufacturers, pharmaceutical associations and from State Governments regarding adverse impact of GST rationalisation;
- (d) if so, the details thereof and the action taken by the Government to address such concerns, State-wise including Telangana; and
- (e) whether the Government proposes to review GST rates on key inputs used in fertilizers and medicines to ensure price stability and uninterrupted supply to farmers and patients?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS

(SMT. ANUPRIYA PATEL)

- (a) & (b):** The Government, in consultation with the GST Council, undertake periodic assessments on the impact of GST rate rationalisation on key sectors

including fertilizers, pharmaceutical products and industrial chemicals. Accordingly, 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. **Pharmaceutical products:**

- a. GST rates on most medicines has been reduced to 5%.

iii. **Industrial Chemicals:**

- a. GST rate on natural menthol and goods derived from natural menthol (such as menthol crystals, peppermint / menthe oil, fractionated or de-terpenated menthe oil (DTMO), de-mentholised oil (DMO), spearmint oil and Mentha piperita oil) has been reduced from 12% to 5%
- b. GST rate on synthetic menthol has been increased from 12% to 18%.
- c. GST rate on crude glycerine has been reduced from 18% 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.

GST rates on most medicines has been reduced to 5%. Accordingly, National Pharmaceutical Pricing Authority (NPPA) issued OM's dated 12.09.2025 and

13.09.2025, directing pharmaceutical companies to reduce maximum retail price (MRP) on account of reduction in GST rates to pass on the benefit of reduced taxes to consumers.

The Government has reduced the GST rate from 12% to 5% on natural menthol and goods derived from natural menthol (such as menthol crystals, peppermint / menthe oil, fractionated or de-terpenated menthe oil (DTMO), de-mentholised oil (DMO), spearmint oil and Mentha piperita oil) to support domestic manufacturers of these products. Additionally, the GST rate on synthetic menthol has been increased from 12% to 18%. Further, to support domestic manufacturers, the GST rate on crude glycerine has been reduced from 18% to 5%.

(c) & (d): No representation regarding adverse impact of GST rationalisation has been received from fertilizer industry, pharmaceutical industry or chemical industry.

(e): GST rates are determined on the recommendation of the GST Council. The Government continuously reviews the rate structure and any proposal for modification is examined based on industry feedback, States' recommendations and the need to ensure price stability and uninterrupted supply to farmers and patients.
