

GST DECISION UPSETS DAIRY FARMERS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

Union Finance Minister Nirmala Sitharaman addresses during celebration of the 5th GST Day, in New Delhi. PTIARUN SHARMA

The decision of the GST Council at its 47th meeting held last week in Chandigarh to impose a 5% tax on dairy items such as “pre-packed, pre-labelled curd, lassi and butter milk” and to increase the tax on dairy machinery and milking machines from 12% to 18% has drawn criticism from farmers’ organisations and milk cooperatives.

Various cooperatives are waiting for the notification of the Centre to take the next step, while farmers fear that the decision will result in an increase in the price of the by-products.

R.S. Sodhi, Managing Director, Gujarat Cooperative Milk Marketing Federation Ltd. (Amul), said they were waiting for the notification.

“We do not have any clarity at the moment. We have seen newspaper reports that GST will be levied on curd and buttermilk. We are waiting for the notification,” he said, adding that the prices of both the products are likely to rise if GST is imposed on them. The increase in the GST on dairy machinery and milking machines will have a direct impact on the price of milk too.

The Pradeshik Cooperative Dairy Federation (PCDF) of Uttar Pradesh, the largest milk-producing State in the country, will also meet soon to assess the impact of GST on the by-products and the machinery.

“The impact of this will be on the consumers as prices will increase. We have to assess the impact. We will consult with all district unions of farmers and will approach the government after that,” said PCDF general manager Tapeshe Yadav.

D.P. Singh, All India Kisan Sabha’s (AIKS) leader from Western Uttar Pradesh, said the decision will affect farmers directly.

“There are a lot of farmers who make curd and buttermilk at their homes and sell it in their neighbourhoods. Such a taxation will affect their livelihood,” Mr. Singh said.

Jitender Singh Hudda, farmers’ leader from Shamli, said the decision to increase GST on milking machines will impact the mechanisation of milking processes. “The government should also think about nutritional requirements of people,” Mr. Hudda said.

AIKS leaders Hannan Mollah and Ashok Dhawale said that the move will adversely affect over nine crore Indian households depending on the dairy sector for their livelihoods and millions of poor consumers who depend on milk and its by-products for nutrition.

The AIKS also called upon dairy farmers across the country to rise in protest by uniting the small entrepreneurs and the cooperative sector.

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