

PRESS RELEASE

Enhanced focus on R&D and reduction in GST – CropLife India stresses on the Union Budget 2021 for the Agrochemical sector

New Delhi, 20th January 2021: [CropLife India](#), an association of 15 R&D driven crop science companies, suggested that in order to enhance the focus on Research & Development, which would benefit the farmer; *GST on agrochemicals be reduced from the current 18% to 12% and Government should provide 200% weighted deduction on R&D expenses by agrochemical companies.*

Mr. Asitava Sen, Chief Executive Officer, CropLife India opines, "Agrochemicals are an integral part of the green revolution and play a crucial role in increasing agricultural productivity. Over the years, the Indian crop protection industry has made significant progress in terms of enhanced production capacity as well as integration of imported and indigenized technology to meet the overall requirement of crop protection products".

Mr. Sen added, "Keeping in mind its potential, the Government has recently recognized Agrochemicals as a Champion Sector, where India can become a major global manufacturing hub. However if we have to become a global hub for supplies, Indian regulatory processes must comply with the global regulatory ecosystem. We urge the Indian Government to implement a science-based, progressive and predictive regulatory regime, for the sector to achieve its true potential".

Our rationale –

Issue	Suggestion	Justification
Farmers are unable to seek benefit of the high GST rate, i.e. 18% on agrochemicals	<ul style="list-style-type: none"> • The GST rate on agrochemicals should be lowered to 12%. • The lower rate would be aligned with other agriculture inputs. • The lower rate would help in lowering the prices of the agrochemicals. 	<ul style="list-style-type: none"> • Farmers do not have any mechanism of claiming the input on taxes being paid by them; yet are susceptible to higher taxation. • The move will help in Doubling Farmer's Income as it would enhance their savings.
Simplification of requirement under GST for issuance of credit note to customers.	<ul style="list-style-type: none"> • The government should allow companies to adjust input credit of one state against the tax payable situation in another state as GST is a Central levy. 	Currently it is very stringent. The law states - (i) There has to be a pre-agreement before the supply is made (ii) Supplier has to ensure input credit is reversed by

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	<ul style="list-style-type: none"> In case of discontinuation of business due to reasons which are not business specific and is due to change in government regulations, the government should allow the company to claim a refund of Input Credit. 	<p>customer. These two conditions make the issuance of credit note along with GST a very difficult process. As a result of this some of the customers are facing an inverted duty structure.</p>
<p>In order to achieve 'Atmanirbhar Bharat', Government should boost Research and Development (R&D).</p>	<ul style="list-style-type: none"> The Government ought to provide 200% weighted deduction on R&D expenses by pesticides companies. Government may consider providing this to those units who have minimum fixed assets of Rs. 50 Crores & incurring expenses of Rs. 10 Crores. 	<ul style="list-style-type: none"> (i) Promote local innovation (ii) 'Make in India' (iii) Provide new technology to Farmers
<p>Proposal for enhancement of Basic Custom Duty of pesticide formulation from 10% to 20%.</p>	<p>Follow a uniform basic customs duty of 10% for both Technical raw material and for Formulations.</p>	<ul style="list-style-type: none"> (i) Getting research products domestically will have a demand supply impact. (ii) The increase in basic customs duty from 10% to 20% will have huge impact on the final pricing and will adversely affect the affordability of the small holder farmer community in India. (iii) Please also note that most of the input for the smallholder farmers in India is zero duty for example seeds, etc. Hence, increase in the customs duty will impact small holder farmers and it would be difficult for them to sustain in such a difficult situation.

CropLife India and its members would like to urge the Government to **kindly reduce the GST on agrochemicals from the current 18% to 12%; provide 200% weighted deduction on R&D expenses by pesticides companies; and retain a uniform basic customs duty of 10% for both Technical raw material and for Formulations; all of which will directly benefit the farmers.**

About [CropLife India](#):

[CropLife India](#) is committed to advancing sustainable agriculture and it is an association of 15 R&D driven member companies in crop protection. We jointly represent ~ 70% of the market and are responsible for 95% of the molecules introduced in the country. Our member companies have annual global R & D spend of 6 billion USD and are firmly committed to engaging with the farming community to enable Safe, Secure Food Supply.

Our Members



Our Associate Members



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