

PRESS RELEASE

Proposed doubling of pesticides formulation custom duty will hurt the farmer real hard

Proposal to enhance Custom Duty on formulated agrochemicals is against sustainability of Indian farming and 'Make in India'

New Delhi, 17th September 2020: [CropLife India](#), an association of 15 R&D driven crop science companies, is concerned by a proposal within the government seeking to double Custom Duty on agrochemical formulations to 20%. This would severely hurt the interests of the farmers of the country, in terms of increasing cost of farming and non-availability of the newer innovative products.

It is clear that the idea of 'doubling' custom duty is being proposed based on 'misleading information'; in the last couple of months, about the "huge" formulation imports in the country. However, the actual data of import proves otherwise.

Mr. Asitava Sen, Chief Executive Officer, CropLife India said, "The idea is ill-conceived and not based on ground realities. Imported pesticide Formulations constitute INR 1800 crores, which is hardly 20% of total agrochemicals imported in India. The proposal to enhance custom duty on formulated products will set to reduce '*Ease Of Doing Business*', highlight uncertainty of Indian policies and send out wrong signals to investors in this sector; apart from not achieving either any significant financial benefit for the exchequer or increasing local manufacturing; while hurting the farmers' interest".

Mr. Sen added, "While our association fully supports '*Make in India*', it should not come at the expense of our nation's farmers to compete globally. The products being imported are not being manufactured in India, anyways. Once these solutions get adopted by the farmers, local manufacturing commences for long term objective which supports '*Make in India*'."

Pesticides are like medicines for agricultural crops, and protect them from the ravages of pests' diseases and weeds (crop losses to pests presently is pegged at 15-20%). Farmers invest huge sums by way of seeds, fertilizers, water, labour etc. to undertake farming, and pesticides act as an insurance that protect their crops and investments. Indian farmers need newer molecules for this purpose: the changing cropping patterns, climate change, invasion by invasive pests and extremely narrow existing product portfolio makes it essential that farmers are provided with a bigger and better range of products.

Protecting the Indian Agriculture

- Historically, almost all the new technologies/innovations have been introduced in the country through import of Active ingredients or formulated products. Once these solutions get adopted by the farmers, the local manufacturing is commenced for long term objective and to support 'Make in India'.
- Additional custom duty, will generate meagre incremental revenues for the government however would rather damage the long-term sustainability of crop protection in the country.
- Since these formulations are unique science-based innovations, discouraging their use through tariff or non-tariff barriers will restrict the farmers' choices for newer chemistries.
- Such an action will reflect India badly as an investment destination, as the proposal is baseless and arbitrary.

Almost all pesticides formulations that are being imported are based on newer, safer and better chemistries; and provide farmers' with a whole new range of products for fighting the newer challenges posed by pests and diseases. As such imported formulations largely pertain to new molecules that lend better sustainability, pesticides' resistance management, environmental fate and safety to the users. Taxing them at higher rates will discourage introduction of newer chemistries, leading to loss of viable newer options at the hands of the farmers.

CropLife India strongly urge the government not to differentiate formulations from the active grade pesticides for the purpose of levying custom duty.

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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