

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:7225  
ANSWERED ON:13.05.2005  
VAT ON SEEDS  
Bishnoi Shri Kuldeep

**Will the Minister of FINANCE be pleased to state:**

- (a) whether Government has decided to impose 4% tax on seeds under VAT region;
- (b) if so, the details thereof;
- (c) the specific provision in National Seeds Policy 2002 and recommendations of National Commission on Agriculture in this regard; and
- (d) steps, if any, taken by the Government to exempt seeds from VAT?

**Answer**

Minister of State in the Ministry of Finance (Shri S.S. Palanimanickam)

- (a) & (b): Empowered Committee of State Finance Ministers, in its meeting held on 26th April, 2005 has decided to exempt all seeds other than oil seeds from VAT.
- (c): The National Seeds Policy, 2002 envisages that in order to develop a competitive seed market, the States will be encouraged to remove unnecessary local taxation on sales of seeds. Similarly National Commission on Agriculture - 1976 recommends promotional measures like exempting seeds from levies operative for grain, Octroi, Sales Tax or Local Taxes in any other form.
- (d): Empowered Committee of State Finance Ministers, which is the representative body of the States has decided to exempt all seeds except oil seeds from VAT.