

Major GST Reductions to Boost Cooperatives, Farmers, and Rural Enterprises

More than 10 crore dairy farmers to benefit from it

No GST on Milk and Paneer, 5% on Butter and Ghee

Affordable dairy products will improve nutrition
security and benefit dairy cooperatives

GST on cooperatives-processed foods like cheese,
pasta, namkeens, jams, jellies, fruit pulps and juice-
based drinks reduced to 5%

It will reduce household expenditure, stimulate
demand, and boost food processing and dairy
processing cooperatives

GST on packing paper, cases, and crates reduced to
5%, easing logistics and packaging costs

GST on tractors below 1800 cc, and tractor
components reduced to 5%

GST on key fertiliser inputs such as ammonia,

**sulphuric acid and nitric acid reduced to 5% making
available affordable fertilizer**

**GST on twelve bio-pesticides and several
micronutrients has been reduced from 12% to 5%,
promoting organic and natural farming**

**GST on commercial trucks and delivery vans
reduced to 18%, thereby reducing freight rates per
tonne-km, cutting logistics cost and improving export
competitiveness**

**GST on third-party insurance of goods carriage
reduced to 5% with Input tax Credit (ITC)**

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In a landmark decision, Centre has announced wide-ranging reductions in Goods and Services Tax (GST) across key sectors that directly impact cooperatives, farmers, rural enterprises and benefit more than 10 crore dairy farmers in the country. These reforms will strengthen the cooperative sector, make their products competitive, increase demand of their products and increase income of cooperatives. It will promote rural entrepreneurship, promote cooperatives in food processing sector and ensure affordable access to essential goods for millions of households. GST rate reductions will benefit cooperatives in farming and animal husbandry, promote sustainable farming practices, and benefit small farmers and FPOs. The #NextGenGST reforms brought under the leadership of Prime Minister Shri Narendra Modi Ji has been hailed by the entire dairy cooperative sector, including the big cooperative brands like AMUL.

In the dairy sector, direct relief has been provided to farmers and consumers as milk and paneer, whether branded or unbranded, have been exempted from GST, while the tax on butter, ghee and similar products has been reduced from 12% to 5%, and GST on milk cans made of iron, steel or aluminium has also been lowered from 12% to 5%.

These measures will make dairy products more competitive, provide direct relief to dairy farmers, and strengthen women-led rural enterprises, particularly self-help groups engaged in milk processing. Affordable dairy products will enhance nutrition security by making essential protein and fat sources more affordable for households, and raise incomes for cooperatives in the dairy sector.

In food processing and household items, a major relief has been given as GST on cheese, namkeens, butter and pasta have been reduced from 12% or 18% to 5%, while jams, jellies, yeasts, bhujia and fruit pulp or juice-based drinks are now taxed at 5%. Chocolates, corn flakes, ice creams, pastries, cakes, biscuits and coffee have also seen a reduction from 18% to 5%.

Lower GST will reduce household expenditure on food items, stimulate demand in semi-urban and rural areas, and promote growth in the food processing and dairy cooperative sectors. It will further boost food processing, milk processing cooperatives and private dairies, raising farmer incomes.

Additionally, GST on packing paper, cases, and crates has been reduced to 5%, easing logistics and packaging costs for cooperatives and food producers.

The GST on tractors below 1800 cc has been reduced to 5%, which will make tractors more affordable and benefit not only crop farmers but also those engaged in animal husbandry and mixed farming, as these tractors can be used for fodder cultivation, transporting feed, and managing farm produce more efficiently, while tractor components such as tyres and tubes, hydraulic pumps, and several other parts have also seen a reduction from 18% to 5%, further lowering costs and directly benefiting many cooperatives in the farming sector.

The GST on key fertiliser inputs such as ammonia, sulphuric acid and nitric acid has been reduced from 18% to 5%, correcting the inverted duty structure, lowering input costs for fertiliser companies, preventing price hikes for farmers, and ensuring timely availability of affordable fertilisers during sowing seasons, which will directly benefit many cooperatives in the farming sector.

Similarly, the GST on twelve bio-pesticides and several micronutrients has been reduced from 12% to 5%, promoting eco-friendly and sustainable farming practices by making bio-based inputs more affordable, encouraging farmers to shift from chemical to bio-pesticides for better soil health and crop quality, giving direct benefits to small organic farmers and FPOs in alignment with the Government's Natural Farming Mission. The change will again benefit many cooperatives in the farming sector.

The GST on commercial goods vehicles such as trucks and delivery vans has been reduced from 28% to 18%, lowering the upfront capital cost of trucks which form the backbone of India's supply chain by carrying nearly 65–70% of goods traffic, thereby reducing freight rates per tonne-km and creating a cascading effect that makes the movement of agricultural goods cheaper, cuts logistics costs, and improves export competitiveness. The reduction of GST on third-party insurance of goods carriage from 12% to 5% with Input tax Credit (ITC), further complements these efforts.

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