



**ASSUMPTIONS OF FARMERS ABOUT GST IN AGRICULTURE
IN SPECIAL REFERENCE TO DISTRICT MATHURA (UP)**

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Abstract

*This survey based research is related to the speculations of the farmers of district Etawah- UP; about present tax regime under GST. The newly implemented indirect tax regime is **influencing the agriculture industry** and farmers. GST was a long-awaited tax reform since Independence, that was passed by both houses of Parliament including Lok Sabha and Rajya Sabha and came into effect from 1st July 2017 across India. The GST Council has announced the 5 percent GST rates on agricultural products. The high rate of GST on farm machinery, including threshers, rotavators, laser levellers etc and agriculture implements, is likely to hit manufacturers and the farmers. At present, there is no excise duty and also no VAT on farm machines and implements in most of the states. Almost every farmer in the country use farm machinery and equipment either by taking it on rent or by purchasing, so the increase in prices of implements will increase their input cost. This will put an extra burden on farmers as manufacturers would be compelled to increase the prices. Thus, the imposition of taxes will act as a stumbling block in farm mechanization, which will hit farmers and ultimately affect the productivity. The move by the Central government to impose 12% duty on farm machinery agricultural farm machinery (harvester equipment, tractor farm equipment, combine harvesters and tractors) will hit the industry hard as it will push the prices of the finished product, putting an extra burden on the farming community. The farmers were expecting the government to fix a GST rate of 5% which would have reduced the burden on farmers but that did not happen. The Farmers of District Etawah (UP), are disappointed by the taxation under GST ; As they were expecting relaxation on agricultural products and equipments. The present GST rates/ taxation policies for agriculture sector are being considered against farmer welfare, by the farmers of the district.*

Key Words : *Speculation, agriculture sector, farm mechanization, GST.*

INTRODUCTION:

GST or Goods and Services Tax is applicable on supply of goods and services. It will replace the current taxes of excise, VAT and service tax. GST bill to make sure there should be no space for the reasons of corruption which will directly boost our Indian economy. We have written this article to make you aware of the effects and impacts of GST on various aspects of our lives. The best part about this article is that with this core information you can

prepare a decent essay or speech for your speech and essay competition. Because I am pretty sure the GST is going to be the topic of discussion in every school and college too.

With the unified tax regime we said goodbye to a big pile of indirect taxes making India **One Nation One Market One Tax** country. Now, businesses don't need to worry about the plethora of taxes.

India will implement the Canadian model of Dual GST, i.e., both the Centre and State will collect GST. There will be 3 types of GST:

CGST- Collected by Centre

SGST- Collected by State

IGST- Applicable on inter-state sales. It will help in smooth transfer between states and the Centre.

TOOLS AND TECHNIQUES:

Diagnostic research design is opted for the study. Random sampling method has been used to select the Respondents. A cross sectional evaluation was done to include the regional farmers of district Mathura (U.P.). Interview was conducted using predesigned & pretested questionnaire and interview schedule are used to collect the data from literate and illiterate respondents. Questionnaire included information related to bio-social profile of the farmer selection process. The data was collected by the trained field investigators. The study is based on the survey for the speculation of 100 FARMERS at district Mathura, Uttar Pradesh. The method of statistical analysis, *Chi-square* and CO-RELATION are used to draw scientific conclusions.

HYPOTHESIS :

Hypothesis 1. The farmers of district Mathura are un-known to the provisions of GST in India.

Hypothesis 2. The farmers are considering that the GST bill is not in favor of farmers.

Hypothesis 3. GST is responsible to Hick-up the prices of agricultural investments.

Table "A"

<i>S. No.</i>	<i>Age-wise distribution of 'Respondents'</i>	<i>f</i>	<i>%</i>
1	21-30	25	25.0
2	31-40	33	33.0
3	41-50	22	22.0
5	More than 50	20	20.0
Total		100	100.00

Speculation of farmers about GST:

The following tables A and B clarify the speculation of the respondents, regarding different variables, introduced to GST(Goods and Services Tax) in agriculture.

Table “B” - Responses if GST is favorable for farmers

S. No.	Educational status	Responses			Total	Percentage
		Yes	No	Neutral / No response		
1	Literate up to High School	10	18	02	30	30.0 %
2	Intermediate	10	26	02	38	38.0 %
3	Graduate & Above	02	24	01	27	27.0 %
4	Others (engineers , doctors etc)	01	04	00	05	05.00%
		23	72	05	100	100.00

“Speculations about GST”

S. No.	Reported problems	Frequencies	Percentage
1	GST may increase the prices of seeds and fertilizers	74/100	74.00 %
2	Electricity bill may increase due to GST	65/100	65.00 %
3	GST is an indirect tax levied on farmers through the mediators in market.	83/100	83.00 %
4	Increased cost of machinery may be responsible for initial investments.	94/100	94.00%
5	It may increase the Burdon of loan repayment borrowed against KCC	78/100	78.00%

DISCUSSION AND RESULT : By the observation and analysis of the primary data given in the referred tables it is observed that 72/100 (72%) of the farmers at district Etawah in Uttar Pradesh; consider that GST is not in favor of the farmers. The findings of this micro empirical study reflect that 74% of the respondents speculate that **GST may increase the prices of seeds and fertilizers, 65%** of the respondents consider that **Electricity bill may increase due to GST and it will increase the cost of irrigation, 83%** of the farmers consider that **GST is an indirect tax levied on farmers through the mediators in market, 94%** respondents suspect that **Increased cost of machinery may be responsible for initial investments, 78%** It may increase the Burdon of loan repayment borrowed against KCC.

There is no excise duty on agriculture implements and machinery. Also, there is no VAT in most of the states on farm machines and implements. Under the GST, farm machinery will be subjected to 12% duty whereas agricultural implements have been put under 28% tax slab. This will put an extra burden on farmers as manufacturers would be compelled to increase the

prices. Thus, the imposition of taxes will act as a stumbling block in farm mechanization, which will hit farmers and ultimately affect the productivity.

The move by the Central government to impose 12% duty on farm machinery agricultural farm machinery (harvester equipment, tractor farm equipment, combine harvesters and tractors) will hit the industry hard as it will push the prices of the finished product, putting an extra burden on the farming community. The high rate of GST on farm machinery, including threshers, rotavators, laser levellers etc and agriculture implements, is likely to hit manufacturers and the farmers. At present, there is no excise duty and also no VAT on farm machines and implements in most of the states. Almost every farmer in the country use farm machinery and equipment either by taking it on rent or by purchasing, so the increase in prices of implements will increase their input cost. The farmers were expecting the government to fix a GST rate of 5% which would have reduced the burden on farmers but that did not happen. The Farmers of District Etawah (UP), are disappointed by the taxation under GST ; As they were expecting relaxation on agricultural products and equipments. The present GST rates/ taxation policies for agriculture sector are being considered against farmer welfare, by the farmers of the district. Tripathi S ¹ , Sharma J S ² , Singh S³ and Agarwal R⁴ , also have firmed the findings in their studies.

Under GST regime in India, food prices fall within 0% to 5% tax, thus food prices are not likely to increase. FMCG products (toothpaste, soaps, tissue papers, shampoos, packaged food, pharmaceutical items, coolers, television etc.), have the potential to become cheaper. The GST Bill will also lead to higher vehicle capacity utilization resulting in increased efficiencies at every node of the logistics. A major change involving GST implementation is its compliance, which will necessitate robust systems and tracking of information. Since the entire process of tax has been revamped, the process of accounting and auditing will also undergo a change. **The present government need to introduce the farmers with GST benefits for the country, and make them assure not to be afraid of GST; Or it may impact the General assembly elections.**

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