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Subject: FW: Representation on multimodal transportation for agri produce

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**Sent:** Tuesday, February 21, 2023 3:26 PM

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**Subject:** Representation on multimodal transportation for agri produce

Ms Limatula Yaden\u8194

Joint Secretary (TRU-I) and (TRU-II)\u8194 \u8194 \u8194 \u8194 \u8194

Central Board of Indirect Taxes and Customs

Department of Revenue\u8194 \u8194 \u8194

Ministry of Finance\u8194 \u8194 \u8194 \u8194 \u8194

New Delhi

Dear Ms. Yaden,

### **GST on Movement of Agricultural Produce through Multi-Modal Transportation**

Greetings from FICCI.

At the outset, we place on record our sincere appreciation for the remarkable initiatives by the Ministry of Finance towards significantly reducing the logistics time and cost for freight transportation. The identification of 100 critical transport infrastructure projects for last and first-mile connectivity is certainly a step forward in the right direction.

As you are aware, the private sector in India is playing an important role in creating this new-age logistics ecosystem that is tech-enabled, integrated, cost-effective, and time sensitive. In our endeavor to further improve the efficiencies, FICCI, on a regular basis, seeks constructive inputs and key suggestions from its members, and then highlights the same to the concerned ministries / departments towards working out possible solutions.

I write to bring to your kind attention the concerns raised by our members regarding GST on movement of agricultural produce through logistics service providers using multi-modal services for the transport of such produce. Some relevant details are enumerated below.

1. Agriculture is a major economic activity in India. Transportation services (one-way or multi-directional) are essential to meet the growing demand of agriculture produce across the country. However, there is a considerate tax variation between transporting agricultural produce using a single mode of transportation (rail, road, or waterways) and transporting it using multiple modes of transportation.
2. Transport of agricultural produce by a single mode of transportation (rail, road, or waterways) is exempted from the levy of GST under the GST legislation as per entry no. 20(e) and 21(a) of Notification 12/2017-Central Tax (Rate).
3. However, transport of agricultural produce by Multimodal transportation is currently subject to levy of 6%. [Sl. No. 9(vi)] was updated in Notification, 11/2017- CT(R) dated 28.06.2017 vide

Notification No 13/2018-CT(Rate) dated 26-07-2018 (w.e.f. 27.07.2018)].

The fact that there is an exemption available for agricultural produce from the levy of GST on a single mode of transportation (transport via rail, road, or waterways) reflects the concern of the Government towards the farmer community, consumers and logistics services providers.

On the other hand, the application of 6% CGST and 6% SGST on the multimodal transportation of agricultural produce is a direct burden on consumers as the cost to consumers will increase. The Government may kindly consider lifting this burden of higher cost since farm produce is an essential item for the common man.

In view of the above, may we request you to kindly consider GST exemption on multimodal transportation services for the transportation of agricultural produce.

We are confident, you will kindly look into our request positively and take appropriate measures to protect the interest of all stakeholders. If necessary, FICCI would be happy to bring an industry delegation to brief the Ministry in detail on this matter.

Thank you for your valuable guidance and support.

With kind regards,

Jyoti Vij



**Jyoti Vij**  
Deputy Secretary General

**Federation of Indian Chambers of Commerce and Industry (FICCI)**

***Industry's Voice for Policy Change***

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