



DAKSHINBANGA MATSYAJIBI FORUM (DMF)

Trade Union Regn. No.20474/92. Affiliated to National Fishworkers' Forum (NFF)

Head Office: 20/4, Sil Lane, Kolkata – 70015, Phone & FAX: 033-23283989 e-mail: dmfwestbengal@gmail.com

7 August 2017

**Sri Amit Mitra,
Minister in Charge
Department of Finance
Government of West Bengal.**

Sir,

Sub: GST Rates in Fisheries Sector – Urgent Need for Revision

The impact of GST on Fisheries sector is foreseen to be disastrous. Fisheries sector plays a vital role in Indian economy through substantial forex earnings, employment generation, supporting livelihoods of millions of fishers and ensuring nutritional and food security. Contribution of fisheries to total Gross Domestic Product (GDP) is about 1.3 percent. This sector is currently undergoing serious crisis because of dwindling returns and higher investment and operating costs.

The introduction of GST on many of tax exempted items under VAT regime and exorbitant increase in new GST rates on existing taxable items will have far-reaching negative consequences in the livelihoods of fishing community and to the fisheries economy. This has happened when the other primary and traditional job sectors were given significant concessions to improve the livelihoods of communities working in these sectors.

Indirect Taxes – Pre GST Period

Historically, fish, fish products and fishing inputs were exempted from commercial taxes by almost all coastal state governments. However, over the years, the modernization of fishing paved the way for introduction of new fishing technologies and taxes were also introduced on boats and engines. The other items were always outside the regime of commercial taxes. The Non-Governmental and Community Based Organisations (NGOs and CBOs) and co-operatives working in the sector also enjoyed exemption of taxes in the supply of fishing inputs. When the Value Added Tax (VAT) was introduced in 2005, no new taxes were introduced but the tax rates were marginally increased on taxable items.

The GST is going to completely change the commercial tax scenario prevailing in the fishing sector. And it is going to change it to the worse. Almost all the items related to fisheries sector were put under the GST net now.



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The Tax Rates – GST vs VAT

The VAT Rates had been taken for comparison with new GST Rates.

	Commodity	VAT	GST
Fishing Inputs	FISHING VESSELS	5%	5%
	OUTBOARD MOTOR	14.5%	28%
	ICE BOXES	14.5%	18%
	SPARE PARTS	5% & 14.5%	28%
	REPAIR LABOUR CHARGES	0%	18%
Fish and Fish Products	FISH, DRIED	0%	5%
	FISH MEAT, CHILLED / FRESH	0%	5%
	FISH FILLETS, CHILLED / FRESH	0%	5%
	SEA CRAW FISH, CHILLED/FRESH/LIVE (OTHER)	0%	5%
	FEEDS FOR FISH	0%	0%
Fishing Hooks, Nets and Tackles	FISHING HOOKS	0%	12%
	FISHING RODS	0%	12%
	FISHING ROPES (OTHER)	0%	18%
	FISHING ROPES, NYLON	0%	18%
	FISHING TACKLES	0%	12%
	FISHING TWINES (OTHER)	0%	12%
Navigational Equipment	COMPASSES	14.50%	28%
	DIRECTION FINDING COMPASSES	14.50%	28%
	NAVIGATIONAL INSTRUMENTS	14.50%	28%
	NAVIGATIONAL INSTRUMENTS, PARTS	14.50%	28%
	RADIO NAVIGATIONAL AID APPARATUS	14.50%	28%

Changes and Impact due to GST

The following are the changes in taxes due to GST in the fisheries sector:

1. Most of the existing non-taxable items became taxable – fish products, fishing equipment like nets, hooks, ropes etc.
2. The tax rate of existing taxable items increased exorbitantly and some of the items were included in the highest category of 28% tax
3. The highest category of GST were meant for luxury items but unfortunately the Marine Engines used by fishermen were also included in the same category. It means that GST for a BMW Car and Marine Engines for fishing are in the same category of 28% now.

The GST rates introduced in the fisheries sector are going to increase the cost of the fishing implements and thereby cause erosion in the income of fishermen. This erosion is happening when the sector is facing serious crisis of increase in both investment and operating costs and dwindling returns in fishing. It's also a fact that the frequency of replacement of fishing equipment like boats and engines had increased because of high wear and tear from increased voyage time for fishing in distant waters where the resources are available. The fishermen were



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also forced to buy new nets and other fishing implements frequently because of its loss or damage in the sea due to cross over of merchant ships in the fishing ground and rough sea.

It's a fact that the fishermen are spending a major portion of their income annually for replacement of their fishing inputs and the levying of new taxes at very higher rate will take away a major portion of their income as taxes. It is injustice and not conforms to the "equity" principles. Fishing community is still considered to be one of the most backward communities economically in the country and fishing is their only livelihood option.

GST Rate in Other Primary/Traditional Sectors – A Comparison with Fisheries Sector

The apathy of the policy makers and the officials towards the fishing community will be exposed when we examine the application of the same tax reforms in other basic and traditional sectors. The following table gives us a comparison of GST rates in different sectors with fisheries:

Agriculture	Dairy Sector	Cashew and Coir Industry	Fishery
GST of Fertilizer reduced to 5% from 12%	GST of Dairy Products reduced from 14.5% in VAT to 5% except butter from 14.5% to 12%	GST of Cashew Nut reduced to 5% from 12%	Marine Engines included in the highest GST category of 28%
GST of Tractor 12%		GST of Coir Mats reduced to 5% from 12%	Fishing hooks, ropes and nets etc is taxable commodity for the first time at 12%
GST of Tractor Spare Parts reduced to 18% from 28%			Dried Fish is taxable for the first time at 5%

The tractors used in the agricultural sector are similar to marine engines in fishing is taxed at 12% while that for engines is 28%. The levying of tax on dried fish is a surprise which is the main livelihood of fisher women especially those who are aged in the community. It should be compared with the tax reduction allowed for cashew, coir, dairy products to benefit the women working in these traditional sectors. It is surprising to note that those who were aware of the toiling communities in other sectors were not aware of the fishing community who are engaged in high risk job.



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Corrections Required

Sir, we request you to move the GST Council to make necessary corrections on GST in Fisheries to benefit the most backward and marginalised community in the country.

The following changes in GST Rates are requested:

	Commodity	Existing GST	Requested GST
Fishing Inputs	FISHING VESSELS	5%	5%
	MARINE ENGINES	28%	12%
	ICE BOXES	18%	0%
	SPARE PARTS	28%	0%
	REPAIR LABOUR CHARGES	18%	0%
Fish and Fish Products	FISH, DRIED	5%	0%
	FISH MEAT, CHILLED / FRESH	5%	0%
	FISH FILLETS, CHILLED / FRESH	5%	0%
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Fishing Hooks, Nets and Tackles	FISHING HOOKS	12%	0%
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	NAVIGATIONAL INSTRUMENTS	28%	12%
	NAVIGATIONAL INSTRUMENTS, PARTS	28%	12%
	RADIO NAVIGATIONAL AID APPARATUS	28%	12%

We urge upon you to take necessary action at the earliest.

Yours faithfully

Pradip Chatterjee
President, DMF

Milan Das
General Secretary, DMF