

UPSC 2021 Preparation

Krishi Kalyan Cess (KKC)

Krishi Kalyan Cess was imposed by the Union government at a 0.5% rate on all services which are liable to service tax. This tax was aimed at enhancing the improvement of agriculture and the welfare of farmers. It has been abolished since 1st July 2017 after the rollout of the [Goods and Service Tax \(GST\)](#).

Aspirants must know some important facts about Krishi Kalyan Cess which can be helpful in the [IAS Exam](#).

What is Cess?

Cess is a form of tax that is charged over and above the base tax liability of a taxpayer. A cess is usually imposed in addition to other taxes when the state or the central government plans to raise funds for specific purposes.

When was Krishi Kalyan Cess introduced?

Krishi Kalyan Cess (KKC) came into effect on 1 June 2016.

Why was Krishi Kalyan Cess important?

The idea behind the KKC was to charge a cess on a sector that was doing well so that the money thus collected can be used to de-stress a sector that was in trouble. The money from this cess was towards relieving farm distress. The services sector in India is doing well and it now contributes about thrice that of agriculture towards the GDP. Further growth in the services sector is expected to push the money gathered as KKC up, and this can be used for the betterment of the agriculture sector.

Uses of Krishi Kalyan Cess

The tax collected under Krishi Kalyan Cess has been used in the following:

1. Government's crops insurance schemes
2. [Pradhan Mantri Fasal Bima Yojana \(PMFBY\)](#)
3. Loan Subsidies to farmers

Learn about agriculture-related schemes from the articles linked below:

[Pradhan Mantri Mudra Yojana \(PMMY\)](#) [Farm Loan Waiver](#)

[KUSUM Scheme](#)

[Rashtriya Krishi Vikas Yojana \(RKVY\)](#)

[Pradhan Mantri Krishi Sinchayee Yojana](#) [Paramparagat Krishi Vikas Yojana](#)

[PM-KISAN Samman Nidhi](#)

[Pradhan Mantri Kisan SAMPADA Yojana](#)

Krishi Kalyan Cess - Latest Developments

It was brought to notice through a Right to Information (RTI) petition that even after the abolishing of the KKC, the taxes worth Rs. 1300 crores were collected as of May 2019. Further developments to be updated here.

Learn about taxation in India from the links below:

1. [Taxation in India](#)
2. [Value Added Tax \(VAT\)](#)
3. [Corporate Tax](#)
4. [Tax Policy Council and the Tax Policy Research Unit](#)
5. [Gist of Yojana: Goods and Services Tax](#)

