

**GOVERNMENT OF INDIA
MINISTRY OF SCIENCE AND TECHNOLOGY
DEPARTMENT OF SCIENCE AND TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION No. 1102
TO BE ANSWERED ON 8.2.2023
GST ON TECHNICAL TOOLS**

1102. SHRI PINAKI MISRA:

Will the Minister of **SCIENCE AND TECHNOLOGY** विज्ञान और प्रौद्योगिकी मंत्री be pleased to state:

- (a) whether there has been an increase in GST on technical tools utilised in scientific research and if so, the details thereof;
- (b) whether any study has been undertaken to assess the impact thereof on investment in research and development in public research institutes;
- (c) if so, the details thereof and if not, the reasons therefor;
- (d) whether the Government plans to revise grant structures to reduce the impact of increased GST; and
- (e) if so, the details thereof and if not, the reasons therefor?

ANSWER

**MINISTER OF STATE (INDEPENDENT CHARGE) FOR THE
MINISTRY OF SCIENCE AND TECHNOLOGY AND EARTH SCIENCES
(DR. JITENDRA SINGH)**

विज्ञान और प्रौद्योगिकी तथा पृथ्वी विज्ञान मंत्रालय के राज्य मंत्री (स्वतंत्र प्रभार)
(डॉ. जितेंद्र सिंह)

- (a) Yes, there has been an increase in GST on technical tools utilized in scientific research from 5% to “applicable rates” (up to 18%). The Department of Revenue (Ministry of Finance, Government of India) has withdrawn the benefit of concessional GST rate available to research institutions on procurement of scientific and technical instruments, equipment, accessories, consumables etc.
- (b) and (c) The Office of PSA prepared a Note titled- “R&D Tax incentive in India-Recent changes in GST Rates, its estimated impact and way forward” after due consultations with NITI Aayog and stakeholder scientific departments/ministries (CSIR, DBT, DST, ICAR, ICMR, Ministry of Earth Sciences and MeitY). This note inter-alia studied the estimated impact of withdrawal of GST concession on R&D budget of key scientific department in Government of India. The impact of these rate changes is on entities who were eligible to claim exemption prior to 18th July 2022. While the private organizations may gradually absorb the impact of rate changes, there is a limited space for public funded organizations to absorb the impact. The primary impact of the GST rate change is on imported equipment as it constitutes a major portion of procurement of scientific equipment.
- (d) and (e) This Note was examined by the Department of Expenditure, Ministry of Finance and in their reply the Department of Expenditure, Ministry of Finance has conveyed to the O/o PSA that it has taken a note of the points mentioned in the document and agreed in principle to make additional allocations of funds to cover the actual impact of GST changes.
