

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO.2146

TO BE ANSWERED ON MONDAY, AUGUST 5, 2024

GST EXEMPTION FOR SPACE INDUSTRY

**2146. SHRI CHAVAN VASANTRAO BALWANTRAO:
SHRI DHAIRYASHEEL SAMBHAJIRAO MANE:
SHRI SUDHEER GUPTA:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Space industry has demanded GST exemption for components of Launch Vehicles, Productivity Linked Incentives (PLI) and more funds from the Government;
- (b) if so, the details thereof along with the response of the Government in this regard;
- (c) whether Indian Space Association (ISpA) and Satcom Industry Association, industry 27 bodies, have sought greater Government expenditure on the space sector in the form of an anchor customer for the nascent private sector;
- (d) if so, the details thereof along with the reaction of the Government thereto; and
- (e) the other financial exemptions provided by the Government to the space industry?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (d): As part of the Pre-Budget proposals, few associations have sought GST exemption for private satellite launch service providers, productivity linked incentive (PLI) schemes and additional funds for the space industry.

With regard to GST, it is to state that the GST rates and exemptions are based on the recommendation of the GST Council which is a constitutional body comprising of representatives of the Union and State/UT governments. Based on the recommendation of the GST Council in its 50th meeting, with effect from 27.07.2023, all satellite launch services including private satellite launch services have already been fully exempted from GST Notification No. 07/2023 Integrated Tax (Rate) dated 26th July, 2023.

As regards allocation of additional funds, after considering pre budget suggestions, the regular Budget 2024-25 has been presented in the Parliament on 23.07.2024. The Budget allocation for the Department of Space from 2020-21 onwards is as below:

Department of Space	Allocation (in Rs. Crore)
BE 2024-25	13042.75
RE 2023-24	11070.07
2022-23 (Actuals)	10139.43
2021-22 (Actuals)	12473.84
2020-21 (Actuals)	9474.41

As regards the demand for PLI Scheme for the Space Industry, in place of Production-Linked Scheme, the government is considering introducing Investment Incentive Scheme for the space sector / sub sector to incentivize domestic space start-ups and space industry. The Space Commission in its 152nd meeting has deliberated the proposal at length and gave an in-principle approval for an outlay of Rs. 600 Cr. towards the Investment Incentive Scheme for setting up of a greenfield manufacturing facility for manufacturing of notified space products, systems and components subject to some conditions and approval.

Various schemes to encourage and hand hold private sector have also been announced and implemented by IN-SPACe, i.e., Seed Fund Scheme, Pricing Support Policy, Mentorship support, Design Lab for non-government entities, Skill Development in Space Sector, ISRO facility utilization support, Technology Transfer to non-government entities.

(e) : The other exemptions /concessions provided to the space industry are as follows:

- (i) Full exemption from basic customs duty and Integrated GST has been provided to satellites and payloads, and the ground equipment for the testing of such satellites and payloads.
- (ii) A concessional basic customs duty rate of 5% and a concessional GST rate of 5% has been provided to scientific and technical instruments, apparatus, equipment, accessories, parts, components, spares, tools, mock ups and modules, raw material and consumables required for launch vehicles and satellites and payloads.
