



## Press Release

### **ABLE, Biotech Industry Welcomes removal of 18% GST on research services exports**

Bangalore, 23 September 2018

***India's fast growing biotech research services industry has welcomed the government's decision to remove the 18% GST levied of biotech services provided to foreign companies.***

“The Finance Minister Nirmala Sitharaman has given a huge booster shot to exports of Pharmaceutical R&D services by removing the burden of 18 % GST making it at par with IT services,” said industry leader and Chairman of Association of Biotechnology Led Enterprises (ABLE), Dr Kiran Mazumdar-Shaw. ABLE represents over 300 biotech companies in the country. Dr Mazumdar-Shaw is also the CMD of Biocon.

Dr Mazumdar-Shaw added: “India’s exports of research services, clinical services and contract manufacturing will now be globally competitive and increase exports multi fold from the current US \$ 3.5 billion (Rs 22,000 crore).

The removal of 18% GST on export of research services will save the industry at least Rs 170 crore and price their services competitively in the fierce global market. The 37<sup>th</sup> meeting of the GST Council on September 20, 2019 in Goa had acceded to the industry’s long-time request to treat biotech research service exports on par with IT services exports for GST exemption.

The GST removal will attract investment in creating and scaling hubs of global research facilities, providing highly skilled jobs to our large pool of scientists, engineers and clinicians who will be engaged in discovering and developing cost competitive drugs, diagnostics and vaccines for global healthcare needs.

“By 2025, India can position itself as a global pharmaceutical innovation hub in addition to being the pharmacy of the world,” Dr Mazumdar-Shaw added.

The good news came in the form of this item no.10 in the Press Release issued after the GST Council meeting: ***“To issue a notification under Section 13(13) of IGST Act notifying the place of supply of specified R&D services (such as***

***Integrated discovery and development, Evaluation of the efficacy of new chemical/ biological entities in animal models of disease, Evaluation of biological activity of novel chemical/ biological entities in in-vitro assays, Drug metabolism and pharmacokinetics of new chemical entities, Safety Assessment/ Toxicology, Stability Studies, Bio Equivalence and Bio Availability Studies, Clinical trials, Bio analytical studies) provided by Indian pharma companies to foreign service recipients, as the place of effective use and enjoyment of a service i.e. location of the service recipient.”***

The demand for exemption to biotech R&D export services from GST was first raised in a meeting in February 2018 with Commerce Ministry by an industry team led by Dr Kiran Mazumdar-Shaw, chairman of ABLE and Mr Pankaj Patel, CMD, Cadila, among other. ABLE leadership had taken up the issue further with all relevant agencies and GST council in the past 18 months. The success has come now in September 2019.

There are over 100 biotech service companies that provide a wide range of biological samples from pharma research companies and medical services from around the world. The analysis are done by thousands of researchers in the country's R&D centers and the analysis reports are given to companies abroad.

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**About ABLE**



Association of Biotechnology Led Enterprises - ABLE is a not-for-profit pan-India forum that represents the Indian Biotechnology Sector. It was launched in April 2003, after industry leaders felt a need to form an exclusive forum to represent the Indian Biotechnology Sector.

ABLE has over 400 members from all across India representing all verticals of the sector like Agribiotech, Bio-pharma, Industrial biotech, Bioinformatics, Investment banks and Venture Capital firms, leading Research and Academic Institutes and Law Firms and Equipment Suppliers.

The primary focus of ABLE is to accelerate the pace of growth of the Biotechnology sector in India, through partnering with the Government in their biotechnology initiatives to deliver optimal policies and create a positive regulatory environment, encouraging entrepreneurship and investment in the sector, providing a platform for domestic and overseas companies to explore collaboration and partnerships, forging stronger links between academia and industry and showcasing the strengths of the Indian biotech sector.

ABLE thus catalyses a symbiotic interface between the industry, the government, academic and research institutes and domestic and international investors.