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|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
|  | <p style="text-align: center;"><u>सीमाशुल्क अग्रिम विनिर्णय प्राधिकरण</u></p> <p style="text-align: center;"><b>Customs Authority for Advance Rulings</b></p> <p style="text-align: center;"><u>नवीन सीमाशुल्क भवन, बेलार्ड इस्टेट, मुंबई - ४०० ००१</u></p> <p style="text-align: center;"><b>New Custom House, Ballard Estate, Mumbai - 400 001</b></p> <p style="text-align: center;"><b>E-MAIL: <a href="mailto:cus-advrulings.mum@gov.in">cus-advrulings.mum@gov.in</a></b></p> |  |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|

F. No. CAAR/CUS/APPL/161, 162 & 165/2026 -

दिनांक/Date: 15.09.2026

O/o Commr-CAAR-Mumbai

**DIN-20260977OS000064CE35**

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ruling No. & date                 | CAAR/MUM/ARC/ 88,89&90 /2026-27 dated 15.09.2026                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Issued by                         | Shri Rajesh Fattensing Dhabre,<br>Customs Authority for Advance Rulings (CAAR), Mumbai                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Name and address of the applicant | M/s Sun Pharmaceutical Industries Limited,<br>No. SPARC, Tandalja, Vadodara, GUJARAT – 390012.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Concerned Commissionerate         | <p>1. The Commissioner of Customs,<br/>Mumbai-III (Import), Air Cargo Complex, Sahar,<br/>Andheri (East), Mumbai-400099<br/>Email: <a href="mailto:import.acc@gov.in">import.acc@gov.in</a></p> <p>2. The Commissioner of Customs, NS-I,<br/>JNCH, Nhava Sheva, Uran, Raigad, Maharashtra -400707<br/>Email: <a href="mailto:commr-ns1@gov.in">commr-ns1@gov.in</a></p> <p>3. Principal Commissioner of Customs, ACC (Import),<br/>New Custom House, Near I.G.I. Airport,<br/>New Delhi-110037.<br/>Email.: <a href="mailto:commraccimp-cusdel@gov.in">commraccimp-cusdel@gov.in</a></p> |

**ध्यान दीजिए/ N.B.:**

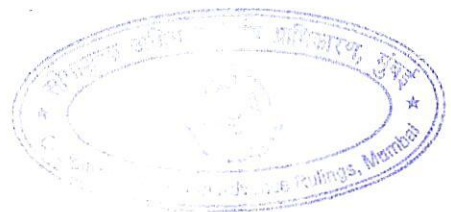
1. सीमा शुल्क अधिनियम, 1962 की धारा 28I की उप-धारा (2) के तहत किए गए इस आदेश की एक प्रति संबंधित को निःशुल्क प्रदान की जाती है।

A copy of this order made under sub-section (2) of Section 28-I of the Customs Act, 1962 is granted to the concerned free of charge.

2. इस अग्रिम विनिर्णय आदेश के खिलाफ कोई भी अपील ऐसे निर्णय या आदेश के संचार की तारीख से 60 दिनों के भीतर संबंधित क्षेत्राधिकार उच्च न्यायालय के समक्ष की जाएगी।

Any appeal against this Advance Ruling order shall lie before the jurisdictional **Hon'ble High Court of concerned jurisdiction**, within 60 days from the date of the communication of such ruling or order.

3. धारा 28-I के तहत प्राधिकरण द्वारा सुनाया गया अग्रिम विनिर्णय तीन साल तक या कानून या तथ्यों में बदलाव होने तक, जिसके आधार पर अग्रिम विनिर्णय सुनाया गया है, वैध रहेगा, जो भी पहले हो।



The advance ruling pronounced by the Authority under Section 28 - I shall remain valid for three years or till there is a change in law or facts on the basis of which the advance ruling has been pronounced, whichever is earlier.

4. जहां प्राधिकरण को पता चलता है कि आवेदक द्वारा अग्रिम विनिर्णय धोखाधड़ी या तथ्यों की गलत बयानी द्वारा प्राप्त किया गया था, उसे शुरू से ही अमान्य घोषित कर दिया जाएगा।

Where the Authority finds that the advance ruling was obtained by the applicant by fraud or misrepresentation of facts, the same shall be declared void *ab initio*.

### **अग्रिम विनिर्णय / Advance Ruling**

M/s Sun Pharmaceutical Industries Limited (IEC No. 0392072823) (hereinafter referred to as 'the Applicant') filed Three applications (CAAR-1) for advance ruling in the Office of Secretary, Customs Authority for Advance Ruling (CAAR) Mumbai. The said applications were received in the secretariat of the CAAR, Mumbai on 17.06.2026 along with its enclosures in terms of Section 28H (1) of the Customs Act, 1962 (hereinafter referred to as the 'the Act'). The Applicant is seeking clarification on whether Integrated Goods and Services Tax (hereinafter referred to as "IGST") is leviable @5% for the import of "bulk drugs" in terms of Sl. No. 226 of Schedule-I of the Notification No.9/2025- Integrated Tax (Rate) dated 17.09.2025 under the Customs Tariff Act, 1975.

#### **2. Question(s) on which Advance Ruling is required:**

**Question 1:** Whether Integrated Goods and Services Tax is leviable @5% for the import of bulk drugs in terms of Sl. No. 226 of Schedule I of Notification No. 9/2025-Integrated Tax (Rate) dated 17.09.2025 (hereinafter referred to as the 'IGST Rate Notification')?

**Question 2:** If not, then what is the correct rate of IGST leviable for the import of bulk drugs falling under chapter 28 or 29 of the Schedule of Customs Tariff Act, 1975?

#### **3. Applicant's eligibility for Advance Ruling:**

The applicant holds a valid IEC No. 0392072823 and therefore qualifies as an "applicant" under Section 28E(c) of the Customs Act' 1962. The question on which the advance ruling is sought is in respect of seeking clarification on whether Integrated Goods and Services Tax is leviable @5% for the import of "bulk drugs" in terms of Sl. No. 226 of Schedule-I of the Notification No.9/2025-Integrated Tax (Rate) dated 17.09.2025 under the Customs Tariff Act, 1975, which is admissible under Section 28H (2). The relevant Section of the Customs Act 1962 has been reproduced below:

#### **Section 28E. Definitions. –**

(c) "applicant" means any person, -

(i) holding a valid Importer-exporter Code Number granted under section 7 of the Foreign Trade (Development and Regulation) Act, 1992; or

#### **Section 28H. Application for advance ruling. -**

(1) An applicant desirous of obtaining an advance ruling under this Chapter may make an application in such form and in such manner and accompanied by such fee as may be prescribed, stating the question on which the advance ruling is sought.

(2) The question on which the advance ruling is sought shall be in respect of, -



*(d) applicability of notifications issued in respect of tax or duties under this Act or the Customs Tariff Act, 1975 (51 of 1975) or any tax or duty chargeable under any other law for the time being in force in the same manner as duty of customs leviable under this Act or the Customs Tariff Act*

The applicant has also stated that the applicant purchases and imports a wide range of Bulk Drugs after obtaining the requisite licence. The applicant has declared that no proceedings involving the same issue are pending before any Customs authority, Appellate Tribunal or any Court of Law. Accordingly, the application appears admissible under Section 28-I (2) of the Customs Act, 1962.

**4. Applicant's Submissions:**

**4.1** Applicant is a pharmaceutical company incorporated in 1993. The applicant is a leading manufacturer and supplier of pharmaceutical products.

**4.2** In connection with its business, the Applicant purchases and imports a wide range of Bulk Drugs after obtaining the requisite licence. The Bulk Drugs so imported are Active Pharmaceutical Ingredients (APIs). These imported ingredients are used for the manufacture of formulation i.e. dosage form of drug and occasionally for testing, clinical research and Bioequivalence study. These imported ingredients, which are active ingredients for medicines, are hereinafter collectively referred to as “**bulk drugs**”.

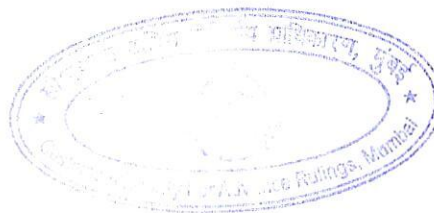
**4.3** Bulk drugs are classified under Chapter 28 or Chapter 29 as they are organic and inorganic chemicals.

**4.4** The present application pertains to determination of IGST payable on the import of these bulk drugs. The relevant portion from the of the IGST Rate Notification (at SI. No. 226 of Schedule I of Notification No. 9/2025-Integrated Tax (Rate) dated 17<sup>th</sup> September 2025) is extracted below:

| SI. No. | Chapter/Heading/Sub-heading/Tariff item | Description of goods                                                                                                                                                                                                                                                   |
|---------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 226.    | 30 or any Chapter                       | All drugs and medicines including their salts and esters and diagnostic test kits; formulations manufactured from bulk drugs [other than those specified at nil at S. No. 113 of notification No. 10/2025-Integrated Tax (Rate) dated 17 <sup>th</sup> September 2025] |

**4.5** SI. No. 113 of Notification No. 10/2025-Integrated Tax (Rate) dated 17<sup>th</sup> September, 2025 is extracted below:

| SI. No. | Chapter/Heading/Sub-heading/Tariff item | Description of goods                    |
|---------|-----------------------------------------|-----------------------------------------|
| 113.    | 30 or any Chapter                       | Drugs or medicines listed in Annexure I |



4.6 The above is the entry applicable for IGST at NIL rate. The products for which the present ruling is sought are not covered under Annexure I, therefore the same is not applicable in the present case.

4.7 The bulk drugs in question are imported after procuring the following licenses under the Drugs and Cosmetics Act, 1940:

| Form No./<br>License No. | Title of License Issued                                                                                                                                                    | Illustrative Copy enclosed<br>herewith                         |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| Form 10                  | License to import drugs (excluding those specified in Schedule X) to the Drugs and Cosmetics Rules, 1945                                                                   | License No. IL/BD-014490<br>BD-59 dated 18.03.2024             |
| Form 11                  | License to import drugs for the purposes of examination, test or analysis                                                                                                  | Licence No.<br>SW/OD/11/2025/0000012840<br>dated 04.06.2025    |
| Form CT-17               | License to Import New Drug or Investigational New Drug for the purpose of Clinical Trials or Bioavailability or Bioequivalence study or for examination, test and analysis | Licence No. SW/ND/CT-<br>17/2024/000001827 dated<br>30.05.2024 |

4.8 The Applicant has been importing the Bulk Drugs/API in question under Form 10, 11 & CT-17 licence and has been discharging IGST @18%. However, the Applicant is of the view that IGST is payable correctly @5% only. Accordingly, the present application is being made.

### **QUESTION OF LEVY OF IGST ON THE IMPORT OF BULK DRUGS**

4.9 The levy of IGST on imports into India follows from Section 3 (7) of the Customs Tariff Act, 1975. The relevant portion is extracted below:

***“SECTION 3. Levy of additional duty equal to excise duty, sales tax, local taxes and other charges. –***

*(7) Any article which is imported into India shall, in addition, be liable to integrated tax at such rate, not exceeding forty per cent. as is leviable under section 5 of the Integrated Goods and Services Tax Act, 2017 on a like article on its supply in India, on the value of the imported article as determined under sub-section (8) <sup>8</sup>[or sub-section (8A), as the case may be.”*

4.10 IGST Rates are notified vide Notification No. 9/2025-Integrated Tax (Rate). The relevant portion of Schedule I (5%) to the IGST Rate Notification is extracted below:

| Sl. No. | Chapter/Heading/Sub-heading/Tariff item | Description of goods                                                                                                                                                             |
|---------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 226.    | 30 or any Chapter                       | All Drugs and medicines including their salts and esters and diagnostic test kits; formulations manufactured from bulk drugs [other than those specified at nil at S. No. 113 of |



|  |                                                                            |
|--|----------------------------------------------------------------------------|
|  | notification No. 10/2025-Integrated Tax (Rate) dated 17th September, 2025] |
|--|----------------------------------------------------------------------------|

4.11 Sl. No. 113 of Notification No. 10/2025-Integrated Tax (Rate) dated 17.09.2025 is extracted below:

| Sl. No. | Chapter/Heading/Sub-heading/Tariff item | Description of goods                    |
|---------|-----------------------------------------|-----------------------------------------|
| 113.    | 30 or any Chapter                       | Drugs or medicines listed in Annexure I |

4.12 The above is the entry applicable for IGST at NIL rate. The products for which the present ruling is sought are not covered under Annexure I, therefore the same is not applicable in the present case.

4.13 The Applicant submits that on import of bulk drugs, IGST @ 5% alone is applicable under the above extracted Sl. No. 226 of Schedule I of Notification No. 9/2025-Integrated Tax (Rate).

4.14 For 5% IGST to be applicable, the imports should satisfy the following conditions:

- Be classified under Chapter 30 or any other Chapter;
- Be Drugs or medicines; and
- Not be covered under Sl. No. 113 of Notification No. 10/2025-Integrated Tax (Rate) dated 17.09.2025

4.15 The bulk drugs in question satisfy all the above conditions. The submissions in this regard are set out in detail below:

**Condition i: The entry is applicable to goods irrespective of the classification adopted for the goods under any chapter. Chapter 30 is merely indicative and goods falling under any chapter can fall under this entry.**

4.16 As per Sl. No. 226 of the Schedule I, drugs and medicines classified under any Chapter fall under its ambit and are subject to levy of IGST @5%. The bulk drugs in question are generally classified under Chapter 28 or 29. It is clear that these bulk drugs, even if not classified under Chapter 30, still fall under the ambit of the entry as it is applicable to drugs and medicines of any Chapter. Therefore, the first condition is met.

**Condition ii: From a combined reading of the definitions of bulk drugs and drugs under various laws and literature, it is clear that the term "All Drugs and medicines" is inclusive of bulk drugs and hence, levy of IGST in terms of Sl. No. 226 of Schedule I to the Notification shall apply to bulk drugs.**

4.17 It is submitted that the term "all drugs and medicines" is not defined under the Notification or under the Customs Tariff. Considering the nature of the products in question, the same should be interpreted by considering the relevant provisions under the Drugs Laws of India. Reference is made to the definitions under the Drugs (Price Control) Order, 2013. The relevant extracts are as below:

***"(b) "active pharmaceutical ingredients or bulk drug" means any pharmaceutical, chemical, biological or plant product including its salts, esters, isomers, analogues and derivatives, conforming to standards specified in the Drugs and Cosmetics Act, 1940 (23 of 1940) and which is used as such or as an ingredient in any formulation;***

\*\*\*



*"(i) "formulation" means a medicine processed out of or containing one or more drugs with or without use of any pharmaceutical aids, for internal or external use for or in the diagnosis, treatment, mitigation or prevention of disease and, but shall not include*

- (i) any medicine included in any bonafide Ayurvedic (including Sidha) or Unani (Tibb) systems of medicines;*
- (ii) any medicine included in the Homeopathic system of medicine; and*
- (iii) any substance to which the provisions of the Drugs and Cosmetics Act, 1940 (23 of 1940) do not apply;"*

... (emphasis supplied)

**4.18** Section 3 of the Drugs and Cosmetics Act, 1940 provides the definition of 'drugs'

The relevant portion is extracted below:

*(b) "drug" includes--*

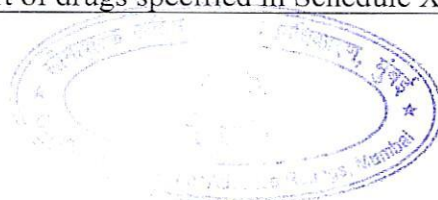
- (i) all medicines for internal or external use of human beings or animals and all substances intended to be used for or in the diagnosis, treatment, mitigation or prevention of any disease or disorder in human beings or animals, including preparations applied on human body for the purpose of repelling insects like mosquitoes;]*
- (ii) such substances (other than food) intended to affect the structure or any function of the human body or intended to be used for the destruction of vermin or insects which cause disease in human beings or animals, as may be specified from time to time by the Central Government by notification in the Official Gazette;*
- (iii) all substances intended for use as components of a drug including empty gelatin capsules; and*
- (iv) such devices intended for internal or external use in the diagnosis, treatment, mitigation or prevention of disease or disorder in human beings or animals, as may be specified from time to time by the Central Government by notification in the Official Gazette, after consultation with the Board;*

...(emphasis supplied)

**4.19** Thus, from a combined reading of the definition of bulk drugs under the Drugs (Price Control) Order, 2013 and the definition of drugs under the Drugs and Cosmetics Act, 1940, it is clear that that "drugs" includes substances used as components of a drug i.e. as an ingredient of a drug. When even a gelatin capsule is treated as a drug, it goes without saying that the API on account of which the final medicine is effective, too is nothing but a drug.

**4.20** Furthermore, under the Drugs and Cosmetics Act and Rules, for import of a bulk drug, the importer needs to procedure numerous licenses and registrations which are applicable to drugs. That is, for purpose of licensing under the Drugs laws of India, bulk drugs are treated as drugs only. This is evident from the following licenses/ registrations issued to the Applicant for import of bulk drugs:

| Form No and Licence/Registration Issued under Section / Provision      | Relevant extracts from the Section/Provision                                                                                                                                                                                                           |
|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Form 10<br>(Rule 23 of the Drugs and Cosmetic Rules, 1945, as amended) | <b>Rule 23</b> -Import licences. —An import licence in Form 10 shall be required for [import of drugs], excluding those specified in Schedule X, and an import licence in Form 10A shall be required for the import of drugs specified in Schedule X.] |



|                                                                                 |                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Form 11<br>(Rule 33 of the Drugs and Cosmetic Rules, 1945)                      | <b>Rule 33</b> – Import of drugs for examination, test or analysis. – Small quantities of drugs the import of which is otherwise prohibited under section 10 of the Act may be imported for the purpose of examination, test or analysis subject to the following conditions: -<br>(a) no drug shall be imported for such purpose except under a licence in Form 11;<br>*** |
| Form CT -17<br>(Rule 68 to 72 of the New Drugs and Clinical Trials Rules, 2019) | <b>Rule 68</b> - Grant of licence for import of new drug or investigational new drug for clinical trial or bioavailability or bioequivalence study or for examination, test and analysis.                                                                                                                                                                                   |

**4.21** There is no definition of “bulk drug” in the Drugs and Cosmetics Act, 1940. The fact that the Drugs and Cosmetics Act, 1940 does not differently define bulk drugs, and does not make a distinction between bulk drugs and drugs for final consumption, entails that the two are treated at par only.

**4.22** CBIC has reiterated time and again that when it comes to import of Drugs and Medicines, the provisions of the Drugs & Cosmetics Law and the Licenses/Registrations issued by CDSCO must be considered even for interpreting Tax provisions. This is evident from the following Circulars/Communications issued by CDSCO:

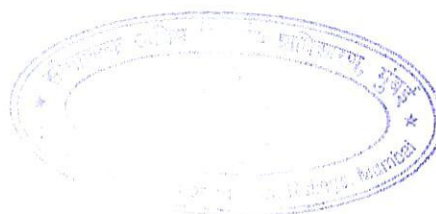
- a. Letter F. No. 450/8/2007-Cus. IV, dated 22-1-2007
- b. Instruction F. No. 450/11/2011-Cus. IV, dated 25-2-2011
- c. Circular No. 10/2016-Cus., dated 15-3-2016
- d. Circular No. 28/2016-Cus., dated 14-6-2016
- e. C.B.I. & C. Circular No. 44/2018-Cus., dated 13-11-2018

**4.23** Thus, as the bulk drugs in question are “Drugs” under the Drugs and Cosmetics Laws of India, they must be considered as “drugs” even for purposes of IGST Notification.

Even in common parlance, bulks drugs are “Drugs”

**4.24** Even as per medical literature, bulk drugs are considered to be drugs only. Reference is also made to the definition of ‘drug’ and ‘medicine’ under medical dictionaries. The relevant portions are extracted below:

| Dictionary                                   | Definitions                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| American Heritage Medical Dictionary         | <ul style="list-style-type: none"> <li>• <b>drug (drug)</b> <i>n.</i> 1. A substance used in the diagnosis, treatment, or prevention of a <b>disease</b> or as a component of a medication.</li> <li>• <b>Medicine</b></li> <li>• 4. An agent, such as a drug, used to treat disease or injury.”</li> </ul> |
| Dictionary of Medical Terms (fourth edition) | <ul style="list-style-type: none"> <li>• <b>drug.</b> a natural or synthetic chemical substance which is used in medicine and affects the way in which organs or tissues function</li> <li>• <b>medicine.</b> a preparation taken to treat a disease or condition, especially one in liquid form</li> </ul> |



Stedman's  
Medical  
Dictionary:

- **drug.** *I. Any substance employed as a medicine in the treatment of disease.*

**4.25** Thus, it is clear that the term “drugs” generally includes all substances intended to be used for or in the diagnosis, treatment, mitigation or prevention of any disease or disorder in human beings; and also include substances intended for use as components of a drug. Therefore, it is submitted that bulk drugs such as active pharmaceutical ingredients also fall under the ambit of drugs only.

Even as per judicial precedents, the term “drugs” is inclusive of bulk drugs

**4.26** It is submitted that there is plethora of decisions that hold that the term “drugs” is inclusive of “bulk drugs”. The Tribunal in **Burroughs Wellcome (I) Ltd vs Commissioner of C. Ex. and Cus., Mumbai [2007 (216) E.L.T. 522 (Tri-Mum)]**, in the context of exemption benefit for life saving drugs, held that the phrase can include bulk drugs as well. The Tribunal observed that the term life saving drugs was not defined in the exemption notification, but upon the term of “drugs” under the Drugs (Prices Control) Order included “bulk drugs”, and accordingly the same was applied to the term life saving drugs.

**4.27** The definition of “drugs” under the erstwhile Drugs (Prices Control) Order, 1995 was as below:

“(i) “drug” includes

(i) all medicines for internal or external use of human beings or animals and all substances intended to be used for or in the diagnosis treatment, mitigation, or prevention of any disease or disorder in human beings or animals, including preparations applied on human body for the purpose of repelling insects like mosquitoes;

(ii) such substances, intended to affect the structure or any function of the human or animal body or intended to be used for the destruction of vermin or insects which cause disease in human beings or animals, as may be specified from time to time by the Government by notification in the Official Gazette; and

(iii) bulk drugs and formulations;”

**4.28** Relying on the above-mentioned decision and the definition of drugs (extracted above), the Tribunal in **Cipla Ltd. v. Commissioner of Customs, Chennai [2007 (218) E.L.T. 547 (Tri. - Chennai)]** held that it is beyond doubt that bulk drugs are also drugs, and that they are defined as such under the Drugs (Prices Control) Order, 1995 also. For this purpose, the Tribunal referred to and relied upon the decision of Tribunal, Mumbai Bench, in the case of Burroughs Wellcome (India) Limited, referred above. Relevant portion of the above decision reads as under:

“4. ...M/s. Burroughs Wellcome (I) Ltd. had imported Polymyxin B Sulphate and used the same along with some other ingredients in the manufacture of Neosporin. M/s. Pfizer Ltd. had imported Cefoperazone Sodium and used the same for manufacture of Cefoperazone Sodium Injections. The issue before the Tribunal was whether the above parties were eligible for the benefit of exemption from payment of CVD on the items imported by them, under Sl. No. 43 (A) of Notification No. 11/97-CE and under the corresponding entries of successor Notifications. It was not in dispute that the imported items figured in List 2 appended to Sl. No. 43 (A) of the above Notification. While the Revenue classified the goods as ‘bulk drugs’ under Sl. No. 43(B), the assessees classified them as life saving drugs under Sl. No. 43 (A). The Tribunal accepted the assessees contention and held that the drugs imported by them were to be categorized under Sl. No. 43(A) inasmuch as they found mention in List 2. It was



further held that, as Sl. No. 43 (A) was more beneficial than 43 (B), the assessee was not precluded from claiming such benefit at a later stage. It is settled law that, where two exemption Notifications are applicable to a given goods which is otherwise chargeable to duty, the assessee is entitled to avail the benefit of that Notification which is more beneficial vide *Indian Oil Corporation Ltd. v. CCE - 1991 (53) 347 (Tribunal)*, *CCE v. Indian Petrochemicals - 1997 (92) E.L.T. 13 (S.C.)* and *H.C.L. Ltd. v. CC - 2001 (130) E.L.T. 405 (S.C.)*. Applying the same principle, we hold the view that, if two entries in an Exemption Notification are applicable to a given goods, the assessee can legitimately claim under the more advantageous entry. Therefore, we are inclined to follow, with approval, the view taken by the co-ordinate Bench in the case of *Burroughs Wellcome (I) Ltd. & Pfizer Ltd.*

5. In the instant case, admittedly, the 'bulk drugs' imported by the appellants were specifically mentioned in List 3 appended to Sl. No. 80(A) of Customs Notification No. 21/02 and are liable to be considered as 'drugs' mentioned at 80(A). It is beyond doubt that 'bulk drugs' are also 'drugs.' They are so defined under the Drugs (Prices Control) Order, 1995 also. The imported goods, which are specified in List 3, must fall within the coverage of 'drugs specified in List 3' and consequently the benefit of Sl. No. 80(A) would be admissible to them in relation to BCD. It would follow that, insofar as CVD is concerned, the benefit of Sl. No. 47(A) of the Central Excise Notification would be available to the goods. We have taken this view upon strict interpretation of the language used in the description of goods under the relevant entries of the Notification, in terms of the Apex Court's ruling in *Gujarat State Fertilisers Co. v. CCE - 1997 (91) E.L.T. 3 (S.C.)* and other cases cited by learned DR. In the result, all the appeals filed against the appellate Commissioner's order on merits are bound to succeed.

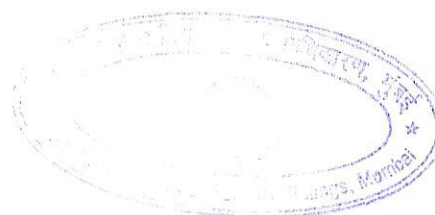
**4.29** The aforesaid decisions were followed by the Tribunal in *Astrix Laboratories Ltd. v. CCE & Cus., Hyderabad-I [2009 (233) E.L.T. 372 (Tri. - Bang.)]* [Refer Para 5, 5.1 and 5.2].

**4.30** Though the definition of "drug" does not exist under the present Drugs (Prices Control) Order 2013, the definition of "bulk drugs" under the Drugs (Prices Control) Order 2013, and the definition of "drugs" under the Drugs and Cosmetics Act, 1940 should be read conjointly. Reliance is placed on Clause (2) of the Drugs (Prices Control) Order 2013, as extracted below:

*"(2) All other words and expressions used herein and not defined but defined in the Act or the Drugs and Cosmetics Act, 1940 (23 of 1940) shall have the meanings respectively assigned to them in the said Acts."*

**4.31** Thus, in the absence of the definition of "drugs" under the current Drugs (Prices Control) Order 2013, reference is made to the Drugs and Cosmetics Act, 1940. As submitted in the foregoing paragraphs, from a combined reading of the present definitions under the Drugs (Prices Control) Order, 2013 and the Drugs and Cosmetics Act, 1940, it is clear that bulk drugs are to be treated as drugs only.

**4.32** Further, in the present case when the notification also does not define drugs or bulk drugs, and nor does it make a specific distinction between the two, it is submitted that the interpretation that bulk drugs are drugs should be adopted. Reliance in this regard is placed on the Tribunal decision in *Aurobindo Pharma Ltd. v. CCE, Hyderabad-I [2009 (247) E.L.T. 206 (Tri. - Bang.)]*, wherein it was held that when the notification does not distinguish between bulk drugs, drugs or medicines, then exemption is to be granted is to bulk drugs as well.



**4.33** Further, reference is also made to the recent decision of the Hon'ble CESTAT, Ahmedabad in the case of *Shri Baser v. CCEx & St – 2024 (12) TMI 270* wherein reliance was placed on the decisions of *Cipla Ltd (supra)* and *Hetero Drugs Ltd. v. CC (Airport) – 2017 (9) TMI 1275-CESTAT Chennai* to hold that drugs and bulk drugs are one and the same. Thus, the exemption benefit under Sl. No. 108(A) of Notification No. 12/2012-Cus dated 17.03.2012 was extended to the alleged bulk drugs imported by the Company. The relevant portion of the said decision is extracted hereunder:

*"4.1 On examination of the case on merit of M/s Sterlling Biotech Ltd, we find that the dispute is on the exemption entry of the goods in question whether the same would fall under description (A) or (B) of Sr. No. 108 of Notification No. 12/2012-CUS. We find that description (A) grants exemption to drugs and medicines specified in the list No. 3 and 4 of Customs exemption Notification 12/2012-Cus and description (B) provides exemption to bulk drugs used in the manufacture of goods mentioned at (A). The point of dispute is only that whether the drug mentioned at description (A) covers the bulk drugs manufactured by the appellant namely Idarubicin hydrochloric acid, Doxorubicin hydrochloric acid, Daunorubicin hydrochloric acid, Epirubicin hydrochloric acid, Zoledronic Acid. This issue has been considered in various judgments which are given below: -*

*a) In the case of Cipla Ltd (Supra), Tribunal Chennai has given the following findings: -*

*...  
b) In the case of Hetero Drugs Ltd (Supra), this Tribunal has considering the same issue whether the bulk drug and drug is same or otherwise. The relevant part of the order is reproduced below: -*

*...  
From the above judgments, it is clear that drugs and bulk drugs are one and the same. Therefore, the company M/s. Sterlling Biotech Ltd was entitled for exemption Notification 12/2012-CUS entry Sr. No. 108 description (A) which does not involve any condition such as following the procedure of Central Excise (removal of goods at concessional rate of duty for manufacture of excisable goods) Rules, 2001. Therefore, entire basis of the department that such procedure was not followed is not relevant. Since, the duty demand itself is not prima facie sustainable on the company, there is no question of imposing personal penalty on the employee of M/s. Sterlling Biotech Ltd. who is the appellant herein."*

(Emphasis supplied)

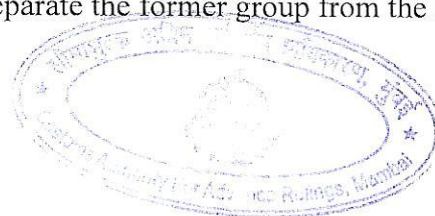
**4.34** Thus, it is submitted that there is enough jurisprudence which treats the term "drugs" to include bulk drugs.

Restricting the entry to cover only drugs and medicines for final consumption would render the entry to be redundant

**4.35** From a perusal of the entry, it is clear that it covers the following: (a) all drugs and medicines; (b) salts and esters of such drugs and medicines; (c) diagnostic test kits; and (d) formulations manufactured from bulk drugs.

**4.36** The usage of the semi colon (;) between "all drugs and medicines including their salts and esters and diagnostic test kits" and "formulations manufactured from bulk drugs" indicated that these are two separate items covered under the entry.

**4.37** Reliance is placed on the Tribunal decision of *Hari and Co. v. Collector of Customs, 1991 (53) E.L.T. 336*, wherein the semi-colon was interpreted to separate the former group from the latter



group. The decision was maintained by the Supreme Court in **Collector of Customs v. Hari and Co., 1997 (96) E.L.T. 503 (S.C.)**. Reference is also made to the Tribunal's decision in **Heidelberg Cement (India) Ltd. v. Commr. of C. Ex., Nagpur & Raigad, 2015 (315) E.L.T. 53 (Tri. - Mumbai)**, wherein it was held clauses separated by a semi-colon are to be read disjunctively and not conjunctively.

**4.38** From the fact that (d) "formulations manufactured from bulk drugs", are mentioned separately, it can be inferred that (a) "all drugs and medicines" intends to cover 'bulk drugs' only, while (d) covers the formulations, drugs and medicines which are manufactured from such bulk drugs. If (a) and (d) were intended to mean the same, i.e. that only drugs and medicines for final consumption are covered under the entry, then it would render (a) to be redundant, as (d) already covers such final formulations (often classified under Chapter 30).

**4.39** Furthermore, all ready to use drugs are covered under Chapter 30 of the Customs Tariff. The fact that the Notification entry covers goods falling under "chapter 30 or any other chapter" entails that it is not restricted to formulations for final consumption, as those would necessarily be classified under chapter 30. Thus, drugs under any other chapter are also covered under the entry.

**4.40** It is a settled principal of law that no such interpretation shall be adopted that renders an entry redundant. Reliance in this regard is placed on the Hon'ble Supreme Court in **Bansal Wire Industries Ltd. v. State of U.P., 2011 (269) E.L.T. 145 (S.C.)**. The relevant portion is extracted below:

*"It is a settled principle of law that the words used in the section, rule or notification should not be rendered redundant and should be given effect to. It is also one of the cardinal principles of interpretation of any statute that some meaning must be given to the words used in the section. Expression "Wire rods and wires" which is mentioned in item no. (xv) would not and cannot cover the expression "tools, alloy and special steels" of entry no. (ix) nor it would refer to the expression "Iron and Steel" as each item used in entry nos. (ix) and (xv) are independent items not depending on each other at all as has been held in the case of Pyare Lal Mehrotra (supra)."*

**4.41** The Hon'ble High Court in **TVL. Transtonnelstroy Afcons Joint Venture v. UOI, 2020 (43) G.S.T.L. 433 (Mad.) (para 41)**, it was every word of the statute should be given meaning and one should not construe a statute in such a way as to render certain words redundant.

**4.42** Reliance is also placed on the decision of **Printers (Mysore) Ltd. Vs. Asstt. Commercial Tax Officer - 1994 (2) SCC 434**. The relevant extract of the said judgement is as follows:

*"Even apart from the opening words in Section 2 referred to above, it is well settled that where the context does not permit or where it would lead to absurd or unintended result, the definition of an expression need not be mechanically applied. [Vide T.M. Kannian v. Income Tax Officer, Pondicherry and Anr. 1968 20 S.C.R. 103, Pushpa Devi and Ors. v. Milkhi Ram (Dead) by his L.Rs. MANU/SC/0149/1990 : [1990]1SCR278 [para 14] and Commissioner of Income Tax, Bangalore v. J.H. Gotla, Yadagiri MANU/SC/0126/1985: [1985]156ITR323(SC)."*

**4.43** Therefore, the entry should be interpreted in such a manner that it is not rendered redundant. Accordingly, the term "drugs" should also cover bulk drugs.

API for 'testing, clinical research and bioequivalence study' also fall under the ambit of 'drugs' and are leviable with IGST @5%



**4.44** The relevant definitions from the Drugs and Cosmetic Rules, 1945 are extracted below:

b) "drug" includes--

(i) all medicines for internal or external use of human beings or animals and all substances intended to be used for or in the diagnosis, treatment, mitigation or prevention of any disease or disorder in human beings or animals, including preparations applied on human body for the purpose of repelling insects like mosquitoes;]

(ii) such substances (other than food) intended to affect the structure or any function of the human body or intended to be used for the destruction of vermin or insects which cause disease in human beings or animals, as may be specified from time to time by the Central Government by notification in the Official Gazette;

(iii) all substances intended for use as components of a drug including empty gelatin capsules; and

(iv) such devices intended for internal or external use in the diagnosis, treatment, mitigation or prevention of disease or disorder in human beings or animals, as may be specified from time to time by the Central Government by notification in the Official Gazette, after consultation with the Board;

**4.45** Prior to 2019, the definitions of ‘bioavailability study’, ‘bioequivalence study’ and ‘clinical trials’ were also under the Drugs and Cosmetics Rules, 1945. However, with the introduction of the New Drugs and Clinical Trials Rules, 2019, the definitions were omitted from the Drugs and Cosmetics Rules 1945. The relevant definitions from the New Drugs and Clinical Trials Rules, 2019 are extracted below:

*"2. Definitions. — (1) In these rules, unless the context otherwise requires, —*  
 \*\*\*

(e) “bioavailability study” means a study to assess the rate and extent to which the drug is absorbed from a pharmaceutical formulation and becomes available in the systemic circulation or availability of the drug at the site of action;

(f) "bioequivalence study" means a study to establish the absence of a statistically significant difference in the rate and extent of absorption of an active ingredient from a pharmaceutical formulation in comparison to the reference formulation having the same active ingredient when administered in the same molar dose under similar conditions

\*\*\*

(j) “clinical trial” in relation to a new drug or investigational new drug means any systematic study of such new drug or investigational new drug in human subjects to generate data for discovering or verifying its, —

(i) *clinical or;*

(ii) *pharmacological including pharmacodynamics, pharmacokinetics or;*

(iii) *adverse effects*,

with the objective of determining the safety, efficacy or tolerance of such new drug or investigational new drug;"

**4.46** It is submitted that from a combined reading of the definitions of ‘drugs’, ‘bioavailability study’, ‘bioequivalence study’ and ‘clinical trials’, it is clear that drugs cover even those products which are for bioavailability or bioequivalence studies, or clinical trials.

**4.47** It is submitted that the definitions of bioavailability study, bioequivalence studies and clinical trials would be rendered redundant if the definition of ‘drugs’ itself was construed to not cover the drugs which are intended for such purposes.



**4.48** Thus, as long as the product in question is regarded as “Drug” by the CDSCO, irrespective of whether it is for manufacture of medicines, or for clinical trials, it must be considered to be eligible to avail benefit of Sl. No. 226 of Notification No. 9/2025-Integrated Tax (Rate) dated 17.09.2025.

*The bulk drugs classified under Chapter 28 or Chapter 29 are still rightly subject to levy under Sl. No. 226 of Schedule I, and not under Sl. No. 35 or 36 of Schedule II to the IGST Rate Notification. In case of any ambiguity in the IGST Rate Notification, it should be interpreted in favour of the taxpayer*

**4.49** Sl. No. 35 and 36 of Schedule II to the IGST Rate Notification cover goods of Chapter 28 and 29 respectively. The relevant portion of the notification is extracted below:

| Sl. No. | Chapter/Heading/Sub-heading/Tariff item | Description of goods                                                                                                                                                  |
|---------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 35.     | 28                                      | All inorganic chemicals [other than those specified in notification No.10/2025- Central Tax (Rate) dated 17th September 2025 or other Schedules of this notification] |
| 36      | 29                                      | All organic chemicals other than gibberellic acid                                                                                                                     |

**4.50** Sl. No. 226 of Schedule I to the IGST Rate Notification is extracted again for reference:

| Sl. No. | Chapter/Heading/Sub-heading/Tariff item | Description of goods                                                                                                                                                                                                                                        |
|---------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 226.    | 30 or any Chapter                       | All Drugs and medicines including their salts and esters and diagnostic test kits; formulations manufactured from bulk drugs [other than those specified at nil at S. No. 113 of notification No. 10/2025-Integrated Tax (Rate) dated 17th September, 2025] |

**4.51** Furthermore, it is submitted that Sl. No. 226 of Schedule I is a more specific entry as opposed to the generic entry of Sl. No. 35 or 36 of Schedule II, and thus the specific entry would prevail.

**4.52** It is submitted that in case of any ambiguity in the interpretation of the IGST Rate Notification, such as various applicable entries, it should be interpreted in favour of the taxpayer. Reliance in this regard is placed on the Tribunal decision of **Samsung India Electronics Pvt. Ltd. v. Principal Commissioner of Customs, New Delhi, 2025 (7) TMI 229 – CESTAT New Delhi**. The relevant portion of the decision is extracted below:

*“The Principal Commissioner, however, in paragraph 43 of the impugned order considered the IGST Rate Notification as an Exemption Notification and observed that the benefit of the IGST Rate Notification should be interpreted strictly and the burden to prove applicability would rest upon the tax payer and that the benefit of any ambiguity in the Notification must be interpreted in favour of the Revenue. The Principal Commissioner committed an error in assuming that the IGST Rate Notification is an Exemption Notification. The IGST Rate Notification is at rate Notification and, therefore, a Taxing Notification. It has to be strictly construed and any ambiguity has to be interpreted in favour of the tax payer and against the Revenue as was observed by the Supreme Court in **Safari Retreats.**”*



**4.53** From the above it is clear that a taxing notification, which prescribes a levy and is not prescribing an exemption, is to be interpreted in favour of the taxpayer. Reliance is also placed on the decision of the Supreme Court in *Commissioner of Cus. (Import), Mumbai v. Dilip Kumar & Company, 2018 (361) E.L.T. 577 (S.C.)*, whereby it established the principle that in case of an ambiguity in a taxing statute and where two interpretations can be adopted, then the benefit of interpretation is to be given to the assessee. It is only in the case of an exemption notification that it should be interpreted in favour of the Revenue. IGST Notification is a taxing statute and not an exemption notification. Thus, even on applying the decision of *Dilip Kumar* the interpretation should be in favour of the Applicant.

#### **Few Advance Rulings on this issue**

#### **Customs Advance Ruling issued to CIPLA on identical issue**

**4.54** Ruling CAAR/Mum/ARC/161,162/2025-26 dated 17.03.2026 was issued to **Cipla Limited**, by CAAR, Mumbai (Enclosed as 'Exhibit - C'). This Ruling squarely covers the issue at hand and in the context of Notification No. 9/2025-Integrated Tax (Rate) dated 17.09.2025 has clearly held that benefit of 5% IGST under Sl. No. 226 of the Notification is available to APIs or Bulk drugs imported into India as well. The Ruling covers import for further manufacture, as well as for clinical trials, and holds that in both cases IGST applicable on import will be 5% only.

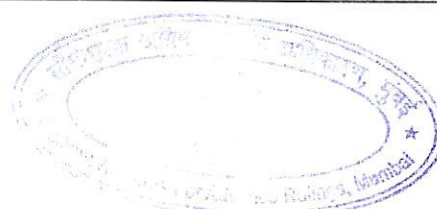
#### **GST Advance Rulings on similar issue**

**4.55** The Applicant would like to submit that prior to the Notification No. 9/2025-Integrated Tax (Rate) dated 17.09.2025, there was Notification No. 1/2017-Integrated Tax (Rate) dated 28.06.2017 effective from 01.07.2017 to 21.09.2025. The two Sl. Nos. therein which were relevant to Drugs are extracted below:

| Sl. No. | Chapter/Heading/Sub-heading/Tariff item | Description of goods                                                                                                         |
|---------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| 180.    | 30 or any Chapter                       | Drugs or medicines including their salts and esters and diagnostic test kits, specified in List 1 appended to this Schedule. |
| 181.    | 30                                      | Formulations manufactured from the bulk drugs specified in List 2 appended to this Schedule.                                 |

**4.56** With regard to the above, to the best of the Applicant's knowledge, there are 4 Advance Rulings dealing with the question whether "Drugs" in Sl. No. 180 above includes "bulk drugs". 3 of them are in favour of the Applicant and 2 are against. The same are analysed below:

| Sl. No. | Ruling / Decision reference                                    | Ratio                                                                                                                                                                                     | Whether Applicable in the present case                                                                     |
|---------|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| 1.      | In Re: Laurus Labs Ltd., 2018 (13) G.S.T.L. 472 (A.A.R. - GST) | <ul style="list-style-type: none"> <li>"Drugs" includes bulk drugs</li> <li>The entry is a specific entry which will prevail over the general entry of "all organic chemicals"</li> </ul> | Squarely applicable as the decision examines the levy for bulk drugs in light of the entry for Chapter 29. |



|    |                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                      |
|----|---------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                                                                         | other than gibberellic acid”                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                      |
| 2. | Re: Biocon Ltd. 2020 (43) G.S.T.L. 281 (App. A.A.R. - GST - Kar.)                                       | <ul style="list-style-type: none"> <li>• “Drugs” includes bulk drugs by relying on definition under the Drugs (Prices Control) Order 1995</li> <li>• Customs Tariff provides a similar concessional rate of 5% (by way of exemption notification), and bulk drugs used in the manufacture of drugs are also covered. Customs Notification is worded in the same manner as the GST rate Notification – thus relevant for consideration.</li> </ul>                                      | Squarely applicable in the present case as it has examined the definition of “drugs”.                                                                                                                                                                                                                                                |
| 3. | In Re: Sterling Biotech Ltd., 2021 (1) TMI 372 - AAR, Guj.                                              | <ul style="list-style-type: none"> <li>• Only medicines and drugs are covered under the entry.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                              | The rulings are not applicable in the present case as they have not considered the complete definition of “drugs”.                                                                                                                                                                                                                   |
| 4. | In Re: M/s. Altis Finechem Pvt. Ltd. 2021 (1) TMI 564 – AAR, Guj. ADVANCE RULING NO. GUJ/GAAR/R/61/2020 | <ul style="list-style-type: none"> <li>• Bulk drugs are raw materials and cannot be directly administered to a human being.</li> <li>• The concessional rate of GST is applicable only to the medicine or drugs, which are ready for administering in the human being or person.</li> <li>• The word “Bulk Drugs” would have been included in the entry had the intention of the Government been to extend the benefit of concessional rate to the bulk drugs/raw material.</li> </ul> | They have only considered clause (i) and have not considered clause (iii) (refer para 18 in Sterling Decision and para 11 in Altis decision) Furthermore, the rulings have failed to take into consideration the previous decisions and rulings on the interpretation wherein “Drugs” was time and again held to include bulk drugs. |

**4.57** The above Rulings are not pertaining to the present legal position. Thus, they are not strictly applicable to the present Application. However, in the interest of completion of information, the above Rulings have been highlighted to the Hon’ble Authority.

**4.58** All the aforesaid GST Rulings have been considered by Hon'ble CAAR Mumbai prior to issuance of Ruling dated 17.03.2026 to Cipla Limited. The Authority has clearly relied on Rulings of Laurus and Biocon. The Authority has distinguished the Rulings of Sterling Biotech and Altis on the ground that the complete definition of "drugs" was not considered by these Rulings.

**4.59** Thus, the above recent developments support the Applicant's present application in support of payment of 5% GST on imports of APIs/Bulk Drugs.

**Condition iii: Not be covered under Sl. No. 113 of Notification No. 10/2025-Integrated Tax (Rate) dated 17.09.2025.**

**4.60** Sl. No. 113 to Notification No. 10/2025-Integrated Tax (Rate) dated 17.09.2025 covers "Drugs or medicines listed in Annexure I". As submitted in the foregoing paragraphs, the products imported by the Applicant do not figure in Sl. No. 113, by virtue of not falling under Annexure I to that notification. Therefore, condition iii is also met.

**4.61** In light of the above, it is clear that bulk drugs used for manufacture of formulations should be subject to levy @5% in terms of S. No. 226 of Schedule I to the IGST Rate Notification and no other entry.

#### **Issues requiring advance ruling and Applicant's understanding**

**4.62** In light of the aforementioned submissions, the Applicant's interpretation of the questions raised will be as under:

**Question 1:** Whether IGST is leviable @5% for the import of bulk drugs in terms of SI. No. 226 of Schedule I of the IGST Rate Notification?

**Applicant's Understanding:** Yes

**Question 2:** If not, then what is the correct rate of IGST leviable for the import of bulk drugs?

**Applicant's Understanding:** Not applicable

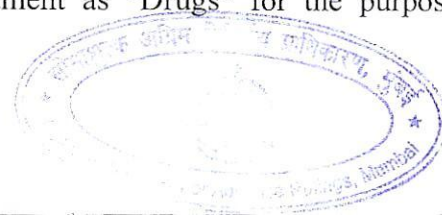
#### **5. Port of Import and reply from jurisdictional Commissionerate**

The Applicant, in its CAAR-1 applications, has indicated that it intends to import the subject goods under the jurisdiction of the following Customs authorities:

(i) the Commissioner of Customs, Mumbai-III (Import), Air Cargo Complex, Sahar, Andheri (East), Mumbai-400099; (ii) the Commissioner of Customs, NS-I, JNCH, Nhava Sheva, Uran, Raigad, Maharashtra-400707; and (iii) the Principal Commissioner of Customs, ACC (Import), New Custom House, Near I.G.I. Airport, New Delhi-110037. The applications were forwarded to the concerned jurisdictional Commissionerate's on 03.07.2026, inviting their comments on the issues raised therein. However, no comments or response were received from any of the concerned jurisdictional authorities.

#### **6. Details of Personal Hearing:**

A personal hearing in the matter was held on 04.08.2026. During the course of the personal hearing, the learned Advocate appearing on behalf of the Applicant submitted that the goods proposed to be imported are "**Bulk Drugs**" and sought their treatment as "Drugs" for the purpose of



determining the applicable IGST rate under the relevant provisions of the Customs Tariff Act, 1975 and the Integrated Goods and Services Tax Act, 2017.

The Applicant sought a ruling as to whether the subject **Bulk Drugs** are covered within the scope of **Sl. No. 226 of Schedule I to Notification No. 9/2025-Integrated Tax (Rate) dated 17.09.2025**, which covers “all drugs and medicines including their salts and esters and diagnostic test kits; formulations manufactured from bulk drugs”, subject to the exclusions specified therein. The Applicant relied upon the definition of “**drug**” under **Section 3(b) of the Drugs and Cosmetics Act, 1940**, as well as the definition of “**bulk drug**” under the **Drugs (Price Control) Order, 2013**, and submitted that the expression “all drugs and medicines” is wide enough to include Bulk Drugs/APIs. The Applicant also relied upon an earlier ruling stated to have been rendered in an identical matter in support of its contention.

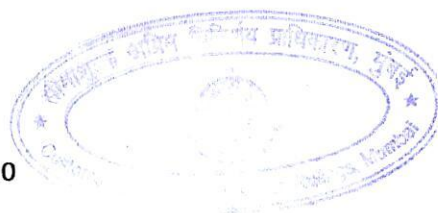
**6.1** No representative appeared on behalf of the Department at the time of the personal hearing.

**6.2. Additional Submissions by the Applicant:**

**6.2.1** In the additional submissions, the Applicant submitted, inter alia, that the statutory definition of “drug” under the Drugs and Cosmetics Act, 1940/Rules made thereunder is broad enough to cover substances used in relation to the manufacture, testing and development of pharmaceutical products. The Applicant also referred to the definitions of “bioavailability study”, “bioequivalence study” and “clinical trial” under the New Drugs and Clinical Trials Rules, 2019 and submitted that these activities form an integral part of the drug development and approval process.

**6.2.2** The Applicant contended that the purpose for which a bulk drug/API is imported, whether for manufacture of formulations or for testing, clinical trials, bioequivalence or bioavailability studies, does not alter its intrinsic statutory character as a “drug”. In support of its submission, the Applicant relied upon the ruling rendered by this Authority in the case of **Cipla Limited**, wherein, according to the Applicant, the applicability of Sl. No. 226 to bulk drugs imported for testing, clinical research, bioequivalence and bioavailability studies was considered and the benefit was held to be available. The Applicant further relied upon certain Orders-in-Original passed by the JNCH authorities in support of its submission that bulk drugs have been treated as “drugs” by the Customs Department. The Applicant, while acknowledging that the exemptions considered in those proceedings contained specific lists of drugs, submitted that the underlying principle that bulk drugs are drugs is equally applicable to the present case.

**6.2.3** The Applicant accordingly requested that the aforesaid submissions and precedents be taken on record and submitted that the import of bulk drugs/APIs, including those imported for testing, clinical trials, bioequivalence and bioavailability studies, should be eligible for the concessional IGST rate of 5% under Sl. No. 226 of Notification No. 9/2025-Integrated Tax (Rate), subject to fulfilment of the other conditions prescribed therein.



## 7. Discussion and Findings

7.1 I have carefully considered the application filed by the applicant namely, M/s Sun Pharmaceutical Industries, the submission made by the applicant during the personal hearing and the documents and materials placed on record.

7.2 At the outset, I find that the issue raised in the question in the form CAAR-1 is squarely covered under Section 28H (2) of the Customs Act, 1962, being a matter related applicability of duty (IGST) rate in the present case under the provisions of this Act. The question posed for advance ruling is:

*Question 1: Whether Integrated Goods and Services Tax is leviable @5% for the import of bulk drugs in terms of SI. No. 226 of Schedule I of Notification No. 9/2025-Integrated Tax (Rate) dated 17.09.2025 (hereinafter referred to as the 'IGST Rate Notification')?*

*Question 2: If not, then what is the correct rate of IGST leviable for the import of bulk drugs falling under chapter 28 or 29 of the Schedule of Customs Tariff Act, 1975?*

### 7.3 Statutory Framework

7.3.1 In terms of Section 3(7) of the Customs Tariff, 1975, any article imported into India is liable to IGST at such rate as is leviable under Section 5 of the IGST Act, 2017 on a like article supplied in India.

7.3.2 IGST rates are notified vide Notification No. 09/2025-Integrated Tax (Rate) dated 17.09.2025. SI. No. 226 of Schedule I (5%) reads as under:

| Sl. No. | Chapter/Heading/Sub-heading/Tariff item | Description of goods                                                                                                                                                                                                                                        |
|---------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 226.    | 30 or any Chapter                       | All Drugs and medicines including their salts and esters and diagnostic test kits; formulations manufactured from bulk drugs [other than those specified at nil at S. No. 113 of notification No. 10/2025-Integrated Tax (Rate) dated 17th September, 2025] |

I observe that from the perusal of the above entry it is clear SI. No. 226 of Schedule I (5%) covers the following:

- (a) all drugs and medicines including their salts and esters;
- (b) diagnostic test kits;
- (c) formulations manufactured from bulk drugs

7.3.3 SI. No. 113 of Notification No. 10/2025-Integrated Tax (Rate) grants NIL rate to "Drugs or medicines listed in Annexure I." The relevant portion of notification is as below:

| Sl. No. | Chapter/Heading/Sub-heading/Tariff item | Description of goods |
|---------|-----------------------------------------|----------------------|
|---------|-----------------------------------------|----------------------|



|      |                   |                                         |
|------|-------------------|-----------------------------------------|
| 113. | 30 or any Chapter | Drugs or medicines listed in Annexure I |
|------|-------------------|-----------------------------------------|

Annexure I appended to Schedule mentions the following item at Sr. No. 113 of the said notification.

It is observed that the Applicant has not specified the individual names of the Bulk Drugs/APIs proposed to be imported. Therefore, the applicability of the exclusion contained in Sl. No. 113 of Notification No. 10/2025-Integrated Tax (Rate) is required to be examined with reference to the individual goods at the time of import. On the basis of the material placed on record, no specific Bulk Drug/API proposed in the present application has been shown to be covered under Annexure-I.

#### 7.4 Nature of the Goods

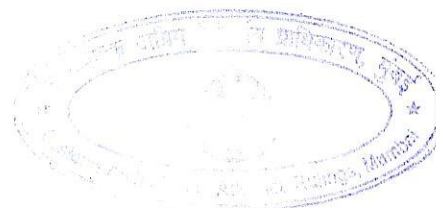
**7.4.1** The Applicant imports bulk drugs, i.e. Active Pharmaceutical Ingredients (APIs), classifiable under Chapter 28 or Chapter 29 of the Customs Tariff. These APIs are used:

- In manufacture of pharmaceutical formulations; and
- In certain cases, for testing, clinical trials, bioavailability and bioequivalence studies.

**7.4.2** I observe that Active Pharmaceutical Ingredients (APIs) are substances which constitute an active component of a drug and are used in the manufacture of pharmaceutical formulation. API are regulated under the provisions of the Drugs and Cosmetics Act, 1940 and the rules made thereunder, and their import is subject to the prescribed statutory requirements and licensing provisions. In support of the nature and regulatory status of the subject goods, the Applicant has submitted copies of the relevant licences issued under the Drugs and Cosmetics Rules, 1945 as detailed below:

| Form No./<br>License No. | Title of License Issued                                                                                                                                                    | Illustrative Copy enclosed<br>herewith                         |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| Form 10                  | License to import drugs (excluding those specified in Schedule X) to the Drugs and Cosmetics Rules, 1945                                                                   | License No. IL/BD-014490<br>BD-59 dated 18.03.2024             |
| Form 11                  | License to import drugs for the purposes of examination, test or analysis                                                                                                  | Licence No.<br>SW/OD/11/2025/0000012840<br>dated 04.06.2025    |
| Form CT-17               | License to Import New Drug or Investigational New Drug for the purpose of Clinical Trials or Bioavailability or Bioequivalence study or for examination, test and analysis | Licence No. SW/ND/CT-<br>17/2024/000001827 dated<br>30.05.2024 |

**7.4.3** Further, the applicant has submitted that there is no dispute regarding tariff classification under Chapters 28 or 29. Also, the issue raised in the present application is not regarding classification of the subject goods and the question raised in the CAAR application is confined to the applicable of IGST rate.



7.5 As discussed above, Sl. No. 226 of Schedule I (5%) of Notification No. 09/2025-Integrated Tax (Rate) covers all drugs and medicines. The applicant has contended that the bulk Drugs/APIs are covered under the expression "All Drugs and Medicines" and are covered under Sl. No. 226 being drugs. Therefore, it is to be analysed:

**"Whether "Bulk Drugs/APIs" are covered under the expression "All Drugs and Medicines" or otherwise"**

7.5.1 The expression "drugs" is not defined in the IGST Rate Notification and neither in Customs Act. In such circumstances, recourse can be taken to the relevant statute governing the goods, namely the Drugs and Cosmetics Act, 1940.

7.5.2 I observe Section 3(b) of the Drugs and Cosmetics Act, 1940 defines "drug". The said definition of drugs is produced as below:

*drug includes:*

- i) *all medicines for internal or external use of human beings or animals and all substances intended to be used for or in the **diagnosis, treatment, mitigation or prevention of any disease or disorder in human beings or animals**, including preparations applied on human body for the purpose of repelling insects like mosquitoes;]*
- (ii) *such substances (other than food) intended to affect the structure or any function of the human body or intended to be used for the destruction of 6 [vermin] or insects which cause disease in human beings or animals, as may be specified from time to time by the Central Government by notification in the Official Gazette;]* 7
- (iii) *all substances intended for use as components of a drug including empty gelatin capsules; and*
- (iv) *such devices\* intended for internal or external use in the diagnosis, treatment, mitigation or prevention of disease or disorder in human beings or animals, as may be specified from time to time*

From the above definition of drugs, it is evident that drugs cover:

- all medicines for internal or external use;
- all substances intended for diagnosis, treatment, mitigation or prevention of disease; and
- **all substances intended for use as components of a drug.**

7.5.3 I observe that Active Pharmaceutical Ingredients (APIs) are substances used as components of a drug. They are regulated under the Drug and Cosmetics Act and require statutory licences for import.

7.5.4 I observe that the bulk drugs are not specifically defined in Drugs and Cosmetics Act, 1940. Therefore, reference is made to the definitions under the Drugs (Price Control) Order, 2013. The relevant extracts are as below:



*"(b) "active pharmaceutical ingredients or bulk drug" means any pharmaceutical, chemical, biological or plant product including its salts, esters, isomers, analogues and derivatives, conforming to standards specified in the Drugs and Cosmetics Act, 1940 (23 of 1940) and which is used as such or as an ingredient in any formulation;*

\*\*\*

*"(i) "formulation" means a medicine processed out of or containing one or more drugs with or without use of any pharmaceutical aids, for internal or external use for or in the diagnosis, treatment, mitigation or prevention of disease and, but shall not include*

*(i) any medicine included in any bonafide Ayurvedic (including Sidha) or Unani (Tibb) systems of medicines;*

*(ii) any medicine included in the Homeopathic system of medicine; and*

*(iii) any substance to which the provisions of the Drugs and Cosmetics Act, 1940 (23 of 1940) do not apply;"*

In view of above bulk drug refers to pharmaceutical or chemical substances used as such or as an ingredient in any formulation. Accordingly, I observe that on conjoint reading of the above definition of API with Section 3(b) of the Drugs and Cosmetics Act, 1940 bulk drugs/APIs bulk drugs falls within the statutory meaning of "drug".

7.5.5 The applicant has submitted that Prior to 2019, the definitions of 'bioavailability study', 'bioequivalence study' and 'clinical trials' were also under the Drugs and Cosmetics Rules, 1945. However, with the introduction of the New Drugs and Clinical Trials Rules, 2019, the definitions were omitted from the Drugs and Cosmetics Rules 1945. The relevant definitions from the New Drugs and Clinical Trials Rules, 2019 are extracted below:

*"2. Definitions. — (1) In these rules, unless the context otherwise requires, —*

\*\*\*

*(e) "bioavailability study" means a study to assess the rate and extent to which the drug is absorbed from a pharmaceutical formulation and becomes available in the systemic circulation or availability of the drug at the site of action;*

*(f) "bioequivalence study" means a study to establish the absence of a statistically significant difference in the rate and extent of absorption of an active ingredient from a pharmaceutical formulation in comparison to the reference formulation having the same active ingredient when administered in the same molar dose under similar conditions*

\*\*\*

*(j) "clinical trial" in relation to a new drug or investigational new drug means any systematic study of such new drug or investigational new drug in human subjects to generate data for discovering or verifying its, —*

*(i) clinical or;*

*(ii) pharmacological including pharmacodynamics, pharmacokinetics or;*

*(iii) adverse effects,*

*with the objective of determining the safety, efficacy or tolerance of such new drug or investigational new drug;"*



7.5.6 I observe that a combined reading of the definitions of “drugs”, “bioavailability study”, “bioequivalence study” and “clinical trial” makes it evident that the term “drugs” is wide enough to include products intended for use in bioavailability or bioequivalence studies, as well as for clinical trials. Therefore, the mere fact that the API is imported for testing or research purposes, and not for direct therapeutic use, does not, by itself, exclude it from the ambit of “drugs” under the applicable legal framework.

## 7.6 Judicial Precedents

7.6.1 The Applicant has relied upon various Tribunal decisions wherein it has been held that bulk drugs are also drugs or “drugs” is inclusive of “bulk drugs” including:

- i. *Burroughs Wellcome (I) Ltd.* – 2007 (216) E.L.T. 522 (Tri. -Mum.)
- ii. *Cipla Ltd. v. Commissioner of Customs, Chennai* – 2007 (218) E.L.T. 547 (Tri. - Chennai)
- iii. *Astrix Laboratories Ltd.* – 2009 (233) E.L.T. 372 (Tri. -Bang.)
- iv. Further, in *Aurobindo Pharma Ltd.* – 2009 (247) E.L.T. 206 (Tri. -Bang.), it was held that where a notification does not distinguish between “drugs” and “bulk drugs”, such distinction cannot be artificially introduced.

These decisions consistently held that bulk drugs are also drugs, particularly where the exemption/benefit entry uses the expression “drugs” without exclusion.

## 7.6.2 Advance ruling decisions:

(i) I observe that in CAAR/Mum/ARC/161,162/2025-26 dated 17.03.2026 was issued to **Cipla Limited**, by CAAR, Mumbai. This Ruling squarely covers the issue at hand and in the context of Notification No. 9/2025-Integrated Tax (Rate) dated 17.09.2025 has clearly held that benefit of 5% IGST under Sl. No. 226 of the Notification is available to APIs or Bulk drugs imported into India as well. The Ruling covers import for further manufacture, as well as for clinical trials, and holds that in both cases IGST applicable on import will be 5% only.

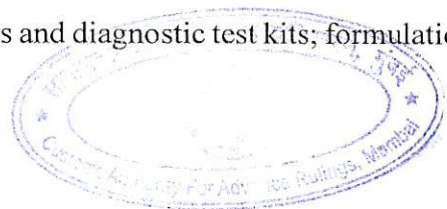
(ii) I observe that in *Laurus Labs Ltd.*, 2018 (13) G.S.T.L. 472 (A.A.R. – GST) and *Biocon Ltd.*, 2020 (43) G.S.T.L. 281 (App. A.A.R. – GST – Kar.), the Advance Ruling Authorities have taken the view that the expression “drugs” includes “bulk drugs.”

(iii) Though in *Sterling Biotech Ltd.*, 2021 (1) TMI 372 – AAR, Gujarat and *M/s. Altis Finechem Pvt. Ltd.*, 2021 (1) TMI 564 – AAR, Gujarat, the Advance Ruling Authorities have taken a contrary view, the said rulings are not binding on this Authority. Further, it is observed that in the aforesaid rulings, the complete and inclusive definition of “drug” under Section 3(b)(iii), particularly in relation to substances used as components of a drug, has not been examined in its entirety.

## 7.7 Interpretation of Sl. No. 226 of Schedule I of Notification No. 09/2025-Integrated Tax (Rate)

7.7.1 Sl. No. 226 employs the expression:

“All Drugs and medicines including their salts and esters and diagnostic test kits; formulations



manufactured from bulk drugs”. The presence of a semi-colon clearly demarcates two independent and distinct categories of goods, namely:

- (i) All drugs and medicines (including salts, esters and diagnostic kits); and
- (ii) Formulations manufactured from bulk drugs.

7.7.2 If the phrase “All drugs and medicines” were to be construed as being confined solely to finished dosage forms ready for retail consumption, the subsequent and specific reference to “formulations manufactured from bulk drugs” would be rendered redundant and superfluous. It is a settled canon of statutory interpretation that an entry must be construed in a manner that gives meaning and effect to every word used therein, and avoids any interpretation that would render a part of the provision otiose.

7.7.3 Moreover, the entry applies to goods falling under “Chapter 30 or any Chapter.” The deliberate use of the expression “or any Chapter” manifests a clear legislative intent to extend the scope of coverage beyond Chapter 30, thereby encompassing drugs and drug substances classifiable under other Chapters, including Active Pharmaceutical Ingredients (APIs) falling under Chapters 28 and 29.

7.7.4 Reliance is placed on *Commissioner of Customs (Import), Mumbai v. Dilip Kumar & Company, 2018 (361) E.L.T. 577 (S.C.)*, wherein the Supreme Court held that any ambiguity in a taxing provision must be construed in favour of the taxpayer, while the rule of strict interpretation applies only to exemption notifications. Since Notification No. 09/2025-Integrated Tax (Rate) is a taxing notification, any ambiguity therein must be interpreted in favour of the Applicant.

7.7.5 It is submitted by the applicant that there is plethora of decisions that hold that the term “drugs” is inclusive of “bulk drugs”. The Tribunal in *Burroughs Wellcome (I) Ltd vs Commissioner of C. Ex. and Cus., Mumbai [2007 (216) E.L.T. 522 (Tri-Mum)]*, in the context of exemption benefit for life saving drugs, held that the phrase can include bulk drugs as well. The Tribunal observed that the term life saving drugs was not defined in the exemption notification, but upon the term of “drugs” under the Drugs (Prices Control) Order included “bulk drugs”, and accordingly the same was applied to the term life saving drugs.

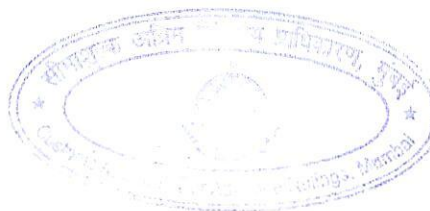
7.7.6 The definition of “drugs” defines in the Drugs (Prices Control) Order, 1995 which is reproduced below:

2. Definitions: In this Order, unless the context otherwise requires, -

(a) “bulk drug” means any pharmaceutical, chemical, biological or plant product including its salts, esters, stereo-isomers and derivatives, conforming to pharmacopeial or other standards specified in the Second Schedule to the Drugs and Cosmetics Act, 1940 (23 of 1940), and which is used as such or as an ingredient in any formulations;

(f) “drug” includes

(i) all medicines for internal or external use of human beings or animals and all substances intended to be used for or in the diagnosis treatment, mitigation, or prevention of any disease or disorder in human beings or animals, including preparations applied on human body for the purpose of repelling insects like mosquitoes;



- (ii) *such substances, intended to affect the structure or any function of the human or animal body or intended to be used for the destruction of vermin or insects which cause disease in human beings or animals, as may be specified from time to time by the Government by notification in the Official Gazette; and*
- (iii) *bulk drugs and formulations; (Emphasis supplied)*

It is evident from the foregoing discussion that the term “**drug**” also includes “**bulk drugs**”. In common pharmaceutical parlance, a “bulk drug” refers to a pharmaceutical substance manufactured for use as an Active Pharmaceutical Ingredient (API) in the manufacture of drug formulations. In the present case, the Bulk Drugs proposed to be imported are Active Pharmaceutical Ingredients (APIs). These imported pharmaceutical substances are intended to be used in the manufacture of finished pharmaceutical formulations/dosage forms and in certain cases for purposes such as examination, testing, clinical research, bioavailability or bioequivalence studies.

7.7.7 Further, I observed that the bulk drugs are classified by the applicant under Chapter 28 or 29 as they are organic and inorganic chemicals. The terms “Bulk drug” and “drug” have not been defined either in the rate notification or in the GST laws. However, the same have been defined in the Drugs (Price Control) Order, 1995, as amended 2013, which is reproduced below:

2. **Definitions:** *In this Order, unless the context otherwise requires, -*

(a) **“active pharmaceutical ingredients or bulk drug”** *means any pharmaceutical, chemical, biological or plant product including its salts, esters, isomers, analogues and derivatives, conforming to standards specified in the Drugs and Cosmetics Act, 1940 (23 of 1940), and which is used as such or as an ingredient in any formulations;*

The definition of ‘drug’ has been defined in The Drugs and Cosmetics Act, 1940, (23 of 1940) and the same is reproduced below;

3. **Definitions.** *– In this Act, unless there is anything repugnant in the subject or context, -*

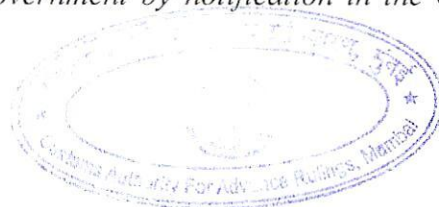
(b) **“drug”** *Includes –*

(i) *all medicines for internal or external use of human beings or animals and all substances intended to be used for or in the diagnosis, treatment, mitigation or prevention of any disease or disorder in human beings or animals, including preparations applied on human body for the purpose of repelling insects like mosquitoes;*

(ii) *such substances (other than food) intended to affect the structure or any function of the human body or intended to be used for the destruction of 6 [vermin] or insects which cause disease in human beings or animals, as may be specified from time to time by the Central Government by notification in the Official Gazette;]*

(iii) *all substances intended for use as components of a drug including empty gelatin capsules; and*

(iv) *such devices\* intended for internal or external use in the diagnosis, treatment, mitigation or prevention of disease or disorder in human beings or animals, as may be specified from time to time by the Central Government by notification in the Official Gazette, after consultation with the Board;]*



It is seen from the above that the term “drug” includes substances intended for use as components of a drug. Further, the definition of “active pharmaceutical ingredients or bulk drug” under the Drugs (Price Control) Order, 1995, specifically covers pharmaceutical, chemical, biological or plant products which conform to the standards specified under the Drugs and Cosmetics Act, 1940 and are used as such or as an ingredient in any formulation. A common understanding of the term “Bulk Drug” is that it refers to a pharmaceutical substance manufactured for use as an Active Pharmaceutical Ingredient (API) in the manufacture of pharmaceutical formulations. In the present case, the goods proposed to be imported are Bulk Drugs/Active Pharmaceutical Ingredients. I further find that the Central Drugs Standard Control Organisation (CDSCO) being the regulatory authority concerned with the approval and regulation of drugs in India has granted the relevant approval/licence in respect of the subject goods.

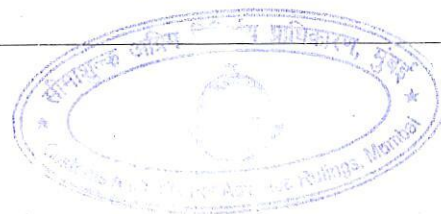
**7.7.8** It appears from the above statutory definitions and the documents submitted by the Applicant that the subject goods being Active Pharmaceutical Ingredients (APIs) may fall within the definition of Bulk Drugs where they are intended for use as such or as an ingredient in pharmaceutical formulations and conform to the standards prescribed under the Drugs and Cosmetics Act, 1940. Further, APIs intended for use as components of pharmaceutical drugs fall within clause (iii) of Section 3(b), subject to the applicable statutory requirements. The subject goods proposed to be imported by the Applicant are Active Pharmaceutical Ingredients (APIs) intended for use in the manufacture of pharmaceutical formulations and in certain cases for examination, testing, clinical research, bioavailability or bioequivalence studies. The Applicant has also submitted the relevant statutory licences/approvals issued under the Drugs and Cosmetics regulatory framework in support of the nature and intended use of the subject goods.

In view of the above, I find that the subject goods being Bulk Drugs/Active Pharmaceutical Ingredients are covered by the expression “All Drugs and medicines” appearing in Sl. No. 226 of Schedule I to Notification No. 9/2025-Integrated Tax (Rate) dated 17 September 2025 subject to the exclusion specified therein. Accordingly, the subject goods are eligible for the IGST rate prescribed under the said entry provided that they are not covered under Sl. No. 113 of Notification No. 10/2025-Integrated Tax (Rate) dated 17th September, 2025.

**7.8 Specific Entry Vis-à-vis General Entry:** The subject bulk drugs/APIs proposed to be imported are stated by the applicant to be classifiable under Chapter 28 or 29 are rightly covered under Sl. No. 226 of Schedule I and not under Sl. No. 35 or 36 respectively of Schedule II of the Notification No. 9/2025-Integrated Tax (Rate).

**7.8.1** Sl. No. 35 & 36 of the Notification prescribes the IGST at the rate of 18% for products falling under Chapter 28 & 29 respectively. The relevant extract is produced below for ease of reference:

| Sl. No. | Chapter/Heading/Sub-Heading/Tariff item | Description of goods                                                                                                                                                      |
|---------|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 35      | 28                                      | All inorganic chemicals (other than those specified in Notification No. 10/2025-Integrated Tax (Rate) dated 17th September, 2025 or other schedules of this notification) |



|    |    |                                                    |
|----|----|----------------------------------------------------|
| 36 | 29 | All organic chemicals other than gibberellic acid. |
|----|----|----------------------------------------------------|

**7.8.2** The subject goods are Bulk Drugs/Active Pharmaceutical Ingredients and therefore their applicable IGST rate is required to be determined with reference to the specific description of goods provided in the relevant rate notification. Although the subject goods may be classifiable under Chapter 28 or Chapter 29 on the basis of their chemical composition the applicable IGST rate is governed by the specific entry covering the nature of the goods.

**7.8.3** It is a well settled principle of law that a specific entry prevails over a general entry. Sl. No. 35 & 36 of Schedule II is a general entry covering goods falling under Chapter 28 & 29 on the basis of their tariff classification whereas Sl. No. 226 of Schedule I is a specific description-based entry covering "All Drugs and Medicines." Since the subject goods are bulk drugs/API, the specific entry at Sl. No. 226 is applicable to the subject goods, subject to the exclusion specified therein.

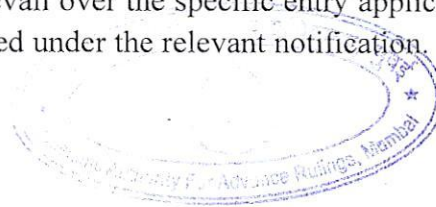
**7.8.4** Reliance is placed on the decision of the Hon'ble Supreme Court in Commissioner of Customs (Import), Mumbai v. Dilip Kumar & Company, 2018 (361) E.L.T. 577 (S.C.), wherein it was held that in case of ambiguity in a taxing provision, the interpretation favourable to the taxpayer must be adopted. The strict interpretation applicable to exemption notifications is distinct from the interpretation of a charging or taxing provision. Since Notification No. 09/2025-Integrated Tax (Rate) is a rate notification prescribing the applicable tax rate and is not an exemption notification, any ambiguity therein ought to be resolved in favour of the Applicant. Accordingly, the benefit of the concessional rate under Sl. No. 226 of Schedule I is admissible to the subject goods.

**7.8.5** Further reliance is placed on the Samsung India Electronics Pvt. Ltd. v. Principal Commissioner of Customs [2025 (7) TMI 229 – CESTAT New Delhi] wherein the Tribunal held that a rate notification must be strictly construed, and any ambiguity must be interpreted in favour of the taxpayer and against the Revenue. The relevant excerpt is provided for ease of reference:

*...The Principal Commissioner, however, in paragraph 43 of the impugned order considered the IGST Rate Notification as an Exemption Notification and observed that the benefit of the IGST Rate Notification should be interpreted strictly and the burden to prove applicability would rest upon the tax payer and that the benefit of any ambiguity in the Notification must be interpreted in favour of the Revenue. The Principal Commissioner committed an error in assuming that the IGST Rate Notification is an Exemption Notification. The IGST Rate Notification is at rate Notification and, therefore, a Taxing Notification. It has to be strictly construed and any ambiguity has to be interpreted in favour of the tax payer and against the Revenue as was observed by the Supreme Court in Safari Retreats....*

*(emphasis supplied)*

Since the subject products satisfy the statutory and functional requirements applicable to Bulk Drugs/Active Pharmaceutical Ingredients and are intended for use in the manufacture of pharmaceutical formulations and other permitted pharmaceutical purposes, they are appropriately covered under the specific entry at Sl. No. 226 of Schedule I. Hence, the general entry applicable to products falling under Chapter 28 or Chapter 29 cannot prevail over the specific entry applicable to "All Drugs and medicines", subject to the exclusion specified under the relevant notification.



7.8.6 In contrast, Sl. No. 226 specifically covers “All drugs and medicines...”, without being confined to any particular Chapter of the Tariff. The scope of this entry is description-based rather than Chapter-based, and therefore it operates as a specific entry covering goods answering to the description of drugs and medicines.

7.8.7 It is a well-settled principle of classification that when a product is covered by both a general entry and a specific entry, the specific entry shall prevail over the general entry (*generalia specialibus non derogant*). Accordingly, Active Pharmaceutical Ingredients (APIs), though classifiable under Chapters 28 or 29 for tariff purposes, when they satisfy the description of “drugs”, are appropriately covered under Sl. No. 226 for the purpose of determination of applicable IGST rate. The Sl. No. 226 entry is a specific entry which will prevail over the general entry of “all organic chemicals other than gibberellic acid”

## 7.9 Nature of the Notification

7.9.1 I observe Notification No. 09/2025–Integrated Tax (Rate) is a IGST rate slab notification and not an exemption or concessional duty notification.

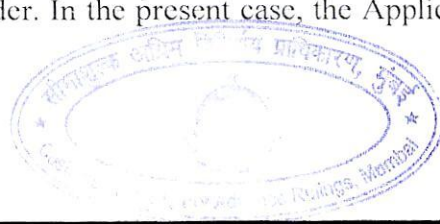
7.9.2 I observe that the applicant has placed reliance on the decision of the Hon’ble Supreme Court in *Commissioner of Customs (Import), Mumbai v. Dilip Kumar & Company, 2018 (361) E.L.T. 577 (S.C.)*, wherein it was held that in case of ambiguity in a taxing statute, and where two interpretations are possible, the interpretation beneficial to the assesses should be adopted. However, in the case of an exemption notification, the same must be construed strictly in favour of the Revenue.

I observe that the IGST Notification in question is a taxing notification and not an exemption notification. Therefore, applying the ratio laid down in Court in *Commissioner of Customs (Import), Mumbai v. Dilip Kumar & Company, 2018 (361) E.L.T. 577 (S.C.)*, the subject goods of the applicant are appropriately classifiable under Sl. No. 226 of Schedule I to Notification No. 09/2025–Integrated Tax (Rate) dated 17.09.2025, which is a IGST taxing entry and not an exemption entry.

## 7.10 Eligibility of the subject Bulk Drugs/APIs for IGST Rate:

7.10.1 The proposed imports of the subject Bulk Drugs/Active Pharmaceutical Ingredients (APIs) relate to pharmaceutical substances having established medicinal and therapeutic applications. The subject goods are intended to be used as active pharmaceutical ingredients in the manufacture of pharmaceutical formulations and in certain cases for examination, testing, clinical research, bioavailability or bioequivalence studies. Thus, the subject goods possess the character of Bulk Drugs/APIs and are regulated as pharmaceutical substances.

7.10.2 Under Section 3(b) of the Drugs and Cosmetics Act, 1940, the definition of “drug” includes medicines and substances intended for use in the diagnosis, treatment, mitigation or prevention of disease or disorder in human beings or animals, as well as substances intended for use as components of a drug. Accordingly, Bulk Drugs/APIs intended for use as active ingredients in pharmaceutical formulations fall within the regulatory framework governing drugs, subject to the conditions prescribed under the said Act and the rules made thereunder. In the present case, the Applicant has



submitted the relevant statutory licences/approvals issued under the Drugs and Cosmetics regulatory framework in support of the nature and intended use of the subject goods.

**7.10.3** Sl. No. 226 of Schedule I to Notification No. 09/2025–Integrated Tax (Rate) dated 17.09.2025 prescribes an IGST rate of 5% for “All Drugs and medicines including their salts and esters and diagnostic test kits; formulations manufactured from bulk drugs”, and the entry covers goods falling under “30 or any Chapter”, subject to the exclusion specified therein. The entry is description-based and is not restricted merely to goods falling under Chapter 30. Therefore, Bulk Drugs/APIs having established medicinal use and falling within the scope of “drugs and medicines” are capable of being covered under the said entry, notwithstanding the fact that, on the basis of their individual chemical composition, they may be classifiable under Chapter 28 or Chapter 29 of the Customs Tariff. Further, the fact that such goods are imported in bulk form or as APIs does not, by itself, take them outside the scope of the specific description of “All Drugs and medicines”, where their pharmaceutical character and intended medicinal use are established from the documents and regulatory approvals placed on record.

**7.10.4** In view of the above discussion, I find that the subject Bulk Drugs/Active Pharmaceutical Ingredients (APIs), as described in the application and supported by the documents submitted by the Applicant, qualify as “Drugs and medicines” for the purpose of Sl. No. 226 of Schedule I to Notification No. 09/2025–Integrated Tax (Rate) dated 17.09.2025. Accordingly, the subject goods are eligible for the IGST rate of 5%, provided that the particular Bulk Drug/API is not covered under the exclusion specified in the said entry, including the goods specified at Sl. No. 113 of Notification No. 10/2025–Integrated Tax (Rate) dated 17.09.2025.

**7.11.** In view of the facts and circumstances, I observe as follow:

(a) The definition of “drug” under Section 3(b) of the Drugs and Cosmetics Act, 1940 is wide and inclusive in nature, and expressly covers substances intended for use as components of a drug. Active Pharmaceutical Ingredients (APIs) / bulk drugs, being pharmaceutical substances used as such or as ingredients in formulations, squarely fall within the ambit of the said definition subject to their intended use and compliance with the applicable statutory requirements.

(b) The language of Sl. No. 226 of Schedule I to Notification No. 9/2025–Integrated Tax (Rate) dated 17.09.2025 is broad and description-based. It covers “All Drugs and medicines...” and expressly extends to goods falling under “Chapter 30 or any Chapter”. Therefore, the said entry is not restricted merely to finished pharmaceutical formulations falling under Chapter 30. Bulk Drugs/APIs having the character and intended use of drugs and medicines may accordingly fall within the scope of the said entry, notwithstanding their classification under Chapter 28 or Chapter 29 of the Customs Tariff.

(c) The evidence on record, including the statutory licences/approvals and other documents submitted by the Applicant establishes that the subject goods are Bulk Drugs/Active Pharmaceutical Ingredients (APIs) intended for use in the manufacture of pharmaceutical formulations and, in certain cases, for examination, testing, clinical research, bioavailability or bioequivalence studies. The subject goods are not covered by the nil rate of IGST under the relevant provisions of Notification



No. 10/2025–Integrated Tax (Rate), as examined from the material available on record. Accordingly, the subject goods are eligible for IGST at the rate of 5% under Sl. No. 226 of Schedule I to Notification No. 9/2025–Integrated Tax (Rate) dated 17.09.2025, subject to the conditions and exclusions specified therein.

7.12. In view of the foregoing discussion, the findings recorded and the legal provisions discussed above, I rule as under:

The subject Bulk Drugs/Active Pharmaceutical Ingredients (APIs), as described in the application and supported by the documents submitted by the Applicant, qualify as “All Drugs and medicines” under Sl. No. 226 of Schedule I to Notification No. 9/2025–Integrated Tax (Rate) dated 17.09.2025 and are eligible for the concessional IGST rate of 5%, provided that the particular Bulk Drug/API is not covered under the exclusion specified in the said entry, including the goods specified at Sl. No. 113 of Notification No. 10/2025–Integrated Tax (Rate) dated 17.09.2025.

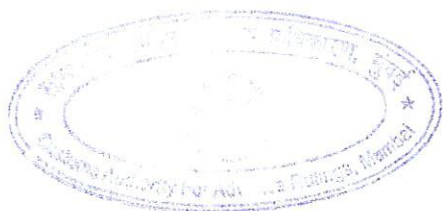
7.13. In view of the answer to Question No. 1 being in the affirmative, Question No. 2 does not arise for consideration.

8. I rule accordingly.



*Dhabre*  
15.09.2026  
(RAJESH FATTESING DHABRE)  
Customs Authority for Advance Rulings  
(CAAR), Mumbai

1. M/s Sun Pharmaceutical Industries Limited,  
No. SPARC, Tandalja, Vadodara, GUJARAT – 390012.
2. The Commissioner of Customs,  
Mumbai-III (Import), Air Cargo Complex,  
Sahar, Andheri (East), Mumbai-400099  
Email: [import.acc@gov.in](mailto:import.acc@gov.in)
3. The Commissioner of Customs, NS-I,  
JNCH, Nhava Sheva, Uran, Raigad, Maharashtra -400707  
Email: [commr-ns2@gov.in](mailto:commr-ns2@gov.in)
4. Principal Commissioner of Customs, ACC (Import),  
New Custom House, Near I.G.I. Airport, New Delhi-110037.  
Email.: [commraccimp-cusdel@gov.in](mailto:commraccimp-cusdel@gov.in)
5. The Pr. Chief Commissioner of Customs,  
New Custom House, Mumbai Zone-I,  
Ballard Estates, Mumbai -400001  
Email: [ccu-cusmum1@nic.in](mailto:ccu-cusmum1@nic.in)
6. The Commissioner (Legal), CBIC Offices,  
Legal/CX.8A, Cell, 5th floor, Hudco Vishala Building,  
C-Wing, Bhikaji Cama Place, R. K. Puram, New Delhi – 110066.  
Email: [commr.legal-cbec@nic.in](mailto:commr.legal-cbec@nic.in)
7. The Member (Customs), Central Boards of Indirect Taxes & Customs,  
North Block, New Delhi-110001.  
Email: [mem.cus-cbec@nic.in](mailto:mem.cus-cbec@nic.in)
8. The Webmaster, Central Boards of Indirect Taxes & Customs.  
Email: [webmaster.cbec@icegate.gov.in](mailto:webmaster.cbec@icegate.gov.in), [webmaster.cbic@icegate.gov.in](mailto:webmaster.cbic@icegate.gov.in)
9. Guard file.



(Vivek Dwivedi)

Dy. Commissioner of Customs & Secretary  
Customs Authority for Advance Rulings, Mumbai