

Date:24/10/2025

Shri Pankaj Kumar Singh
Addl. Secretary
GST Council
5th Floor II, Jeevan Bharati Building
Janpath Road, Cannaught Place
New Delhi 110 001

Dear Sir,

Sub: Request for maintaining the status quo on GST rates for APIs & Intermediates

Greetings from the Bulk Drug Manufacturers Association of India (BDMAI)!

It has come to our notice that several industry associations and councils have recently been representing to the authorities for a reduction in GST rates on Active Pharmaceutical Ingredients (APIs) and Intermediates, with a view to aligning them with the reduced GST tariffs applicable to finished formulations. In this regard, we would like to bring the following important points to your kind attention:

1. The manufacturers of bulk drugs procure intermediates, chemicals, solvents, etc., either domestically or through imports — most of which attract GST at 18%, and in some cases even 28%. Over 60% of bulk drugs produced in India are exported under the 0% rated provision, while domestic supplies attract GST at 18%.
2. Consequently, bulk drug manufacturers are already facing significant accumulation of input tax credit due to the export requirements. Any reduction of GST on bulk drugs to 5% would aggravate this issue, leading to even greater accumulation and blocking of working capital for the industry, which is already grappling with multiple challenges.
3. We appreciate that the recent reduction of GST on finished formulations from 12% to 5% (and 0% in some cases) has resulted in increased accumulation of input tax credit for formulation manufacturers.
4. However, reducing GST rates on bulk drugs would not resolve this problem — it would merely shift the burden from one segment of the industry to another. A more effective solution would be to streamline and expedite the existing refund process to ease the working capital pressure on formulation manufacturers.

In view of the above, we earnestly request that the current GST rates on bulk drugs (APIs and Intermediates) be maintained at their present levels.

With best regards,


M. Roja Rani
Executive Director

