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ADMI seeks uniform 5% GST rate on IVD equipment, diagnostic kits, and reagents

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GST on diagnostics should remain minimal to ensure affordability and equitable access for every citizen: ADMI

Guided by public health imperatives, industry viability, and policy consistency with the Government of India's healthcare and manufacturing priorities, Association of Diagnostic Manufacturers of India (ADMI), a platform for the Indian In-Vitro Diagnostics (IVD) manufacturers has submitted a representation to Nirmala Sitharaman, Union Minister of Finance & Corporate Affairs and Chairperson, GST Council of India seeking a uniform 5% GST rate on both IVD equipment, diagnostic kits, and reagents.

In a representation, ADMI observed that diagnostics form the first line of care—from common fevers to non-communicable diseases (NCDs). The current GST regime imposes 18% on equipment and 12% on reagents (with a few exceptions like CLIA at 5%). This differential tax structure increases testing costs and deters early diagnosis. Early detection significantly reduces the national healthcare burden, especially for diabetes, cardiovascular, and lifestyle-related diseases. Affordable diagnostics enable timely treatment and reduce long-term costs under public health programmes such as Ayushman Bharat. Health is not a luxury, but a necessity. Therefore, GST on diagnostics should remain minimal to ensure affordability and equitable access for every citizen.

Rajat Kapoor, Assistant Director – Secretariat, ADMI, in submission to the Minister said that though IVD represents less than 2% of the total medical device market, it is critical to every clinical workflow. Currently, nearly 65% of IVD equipment and reagents are imported. A lower GST rate would encourage Make in India, reduce import dependence, and support the government's self-reliance agenda.

While the Production Linked Incentive (PLI) scheme aims to boost domestic IVD manufacturing, high GST rates undermine its impact by inflating final costs to healthcare providers and patients.

Aligning GST reduction with the Prime Minister's vision of "Atmanirbhar Bharat" will ensure both affordable healthcare for patients and enhanced competitiveness for Indian manufacturers.

Rajat Kapoor further noted that medical appliances and implants already attract 5% GST. Extending the same parity to IVD products would align diagnostics with their essential healthcare utility. Imaging Diagnostics has already been proposed for 5% GST. Pathology Diagnostics, which serves a similar purpose of disease detection and monitoring, should also be included under the same 5% GST bracket. A uniform 5% GST rate would eliminate classification disputes, simplify compliance, and ease working capital strain for diagnostic laboratories, especially MSMEs and smaller healthcare providers.

To ensure revenue neutrality, ADMI suggested couple of approach namely Health Cess on imports to provide a level playing field for domestic manufacturers and time-bound GST refund mechanism for input tax credits to ease liquidity constraints for industry, while maintaining revenue flow to the exchequer.