BioSpectrum
the business of Bi
24 years of leveraging the business of Bio
www.biospectrumindia.co

ADMI urges Centre to remove inverted duty structure in diagnostics kits, reagents, and IVD equipment

04 September 2025 | News

Suggesting a calibrated approach to duty rationalisation for diagnostics



The Association of Diagnostics Manufacturers of India (ADMI) has requested the commerce ministry for an urgent intervention to rationalise duties and remove the inverted duty structure in diagnostics kits & reagents and IVD equipment in the larger interest of public health, Atmanirbhar Bharat, and economic growth.

In a submission to the Secretary Ministry of Commerce & Industry Government of India, Rajat Kapoor Assistant Director – Secretariat, ADMI noted that currently diagnostics kits, reagents, and In-Vitro Diagnostic (IVD) equipment are subject to an inverted duty structure and differential GST rates. This anomaly has made imported products cheaper than those manufactured domestically, thereby discouraging investment under the Make in India programme.

He further said “As a result, local manufacturing capacity is underutilised, employment opportunities are lost, and India’s dependence on foreign suppliers increases. This dependence poses a significant risk, as seen during global health crises, when disruptions in international supply chains directly threaten India’s healthcare preparedness.”

Pointing out similar episodes in other sectors, Rajat Kapoor noted “Encouragingly, India has successfully undertaken similar corrections in other sectors. The 2025 Budget reforms in mobile phones, the 2022 GST rationalisation in manmade fibre textiles, and the 2024 Production-Linked Manufacturing Plan for medical devices all demonstrate that calibrated duty and GST restructuring can significantly boost local production, attract foreign direct investment, and enhance global competitiveness. These proven policy models offer a roadmap for the diagnostics sector as well.”

In line with these lessons, he suggested a calibrated approach to duty rationalisation for diagnostics. Duties on raw materials, parts, and consumables may be reduced to 2.5%, while duties on finished kits and IVD equipment may be set slightly higher, with a phased increase in IVD equipment duties (5% in Year 1, 10% in Year 2, and 15% in Year 3). To address industry liquidity challenges, a time-bound GST/duty refund mechanism for input tax credits may also be introduced, with a commitment to clearance within 60 days. This would prevent working capital blockages while maintaining revenue flows to the exchequer.

“Diagnostics kits, reagents, and IVD equipment are not mere commercial products — they are the backbone of India’s healthcare system and national security. If India can build a competitive manufacturing ecosystem in this field, we will not only serve our 1.4 billion citizens more effectively but also emerge as a reliable partner for the world in times of global health challenges,” Rajat Kapoor added.