



US tariffs

What it means for India's medical devices sector



medical
devices
sector

The impact of the US tariffs on the Indian medical devices sector

Reciprocal tariffs

- From 5 April 2025 (12:01 EDT) onwards, an additional 10 percent tariff has been imposed on goods imported into the US.
- Country-specific tariff, ranging from 10 percent to 50 percent, was imposed on 60+ countries.
- The rate prescribed for India is 26 percent. Rates for some of the other countries are as follows: China- 125 percent, Bangladesh- 37 percent, Japan- 24 percent, Sri Lanka- 44 percent and Vietnam- 46 percent.
- A country-specific additional duty has been put on hold until 9 July 2025 for all countries except China.
- Certain products have been specifically exempted from the levy of such tariffs.
- Reciprocal duty is in addition to the existing duties and levied only on non-US originating content.

What does it mean for India?

India's trade with the US

- India's medical device exports to the US stood at ~ US\$700 million.
- In terms of market share, India's contribution to the total imports of medical devices to the US stands at ~ 1.5 percent.
- India's medical devices sector is at a nascent phase, and the imposition of additional tariffs could create a headwind.

Opportunity in adversity

The imposition of a significantly higher tariff on China could provide an opportunity to expand its market share.

What should Indian exporters do?

Review the Harmonized System of Nomenclature (HSN) code to confirm the applicability of the tariff, especially on the consumables.

Conduct a tariff impact assessment for a thorough understanding of their supply chain, trade flows and contractual obligations

Assess India's probable comparative tariff advantage

Push for the signing of a Bilateral Trade Agreement between India and the US

Determine the component of US originating goods embedded in the value of exported goods

Establish internal responsibilities for monitoring trade development to enhance organizational readiness