

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE**

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**LOK SABHA**

**UNSTARRED QUESTION NO.1190**

**TO BE ANSWERED ON MONDAY, JULY 25<sup>TH</sup> 2022/ SRAVANA 3, 1944 (SAKA)**

**GST ON HEALTH INSURANCE**

**1190. DR. KALANIDHI VEERASWAMY:**

**Will the Minister of FINANCE be pleased to state:**

- (a) the details of per cent of the Goods and Services Tax (GST) being charged on health insurances within country;
- (b) whether there has been a hike in insurance premium for the buyers after implementation of GST within the country and if so, the details thereof;
- (c) whether these hiked premiums have put an extra burden on common people especially at a time when they are facing huge job losses, unemployment and inflation within the country and if so, the details thereof;
- (d) whether a number of health insurance schemes viz. Rashtriya Swasthya Bima Yojana, Universal Health Insurance Scheme, Jan Arogya Bima Policy and Niramaya Scheme are fully exempted from GST regime;
- (e) if so, the reasons as to why other mediclaims and health insurances are not covered thereunder; and
- (f) whether the health insurance is an essential commodity and needs to be either removed or slotted in the 5 per cent GST slab to make it more affordable to access quality healthcare and if so, the details thereof?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE**  
**(SHRI PANKAJ CHAUDHARY)**

**(a):** At present, Goods and Services Tax (GST) on health insurance services is levied at standard rate, i.e., 18 per cent. However, certain insurance schemes catering to poor sections of the society and differently abled, such as Rashtriya Swasthya Bima Yojana (RSBY), Universal Health Insurance Scheme, Jan Arogya Bima Policy and Niramaya Health Insurance Scheme are exempt from GST.

**(b) & (c):** Health insurance service was standard rated even in pre-GST regime and standard rate has been continued in GST. In addition, there was significant cascading of taxes in pre-GST regime. Hence, GST has not led to any higher incidence as compared to the taxes in pre-GST regime.

**(d) & (e):** Yes. Rashtriya Swasthya Bima Yojana (RSBY), Universal Health Insurance Scheme, Jan Arogya Bima Policy and Niramaya Health Insurance Scheme are fully exempt from GST. Exemption has been granted to specific health insurance schemes catering to the needs of economically weaker sections of the society.

**(f):** GST rates and exemptions on all services (including GST on health insurance premium) are prescribed on the recommendations of GST Council which is a constitutional body comprising members from Union Government and State/UT Governments. Health insurance, like majority of other taxable supplies is standard rated at 18% as stated above. In pre-GST regime also, health insurance was standard rated. The GST Council in its 31st and 37th meetings examined similar requests but did not make any recommendation to reduce GST on insurance service from 18% and on health care insurance policies from 18% to 5%. The matter was examined again and placed before the GST Council in its 47th meeting held on 28th and 29th June, 2022, wherein the Council did not recommend any change.

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