

**Government of India
Ministry of Finance
Department of Revenue**

**LOK SABHA
UNSTARRED QUESTION NO. 2218
TO BE ANSWERED ON MONDAY, AUGUST 5, 2024
SHRAVANA 14, 1946 (SAKA)**

ISSUES IN PUBLIC INSURANCE SECTOR

2218 SHRI RAJMOHAN UNNITHAN:

SHRI ASADUDDIN OWAISI:

Will the Minister of FINANCE be pleased to state:

- (a) whether any steps are being taken by the Government to withdraw GST on medical and life insurance premium, if so, the details thereof and if not, the reasons thereof;
- (b) whether the new tax regime removed life insurance from savings for the purposes of income tax relief under Section 80C and if so, the reasons thereof and the steps taken/being taken by the Government to reintroduce a separate and substantial exemption limit for life insurance premiums in the new tax regime introduced in 2023-24;
- (c) whether the deduction for health insurance premium payment under Section 80D has been discontinued and if so, the reasons therefor and its impact on the healthcare insurance sector; and
- (d) whether the Government has considered merging and consolidating the public sector insurance companies like National Insurance, New India Assurance, Oriental Insurance and United India Insurance in order to achieve economies of scale and reduce inefficiencies and if not, the reasons therefor?

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

(a) GST rates and exemptions are prescribed on the recommendations of the GST Council, which is a constitutional body comprising of representatives from both the Centre and the States/UTs. There is no such recommendation from the Council in this regard.

(b) to (c): The new tax regime was introduced for individual and HUF taxpayers by the Finance Act, 2020. Under section 115BAC of the Income-tax Act, 1961 (the Act), with effect from assessment year 2021-22, individual and HUF had an option to pay income-tax at the lower slab rates subject to certain conditions including that they do not avail specified tax exemptions or deductions, such as deduction under section 80C or deduction for health insurance premium payment under section 80D. The deduction under section 80C and section 80D of the Act are available for taxpayers in the old tax regime.

2 This is in line with the stated policy of the Government to simplify the Act by removing exemptions and incentives while at the same time reducing the rates of taxes.

3 Finance Act, 2023 further reduced rates under the new tax regime, extended it to certain other categories of persons and made it the default regime for such persons. Finance (No. 2) Bill, 2024 has now proposed restructuring of slabs of the new taxation regime with effect from assessment year 2025-26.

4 There is no further proposal to amend the provisions of the new tax regime as of now.

(d) Capital of Rs.17,450 Crore was infused during 2019-20 to 2021-22 in three Public Sector General Insurance Companies namely, Oriental Insurance, National Insurance and United India Insurance to focus on their growth, post-capital infusion. There is no proposal under consideration of Government at present for merger of Public Sector General Insurance Companies.
