

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
**LOK SABHA**  
**STARRED QUESTION NO. \*89**

**TO BE ANSWERED ON MONDAY, DECEMBER 02, 20242024 /AGRAHAYANA 11,  
1946 (SAKA)**

**ELIMINATING GST ON TERM AND HEALTH INSURANCE**

**\*89. THIRU DAYANIDHI MARAN:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to reduce or eliminate GST on term and health insurance, especially for senior citizens and individuals purchasing coverage upto Rs. 5 lakh;
- (b) the projected impact on overall GST revenue if the GST on term and health insurance plans is reduced or removed and the details thereof;
- (c) the manner in which the Government will ensure that insurance companies pass on the benefits of any GST reduction to consumers, rather than retaining them through increased premiums;
- (d) whether the Government has proposed any mechanism or Insurance Regulatory and Development Authority of India (IRDAI) has been empowered to monitor premium rates to ensure that companies align with GST reductions and pass on benefits to consumers in the event of revisions; and
- (e) whether GST reduction on health insurance will be a step towards making healthcare more equitable and any additional measures which might support it?

**ANSWER**

**MINISTER OF FINANCE**  
**SHRIMATI NIRMALA SITHARAMAN**

(a), (b), (c), (d) & (e): A statement is placed on the Table of the House.

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STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 89 RAISED BY THIRU DAYANIDHI MARAN FOR 2<sup>ND</sup> DECEMBER 2024 ON “ELIMINATING GST ON TERM AND HEALTH INSURANCE”

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(a): GST rates and exemptions on all services (including health and life insurance) are prescribed on the recommendations of the GST Council which is a constitutional body comprising of members from both the Union and State/UT Governments.

The issue of GST on life and health insurance was placed before the GST Council in its 54th Meeting held on 09th September 2024 at New Delhi. After detailed deliberations, the GST Council recommended to constitute a Group of Ministers (GoM) to holistically look into the issues pertaining to GST on life insurance and health insurance. Accordingly, a Group of Ministers (GoM) on Life and Health Insurance was constituted under the Chairmanship of Sh. Samrat Chaudhary, Hon'ble Deputy CM, Bihar. The first meeting of the GoM was held on 19th October 2024 at New Delhi where the issues of GST rates on health and life insurance policies were discussed.

(b): Revenue loss depends on the GST rate reduction. In absence of any recommendation for reduced rate, no projection can be made for the impact on overall GST revenue.

(c): As the GST rates are applicable over and above the insurance premium, if the GST rate is reduced, it is expected to benefit the policyholder directly especially in a competitive market with many insurers as the cost of insurance will reduce to that extent.

(d): An effective regulatory framework in the form of regulations on insurance products and master circulars issued thereon is in place to monitor insurance products, which includes designing insurance products and setting insurance premiums. GST, at applicable rates, is collected separately in addition to insurance premium.

(e): As stated earlier, the matter of review of GST rates on life and health insurance is pending before the GoM. If a recommendation for a reduction in GST rate is made by the GST Council, the cost of insurance to the policy holder is expected to come down on account of reduction in GST.

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