

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO.78

TO BE ANSWERED ON MONDAY, NOVEMBER 25, 2024 /AGRAHAYANA 4, 1946

(SAKA)

GST ON HEALTHCARE AND LIFE INSURANCE

78. SHRI RAJA RAM SINGH:

Will the Minister of FINANCE be pleased to state:

- (a) the details of revenue earned by the Government from GST on cancer and other lifesaving drugs during the last five years;
- (b) the revenue generated from GST on insurance and related items during the last five years;
- (c) whether the Government has taken any steps towards rate reduction of GST on health and life insurance after numerous complaints of high GST rates from the beneficiaries; and
- (d) the rationale behind having a high GST rate on health insurance, life insurance and lifesaving drugs in comparison to luxury items like diamonds?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a): The data regarding revenue earned on cancer drugs and life-saving drugs is not maintained. However, specified cancer, lifesaving and other critical medicines attract concessional GST rate of 5%.

(b): The revenue generated from GST on Healthcare and Life insurance services is tabulated below:

GST collected in cash* (Rs. Crores)				
Category	Insurance		Re-insurance	
	(Life)	(Health)	(Life)	(Health)
FY				
2019-2020	1,106	995	12	10
2020-2021	2,160	1,350	15	18
2021-2022	8,541	5,356	337	826
2022-2023	9,132	7,638	530	963
2023-2024	8,135	8,263	561	1,484

* Data Source: GSTN.

(c): 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. 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.

(d): GST rates and exemptions on all services and goods 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.

At present, GST on health insurance services is levied at standard rate, i.e., 18 per cent.

Specific health insurance schemes catering to the needs of differently abled and economically weaker sections of the society, such as Rashtriya Swasthya Bima Yojana (RSBY), Universal Health Insurance Scheme, Jan Arogya Bima Policy, Niramaya Health Insurance Scheme are exempt from GST.

Pure term life insurance services, i.e. insurance policies not involving saving/investment element, are also at standard rate i.e. 18 per cent.

Life insurance services provided under specific schemes such as Varishtha Pension Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Vaya Vandan Yojana, etc are exempt from GST.

Furthermore, all the fully government sponsored insurance schemes, such as Ayushman Bharat PM-JAY, are also exempt from GST.

In pre-GST (service tax) period also, health and life insurance services were taxed at the standard rate and similar exemptions were given for specific health and term life insurance schemes catering to the needs of economically weaker sections of society.

As mentioned above, medicines are levied to concessional rates of GST at 5% or 12%. Specified medicines, which generally include lifesaving and other critical medicines attract lower GST of 5%.
