

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO.1072

TO BE ANSWERED ON MONDAY, FEBRUARY 10, 2025

EXEMPTION OF GST ON HEALTH & LIFE INSURANCE PREMIUM

1072. SHRI M K RAGHAVAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any plan to exempt health and life insurance premiums from GST to encourage insurance penetration among the middle and lower-income groups;
- (b) if so, the details thereof;
- (c) whether the Government conducted any studies to assess the impact of GST on the affordability and accessibility of insurance policies; and
- (d) if so, the details thereof?

ANSWER

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

(a) & (b): 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.

The issue of GST on health and life 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 Convenorship of Sh. Samrat Chaudhary, Hon'ble Deputy CM, Bihar.

During the 55th meeting of the GST Council held on 21st December 2024 in Jaisalmer, the Convener of the Group of Ministers (GoM) on Life and Health Insurance sought more time for finalizing the GoM's recommendations and placing the same before the GST Council. The Council agreed to give more time to GoM to finalize its recommendations.

(c) & (d): Health insurance policies catering to the needs of economically weaker sections of the society and differently abled persons, such as Ayushman Bharat PM-JAY, Rashtriya Swasthya Bima Yojana (RSBY), Universal Health Insurance Scheme, Jan Arogya Bima Policy, and Niramaya Health Insurance Scheme are given exemption from GST. These schemes cover a large number of people who benefit from the GST exemption. E.g. more than 36.5 crore* Ayushman cards have already been created since the inception of the Ayushman Bharat (PM-JAY) scheme. Similarly, various life insurance policies such as Pradhan Mantri Jeevan Jyoti Bima Yojana, Varishtha Pension Bima Yojana, Pradhan Mantri Jan Dhan Yojana, and Pradhan Mantri Vaya Vandan Yojana are also exempt from GST. These schemes cover a large number of people who benefit from the GST exemption. E.g. More than 20 crore** gross enrolments have happened under the Pradhan Mantri Jeevan Jyoti Bima Yojana.

These policies are primarily providing insurance coverage to the economically weaker sections of the society.

* Source: PMJAY dashboard (<https://dashboard.pmjay.gov.in>)

** Source: DFS dashboard (<https://dfs.dashboard.nic.in>)
