

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO.2699

TO BE ANSWERED ON MONDAY, MARCH 17, 2025

REDUCTION GST ON HEALTH AND LIFE INSURANCE POLICIES

2699. SHRI RAMASAHAYAM RAGHURAM REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the steps taken/to be taken by the Government to ensure that any reduction of 18% of GST on health insurance will be effectively passed on to consumers, rather than being retained by insurance companies;
- (b) whether the Government has any plan to reinstate or strengthen anti-profiteering measures to ensure that tax benefits are reflected in reduced premiums for health insurance policies;
- (c) if so, the details thereof;
- (d) whether the Government plans to address the potential revenue loss for States resulting from a reduction in GST on health insurance;
- (e) if so, the details thereof; and
- (f) the measures being considered by the Government to balance this loss with the need for consumer relief?

ANSWER

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

(a): 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. 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.

(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 9th 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 Choudhary, Hon'ble Deputy CM, Bihar.

During the 55th meeting of the GST Council held on 21st December, 2024 in Jaisalmer, the Convenor 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.

In absence of any recommendation of the GST Council, no comments can be offered on tax benefits for health insurance policies.

(c), (d), (e) & (f): Does not arise in view of reply to (b) above.
