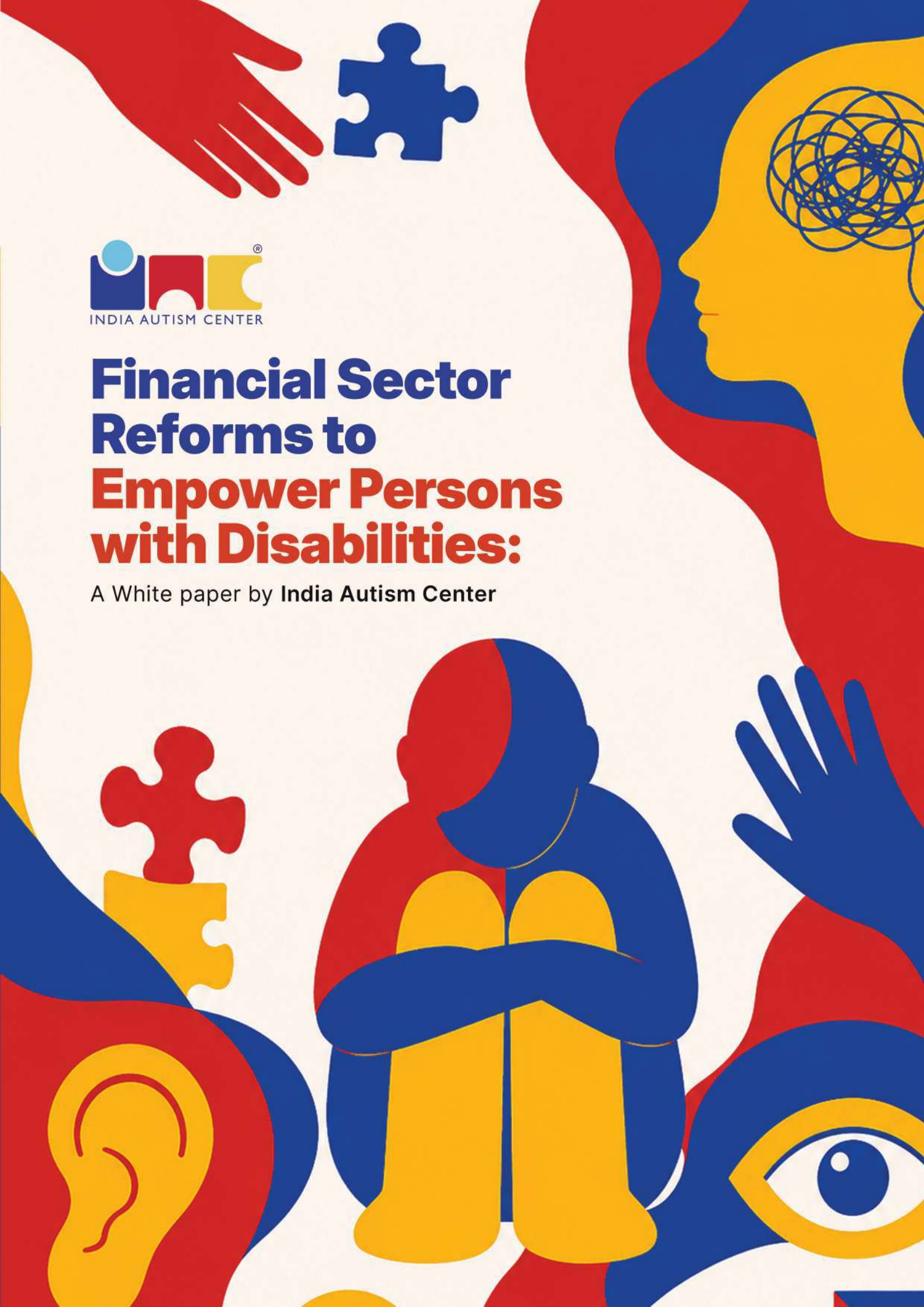


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Financial Sector Reforms to Empower Persons with Disabilities:

A White paper by **India Autism Center**

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Financial Sector Reforms to

Empower Persons with Disabilities:

A white paper by
India Autism Center

Outlining the gaps in India's GST framework that restrict affordable access to critical disability support.

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01

THE CASE FOR 0% GST ON ALL DISABILITY SUPPORT SERVICES

Chapter 1

01

EXECUTIVE SUMMARY



The current Goods and Services Tax (GST) framework in India creates a structural barrier to accessing essential disability support services. While exemptions exist for healthcare, education, and specified charitable activities, the multidisciplinary nature of disability support services places many non-profit providers outside clearly defined exemption categories. As a result, essential services such as therapy, rehabilitation, education, and community-based support are often subject to GST.

A key limitation arises from the classification of "charitable activities" under Notification No. 12/2017-Central Tax (Rate), dated 28 June 2017, which restricts exemption eligibility to services provided to persons with "severe" disabilities. This severity threshold, operationalised through subordinate guidelines, is both clinically insufficient and inconsistent with the rights-based framework established under the Rights of Persons with Disabilities (RPwD) Act, 2016.

This paper proposes an explicit GST exemption for services provided by non-profit organisations registered under Sections 12AA or 12AB of the Income Tax Act, 1961, to persons with disabilities. The proposed reform shifts the framework from a provider-based and severity-based classification to a service-based classification. The reform is expected to have a limited fiscal impact while significantly improving affordability, access, and legal consistency.

Government of India, Ministry of Finance, Department of Revenue. (2025, March 10). Exemption from GST to autism centres (Unstarred Question No. 1690, Lok Sabha). https://sansad.in/getFile/loksabhaquestions/annex/184/AU1690_Xk2vH9.pdf?source=pqals

Government of India, Ministry of Finance, Department of Revenue. (2017, June 28). Notification No. 12/2017-Central Tax (Rate) [Notification]. https://cbic-gst.gov.in/hindi/pdf/central-tax-rate/Notification12-CGST.pdf

Ministry of Law and Justice, Legislative Department, Government of India. (2016, December 28). The Rights of Persons with Disabilities Act, 2016 (No. 49 of 2016) https://cdnbbsr.s3waas.gov.in/s3e58aea67b01fa747687f038dfde066f6/uploads/2023/10/2023101610539589 42.pdf

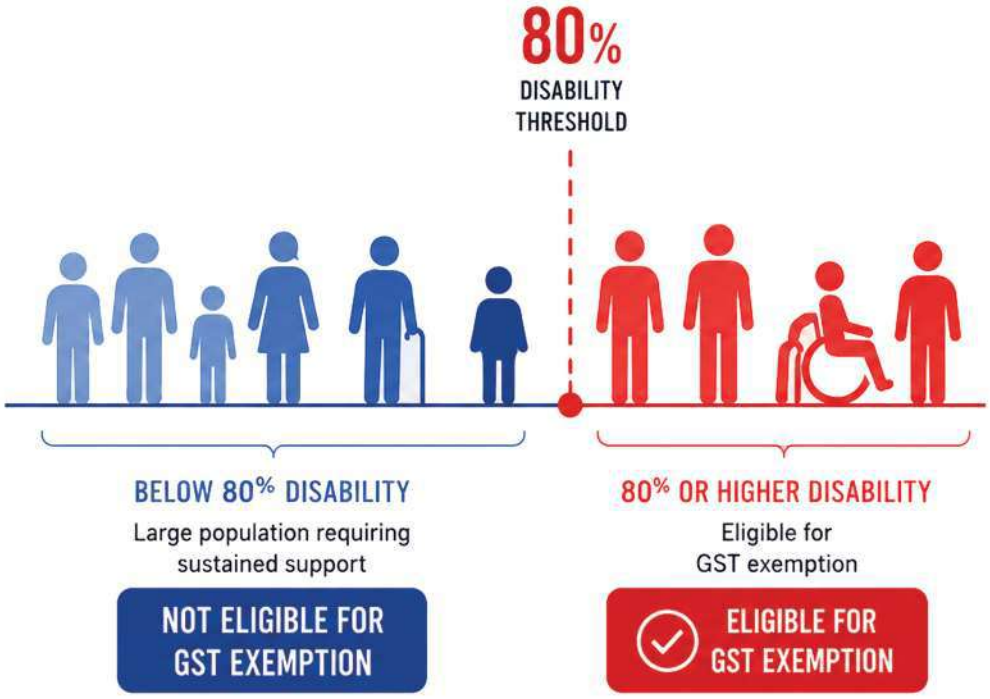
Chapter 1

02

PROBLEM STATEMENT

The current GST treatment of disability support services results in multiple systemic gaps:

ARBITRARY EXCLUSION:



- **Structural Inconsistency:** Multi-disciplinary disability support centres do not fit neatly within existing categories such as hospitals or educational institutions, resulting in inconsistent tax treatment.

- **Provider-Based Classification:** Tax liability is determined by the classification of the service provider rather than the essential nature of the service delivered.

- **Financial Burden:** GST on essential services increases out-of-pocket expenditure for families already incurring high disability-related costs.

- **Legal Misalignment:** The current framework is inconsistent with the RPwD Act, 2016 and India's obligations under the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD).

Chapter 1

03

EXISTING REGULATORY FRAMEWORK AND GAPS

1 GST CLASSIFICATION AND TAXABILITY

Non-profit organisations providing disability support services are generally classified under Heading 9993 (Human health and social care services) of Notification No. 11/2017-Central Tax (Rate), dated 28 June 2017. In the absence of a specific exemption entry, such services are taxable under GST.

2 LIMITED APPLICABILITY OF EXISTING EXEMPTIONS

Notification No. 12/2017-Central Tax (Rate), dated 28 June 2017, provides exemptions for:

- Healthcare services (Serial No. 74)
- Educational services (Serial No. 66)
- Rehabilitation professionals (Serial No. 74A)
- Specified charitable activities (Serial No. 1)

However, these exemptions are not consistently applicable to non-profit organisations delivering functionally equivalent, multidisciplinary disability support services. Such organisations are often neither recognised as clinical establishments nor as formal educational institutions.

3 RESTRICTIVE DEFINITION OF "CHARITABLE ACTIVITIES"

Under Section 2(r) of Notification No. 12/2017-Central Tax (Rate):

> **"Charitable activities" include activities relating to public health by way of care or counselling of terminally ill persons or persons with severe physical or mental disability.**

The interpretation of "severe disability" is derived from the Department of Empowerment of Persons with Disabilities' Gazette Notification S.O. 1338(E), dated 14 March 2024, which classifies severity based on percentage thresholds (80%+ as "severe").

This results in a framework where tax exemption is effectively limited to services provided to individuals with disabilities assessed at 80% or above. Such a threshold-driven approach creates a restrictive and arbitrary classification that is misaligned with legislative intent.

4 CONCEPTUAL LIMITATIONS OF SEVERITY-BASED THRESHOLDS

Neurodevelopmental conditions such as intellectual disability, autism spectrum disorder, and specific learning disabilities are lifelong conditions requiring continuous, multidisciplinary interventions across domains including communication, cognition, and behaviour.

A single numerical severity score is insufficient to capture the multidimensional and evolving support needs associated with such conditions. Individuals frequently present with comorbidities, requiring sustained and integrated care that extends beyond rigid classification systems.

This results in a fundamental policy contradiction: GST exemption criteria remain threshold-driven and exclusionary, whereas disability law and clinical practice recognise the need for substantial support well below the 80% threshold.

5 LEGAL AND STRUCTURAL INCONSISTENCY

The RPwD Act, 2016, adopts a rights-based approach and recognises persons with benchmark disabilities as entitled to support and services. The current GST framework, by contrast, imposes a severity-linked restriction that excludes a significant proportion of eligible individuals. This creates a structural inconsistency wherein individuals recognised under law as entitled to support are effectively taxed for accessing that support.

6 REGULATORY INTERPRETATION RISK

The absence of a clear and explicit exemption for non-profit disability support services creates interpretational ambiguity. This leads to inconsistent application of GST provisions and increases the risk of disputes and litigation, thereby imposing additional administrative burden on both service providers and tax authorities.

Government of India, Ministry of Finance, Department of Revenue. (2017, June 28). Notification No. 11/2017-Central Tax (Rate) [Notification]. https://cbic-gst.gov.in/hindi/pdf/central-tax-rate/Notification11-CGST.pdf

Government of India, Ministry of Social Justice and Empowerment, Department of Empowerment of Persons with Disabilities (Divyangjan). (2024, March 12). [Gazette notification S.O. 1338(E)].

Government of India, Ministry of Finance, Department of Revenue. (2025, March 10). Exemption from GST to autism centres (Unstarred Question No. 1690, Lok Sabha).

Arora, N. K., Nair, M. K. C., et al. (2018). Neurodevelopmental disorders in children aged 2–9 years: Population-based burden estimates across five regions in India. PLOS Medicine, 15(7), e1002615. https://doi.org/10.1371/journal.pmed.1002615

THE ECONOMIC BURDEN

associated with disability support services is significant.

Families incur substantial out-of-pocket expenditures, with therapy costs in metropolitan areas reaching up to INR 30,000 per month, excluding additional costs such as caregiving, transportation, education, and assistive devices. At the same time, a large proportion of persons with disabilities are not engaged in paid employment, limiting household income capacity.

DISABILITY-RELATED ECONOMIC BURDEN

Share of household monthly consumption expenditure spent on disability-related costs



20.32%

of household monthly consumption expenditure is spent on disability-related costs

Households experiencing catastrophic health expenditure



57.1%

of such households experience catastrophic health expenditure

Source: National Sample Survey (NSS) 76th Round (2018) – Ministry of Statistics & Programme Implementation



In this context, GST operates as a direct financial burden on essential services. For non-profit organisations, tax liability increases operational costs, constrains scalability, and reduces affordability, thereby limiting access to care.

International GST/VAT frameworks provide a clear benchmark for the treatment of disability support services.

JURISDICTION	TAX TREATMENT	CLASSIFICATION BASIS
Australia	GST-free	Service-based (essential disability support)
United Kingdom	VAT exempt/ zero-rated	Charity-led disability services
Canada	Exempt/ zero-rated	Services for persons with disabilities

These jurisdictions adopt a service-based classification approach, treating disability support services as essential public goods rather than discretionary consumption. Tax treatment is not contingent on severity thresholds, ensuring consistency and accessibility.

India, as a signatory to the UNCRPD, is obligated to ensure both accessibility and affordability of disability-related services. Aligning GST policy with these principles would bring India in line with established international standards.

Chaudhary, D., Bhat, B., et al. (2022). Development of a cost of illness inventory questionnaire for children with autism spectrum disorder in South Asia. BMC Health Services Research, 22(1), 1137. https://doi.org/10.1186/s12913-022-08508-y

Yadav, J., Tripathi, N., Menon, G. R., Nair, S., Singh, J., Singh, R., et al. (2023). Measuring the financial impact of disabilities in India: An analysis of national sample survey data. PLOS ONE, 18(10), e0292592. https://doi.org/10.1371/journal.pone.0292592

Australian Taxation Office. (2024, June 13). National Disability Insurance Scheme. https://www.ato.gov.au/businesses-and-organisations/gst-excise-and-indirect-taxes/gst/in-detail/your-industry/gst-and-health/national-disability-insurance-scheme

HM Revenue & Customs. (2020, December 31). Reliefs from VAT for disabled and older people (VAT Notice 701/7). GOV.UK. https://www.gov.uk/guidance/reliefs-from-vat-for-disabled-and-older-people-notice-7017

Canada Revenue Agency. (2024, January 2). GST/HST information for charities. Canada.ca. https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4082/gst-hst-information-charities.html

Office of the United Nations High Commissioner for Human Rights. (n.d.). Convention on the Rights of Persons with Disabilities. https://www.ohchr.org/en/instruments-mechanisms/instruments/convention-rights-persons-disabilities

Chapter 1

06

FISCAL IMPACT ASSESSMENT

The proposed reform is expected to have limited fiscal implications:



LIMITED CURRENT REVENUE BASE:

The non-profit disability sector remains underdeveloped, and current GST collections from this segment are minimal.



HIGH SOCIAL IMPACT:

Neurodevelopmental disorders alone affect approximately 2% of India's population, translating to nearly 2.88 crore individuals, with wider implications for families and caregivers.



SUPPLY-SIDE INCENTIVE:

Exemption would incentivise the expansion of non-profit service delivery, improving affordability and expanding access.



MARKET CORRECTION:

The supply of structured, multidisciplinary disability support services remains significantly below demand. Tax exemption would act as a corrective measure to address this gap.

To address the identified gaps, it is recommended that:

1. Notification No. 12/2017-Central Tax (Rate) be amended to explicitly include services provided by non-profit organisations registered under Sections 12AA or 12AB of the Income Tax Act, 1961, to persons with disabilities.

2. Exemption should be decoupled from severity thresholds, ensuring that eligibility is not contingent upon classification, such as “severe disability” derived from subordinate guidelines.

3. A service-based classification framework should be adopted, ensuring that tax exemption is determined by the nature of the service rather than the status of the provider.

4. The scope of exemption should be broadened to include a comprehensive range of services, including therapy, rehabilitation, education, vocational training, and community-based support.



This may be operationalised through the insertion of a specific exemption entry under Notification No. 12/2017-Central Tax (Rate), thereby eliminating interpretational ambiguity.



CONCLUSION

08

Disability support services are essential services, not discretionary consumption.

The current GST framework creates a clear structural inconsistency by taxing access to services that are recognised under law as necessary for inclusion and participation.

By transitioning from a provider-based and severity-based model to a service-based exemption framework, the Government of India can align tax policy with the RPwD Act, 2016 and its international obligations under the UNCRPD.

This reform is timely, administratively feasible, and critical to reducing barriers to access. It would also minimise interpretational disputes, improve regulatory clarity, and strengthen India's broader commitment to inclusive development.

Examining how GST rationalisation has weakened a practical mobility support mechanism, and making the case for restoring targeted concessions for persons with disabilities.

02

THE NEED TO REINTRODUCE 10% GST REDUCTION IN CARS FOR PERSONS WITH PHYSICAL DISABILITIES

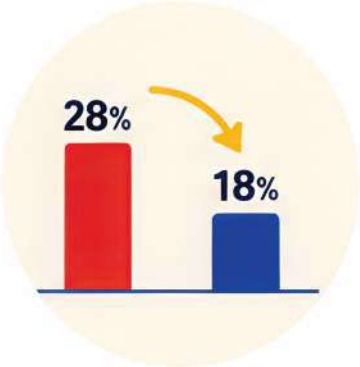
Chapter 2

01

EXECUTIVE SUMMARY



The rationalisation of GST rates on small passenger vehicles has resulted in the unintended elimination of a targeted concession previously available to Persons with Orthopaedic Physical Disability (PwOPD). Under Notification No. 14/2019–Integrated Tax (Rate), dated 30 September 2019, a **concessional GST rate of 18%** was available to PwOPD for specified small vehicles, compared to the standard rate of 28%.



Following the 56th GST Council meeting recommendations in 2025, the GST rate on small cars was **reduced from 28% to 18%** for all consumers. As a result, the concessional rate previously available to PwOPD became the standard rate, eliminating the differential benefit and rendering the associated certification mechanism redundant.



This paper recommends the reintroduction of a targeted GST concession on the purchase of eligible passenger vehicles by PwOPD. Such a measure is consistent with India's legal framework under the Rights of Persons with Disabilities (RPwD) Act, 2016, and addresses the structural reality of limited accessible public transportation and higher disability-related cost of living.

Ministry of Heavy Industries, Government of India. (2026, April 9). GST concession certificate for persons with disabilities.
https://heavyindustries.gov.in/en/gst-concession-certificate-persons-disabilities

The current GST framework results in the following policy gap:

1. ELIMINATION OF CONCESSION:

The reduction in GST rates has removed the earlier 10% concessional differential available to PwOPD.

2. LOSS OF TARGETED SUPPORT:

The certification-linked concession mechanism has become practically redundant without a replacement policy instrument.

3. MOBILITY CONSTRAINT:

Personal mobility remains essential in an environment where public transportation is largely inaccessible.

4. HIGHER COST BURDEN:

Persons with disabilities face structurally higher living costs, making mobility aids disproportionately expensive.



1 PRE-2025 GST FRAMEWORK

Under Notification No. 14/2019–Integrated Tax (Rate), dated 30 September 2019:

STANDARD GST RATE ON SMALL CARS
28%

CONCESSIONAL RATE FOR PwOPD
18%
For a specified class of vehicles

THE ELIGIBLE VEHICLE CATEGORY INCLUDED:

- Motor vehicles not exceeding 4000 mm in length
- Petrol/LPG/CNG vehicles with engine capacity not exceeding 1200 cc
- Diesel vehicles with engine capacity not exceeding 1500 cc

ELIGIBILITY CONDITIONS INCLUDED:

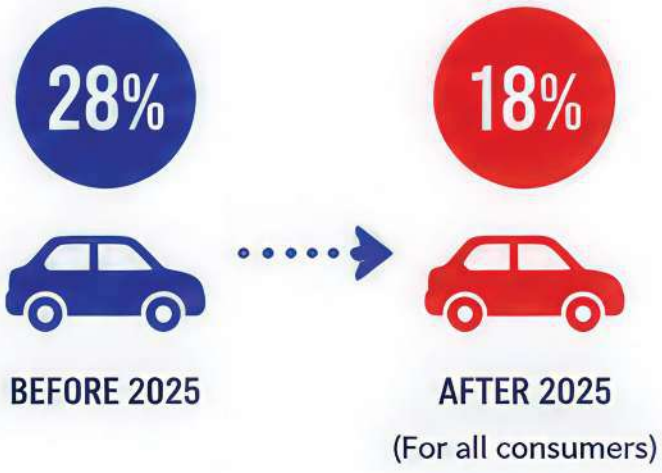
- Persons with orthopaedic physical disability exceeding 40%
- Certification by a Deputy Secretary-level officer in the Department of Heavy Industries

This classification was objective and clearly defined within the notified rate schedule.

This change effectively removed a targeted concession without introducing an alternative mechanism.

2 IMPACT OF 2025 GST RATIONALISATION

The 56th GST Council meeting recommended reducing GST on small cars from 28% to 18%.



As a result:

- The concessional 18% rate for PwOPD became the standard rate for all consumers
- The 10% differential benefit was eliminated
- The certification requirement lost practical relevance

Central Board of Indirect Taxes and Customs. (2026, March 26). GST rates for goods and services as on 01.04.2023. https://cbic-gst.gov.in/gst-goods-services-rates.html

Press Information Bureau, Government of India. (2025, September 3). Recommendations of the 56th meeting of the GST Council held at New Delhi, today [Press release]. https://gstkarnataka.gov.in/media/pdf/notifications/public-notices/2025-09-03_56TH_GST_Council_meeting_Recommendations_20250910_115914.pdf

Chapter 2

04

RATIONALE FOR REINTRODUCTION OF CONCESSION

The restoration of a targeted GST concession is supported by both practical and structural considerations:



PERSONAL MOBILITY IS A FUNCTIONAL REQUIREMENT

in an ecosystem where public transport accessibility remains limited



DISABILITY-RELATED COST OF LIVING IS STRUCTURALLY HIGHER

making essential mobility aids, including small private vehicles, disproportionately expensive

This concession is not a new policy concept. Before GST, **India implemented certificate-based concessions** linked to disability mobility:



1.CONCESSIONAL EXCISE DUTY

on vehicles was available to persons with locomotor disabilities



2.THE FRAMEWORK INCLUDED

medical certification and manufacturer confirmation of vehicle adaptations



3. CERTIFICATION WAS ISSUED OR ENDORSED

at a senior officer level



This pre-GST structure served as the foundation for the GST concession framework.

Central Board of Indirect Taxes and Customs. (2026, March 26). GST rates for goods and services as on 01.04.2023. https://cbic-gst.gov.in/gst-goods-services-rates.html

Parliamentary discussions indicate that no dedicated fiscal impact assessment was undertaken before discontinuing the concession mechanism. The reform was described as part of a broader effort to **rationalise** the GST structure into a **simplified two-rate system.**





While this rationalisation improved affordability for the general population, it resulted in the removal of a targeted support mechanism for persons with disabilities.

This is also reflected in the Ministry's public-facing grievance response, clarifying the discontinuation of the certification mechanism.

Ministry of Heavy Industries, Government of India. (2025, December 19). Discontinuation of GST concession certificate for persons with locomotor disabilities (Unstarred Question No. 2308, Rajya Sabha). https://heavyindustries.gov.in/sites/default/files/2025-12/rsauq_2308.pdf

Ministry of Heavy Industries, Government of India. (2026, April 9). Public Grievances – Ministry of Heavy Industries (MHI). https://heavyindustries.gov.in/en/public-grievances-ministry-heavy-industries-mhi

The RPwD Act, 2016, establishes clear obligations regarding mobility and accessibility:

SECTION 40:

Mandates the formulation of accessibility standards for transportation and the physical environment

SECTION 41(1):

Requires measures to ensure access to transport infrastructure and services

SECTION 41(2)

Directs the Government to develop schemes and programmes to promote personal mobility at affordable costs, including incentives, concessions, and vehicle retrofitting

A GST concession on vehicle purchase directly aligns with these statutory provisions and supports their practical implementation.



Ministry of Law and Justice, Legislative Department, Government of India. (2016, December 28). The Rights of Persons with Disabilities Act, 2016 (No. 49 of 2016) https://cdnbbsr.s3waas.gov.in/s3e58aea67b01fa747687f038dfde066f6/uploads/2023/10/2023101 61053958942.pdf

Accessible public transportation in India remains uneven and often inadequate. Persons with disabilities face barriers in accessing:

- Buses and trains
- Last-mile connectivity
- Transport infrastructure

In such conditions, personal mobility through a private vehicle becomes essential for participation in daily life.

INTERNATIONAL EVIDENCE REINFORCES THIS REALITY:

The World Bank highlights that disability is associated with additional costs of living, including transportation, assistive devices, home adaptations, and time-related constraints

+20-28%
higher cost of living for PwD (Global Estimates)

The World Health Organisation (WHO) notes that persons with disabilities can be up to 15 times more limited by inaccessible and unaffordable transportation

15X
more likely to be limited in daily mobility

The absence of a targeted GST concession ***increases the financial burden on individuals*** already facing structural disadvantages.

García Mora, M. E., Schwartz Orellana, S., & Freire, G. (2021). Disability inclusion in Latin America and the Caribbean: A path to sustainable development. World Bank. https://documents1.worldbank.org/curated/en/099015112012126833/pdf/P17538305622600c00bf3f09659df1f2f79.pdf

World Health Organization. (n.d.). Disability. Retrieved April 9, 2026, from https://www.who.int/health-topics/disability



Chapter 3

09

CONCLUSION

The continued imposition of GST on assistive devices is difficult to justify within the framework of constitutional principles and disability rights jurisprudence.

While the 5% GST rate may be considered concessional within the logic of indirect taxation, it remains a tax on essential access for persons with disabilities. Assistive devices are not discretionary consumption goods—they are the means through which individuals secure mobility, education, autonomy, and dignity.

The issue is therefore not limited to tax classification but extends to the fulfilment of constitutional commitments to equality and inclusion.

Accordingly, the proposed reform is:

- Amend Section 16(1) of the IGST Act, 2017, to introduce a domestic zero-rated category for the supply of specified assistive devices
- Limit applicability to certified persons with disabilities for personal use
- Optionally extend to notified public procurement channels supplying such devices

This represents the minimum legal intervention required to ensure zero GST at the consumer level while preserving ITC continuity, thereby supporting both accessibility and sustainable manufacturing.

Making the case for zero-rated GST on assistive devices in a manner that preserves input tax credit while promoting accessibility, dignity, and autonomy.

03

THE NEED FOR ZERO – RATED GST ON ALL ASSISTIVE DEVICES

The current GST framework for assistive devices in India reflects a structural misalignment between the country's disability rights obligations and its indirect tax regime. While assistive devices are essential tools that enable mobility, communication, rehabilitation, and independent living, they are treated within GST as taxable goods under a concessional 5% rate rather than being fully exempt or zero-rated.



ORIGIN OF THE CURRENT FRAMEWORK



2017
Transition to GST

Schedule I of Notification No. 1/2017–Integrated Tax (Rate), attracting 5% GST

The policy rationale was to preserve Input Tax Credit (ITC) continuity and avoid cost escalation due to inverted duty structures



However, this approach does not address the core issue that end-users—persons with disabilities—cannot claim ITC. As a result, GST becomes a direct financial burden on essential goods required for basic functioning.



This paper proposes the introduction of a zero-rated GST framework for assistive devices, ensuring that persons with disabilities pay no GST at the point of purchase while manufacturers retain full ITC benefits. This would require a targeted amendment to Section 16 of the Integrated Goods and Services Tax (IGST) Act, 2017.

Government of India, Ministry of Finance, Department of Revenue. (2017, June 28). Notification No. 1/2017-Integrated Tax (Rate). The Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i). https://gst.indianrail.gov.in/GSTFrontPage/pdfs/NOTIFICATION_NO_1_2017_INTEGRATED_TAX_RATE.pdf

Chapter 3

02

PROBLEM STATEMENT



TAX ON ESSENTIAL ACCESS:

Assistive devices, which are essential for basic functioning, are treated as taxable goods.



CONSUMER BURDEN:

Persons with disabilities cannot claim ITC, making the 5% GST a direct cost burden.



POLICY MISALIGNMENT:

The GST framework prioritises tax continuity over accessibility and inclusion.



STRUCTURAL DISCREPANCY:

There exists a disconnect between India's disability rights framework and its indirect taxation approach.



These issues result in a tax structure that inadvertently penalises persons with disabilities and undermines the principle of equal access to essential tools for independence and dignity.

Chapter 3

03

EXISTING GST FRAMEWORK FOR ASSISTIVE DEVICES

1. LEGISLATIVE BACKGROUND

The GST regime was introduced through the Constitution (One Hundred and First Amendment) Act, 2016. During the transition:

- The 15th GST Council Meeting (3 June 2017) finalised transition rules
- The 16th GST Council Meeting (11 June 2017) revised rates for multiple goods, including those relevant to persons with disabilities

Under this framework, assistive devices were placed in the 5% GST slab rather than being fully exempt.

This classification was formalised through Notification No. 1/2017–Integrated Tax (Rate), effective 1 July 2017, which placed specified goods under Schedule I.

2. RELEVANT ITEMS UNDER SCHEDULE I (5% GST)

- **Serial No. 243:** Carriages for disabled persons, whether or not motorised
- **Serial No. 243A:** Parts and accessories of such carriages
- **Serial No. 255A:** Orthopaedic appliances, artificial body parts, fracture appliances, intraocular lenses (excluding hearing aids), and related devices
- **Serial No. 256:** Parts of crutches, wheelchairs, walking frames, tricycles, braillers, and artificial limbs
- **Serial No. 257:** Assistive devices and rehabilitation aids specified in List 3

Ministry of Law and Justice, Legislative Department, Government of India. (2016, September 8). The Constitution (One Hundred and First Amendment) Act, 2016. The Gazette of India, Extraordinary, Part II, Section 1. https://gstcouncil.gov.in/sites/default/files/2024-02/consti-amend-act.pdf

3. SCOPE OF LIST 3

List 3 includes a wide range of assistive and rehabilitation devices, such as:

- Braille writers, Braille paper, tactile displays
- Catheters, artificial limbs
- Adapted watches and clocks
- Orthopaedic and fracture appliances
- Canes, wheelchairs
- Related devices and components
- Audiometers, assistive listening devices, and cochlear implants

> While assistive devices are recognised under Schedule I at 5% GST, they are not fully exempt -placing an additional financial burden on persons with disabilities and their caregivers.



On 4 July 2017, the Ministry of Finance issued a clarification justifying the 5% GST rate.



THE STATED RATIONALE WAS:

- Many inputs used in manufacturing assistive devices attract higher GST rates **(12% and 18%)**
- A full exemption on final products would **break the ITC chain**
- This would **embed taxes** into production costs
- Domestic manufacturers would be placed at a **disadvantage** compared to imports



This position was also discussed in the 43rd GST Council Meeting while examining the 5% levy.

Ministry of Finance, Government of India. (2017, July 4). On GST rate for specified items for physically challenged persons. Press Information Bureau.
https://www.pib.gov.in/PressReleasePage.aspx?PRID=1494439&reg=3&lang=2

Goods and Services Tax Council. (2021, May 28). Minutes of the 43rd GST Council meeting.
https://gstcouncil.gov.in/sites/default/files/Minutes/Minutes_of_43rd_GSTCM.pdf

Chapter 3

05

IMPACT ON PERSONS WITH DISABILITIES



While the policy rationale preserves tax efficiency for manufacturers, it does not address the end-user impact.

01 The final purchaser is typically a person with disability or a family member

02 Such consumers are not eligible to claim ITC

03 The 5% GST becomes a direct cash outflow

From a tax system perspective, 5% may be considered concessional. However, from a consumer perspective, it represents an additional economic burden on essential goods.

Taxing assistive devices is therefore analogous to taxing basic human functions such as mobility, communication, and access to information.

Chapter 3

06

ZERO-RATING AS A STRUCTURAL SOLUTION

Zero-rating GST on assistive devices addresses both sides of the issue:

Consumers: No GST at the point of purchase, improving affordability and access

Manufacturers/Suppliers: Full retention of ITC with refund of unutilised credit, preventing tax cascading

Under the current legal framework, zero-rated supply is defined under Section 16 of the IGST Act, 2017 and is limited to exports and SEZ supplies.



Extending zero-rating to domestic supplies of assistive devices would require a targeted statutory amendment, rather than a simple rate notification.

International tax systems demonstrate the viability of such an approach:

Canada: Zero-rates assistive and medical devices designed for persons with disabilities

United Kingdom: Provides VAT zero-rating for qualifying disability-specific goods

Australia: Treats many medical aids and appliances as GST-free under defined conditions

Ireland: Combines zero-rating with VAT repayment mechanisms for disability-related aids



These frameworks demonstrate that inclusive tax policy and high compliance systems can coexist effectively.

Canada Revenue Agency. (2024, December 10). Medical and assistive devices (GST/HST Memorandum 4.2). Canada.ca. https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/4-2/medical-assistive-devices.html

HM Revenue & Customs. (2020, December 31). Reliefs from VAT for disabled and older people (VAT Notice 701/7). GOV.UK. https://www.gov.uk/guidance/reliefs-from-vat-for-disabled-and-older-people-notice-7017

Australian Taxation Office. (2025, October 8). Medical aids and appliances. https://www.ato.gov.au/businesses-and-organisations/gst-excise-and-indirect-taxes/gst/in-detail/your-industry/gst-and-health/medical-aids-and-appliances

Revenue Commissioners. (2025, September). VAT treatment of medical equipment and appliances [Tax and Duty Manual]. https://www.revenue.ie/en/tax-professionals/tdm/value-added-tax/part03-taxable-transactions-goods-ica-services/Goods/VAT-treatment-of-Medical-Equipment-and-Appliances.pdf

The economic burden of GST on assistive devices must also be assessed within a constitutional framework.

1 FUNDAMENTAL RIGHTS CONSIDERATIONS

Article 14 (Equality Before Law): The 5% levy imposes a burden without a reasonable differential aligned to a legitimate objective

Article 15 (Non-Discrimination): The tax disproportionately affects individuals based on disability

Article 19(1)(d) (Freedom of Movement): Taxing mobility aids restricts the exercise of movement

Article 21 (Right to Life with Dignity): Assistive devices are integral to dignified living

Article 47: Reinforces the State's obligation to improve public health and welfare

2 JUDICIAL INTERPRETATION

Courts have consistently recognised the rights of persons with disabilities:

In Union of India v. National Federation of the Blind, the Supreme Court emphasised dignity, equality, freedom, and justice for persons with disabilities

In Suchita Srivastava v. Chandigarh Administration, dignity and bodily integrity were affirmed as core to personal liberty under Article 21, with reference to India's obligations under the UNCRPD

In Valsamma Paul v. Cochin University, the Court underscored the need for affirmative action to ensure meaningful equality

3 INTERNATIONAL AND STATUTORY ALIGNMENT

UNCRPD (Article 20): Commits states to ensuring personal mobility at an affordable cost

RPwD Act, 2016: Emphasises accessibility, inclusion, non-discrimination, and equal opportunity

India's disability population remains substantial, with the Census 2011 reporting **2.68 crore** persons with disabilities (2.21% of the population). Even limited annual purchases of assistive devices translate into a disproportionate financial burden.



Union of India & Anr. v. National Federation of the Blind & Ors., Civil Appeal No. 9096 of 2013 (Supreme Court of India, October 8, 2013). https://www.aicb.org.in/images/advocacy/SupremeCourt/UNION%20OF%20INDIA%20&%20ANR.%20Vs.%20NATIONAL%20FEDERATION%20OF%20THE%20BLIND%20&%20ORS.pdf

Suchita Srivastava & Anr. v. Chandigarh Administration, Civil Appeal No. 5845 of 2009 (Supreme Court of India, August 28, 2009). https://api.sci.gov.in/jonew/judis/35395.pdf

Valsamma Paul & Ors. v. Cochin University & Ors., Civil Appeals Nos. 3163–3164 of 1995, 1996 INSC 16 (Supreme Court of India Jan. 4, 1996) https://clpr.org.in/wp-content/uploads/2024/12/3.-Valsamma-Paul-and-Ors.-Vs.-Cochin-University-and-Ors.pdf



Chapter 3

09

CONCLUSION

The continued imposition of GST on assistive devices is difficult to justify within the framework of constitutional principles and disability rights jurisprudence.

While the 5% GST rate may be considered concessional within the logic of indirect taxation, it remains a tax on essential access for persons with disabilities. Assistive devices are not discretionary consumption goods—they are the means through which individuals secure mobility, education, autonomy, and dignity.

The issue is therefore not limited to tax classification but extends to the fulfilment of constitutional commitments to equality and inclusion.

Accordingly, the proposed reform is:

- Amend Section 16(1) of the IGST Act, 2017, to introduce a domestic zero-rated category for the supply of specified assistive devices
- Limit applicability to certified persons with disabilities for personal use
- Optionally extend to notified public procurement channels supplying such devices

This represents the minimum legal intervention required to ensure zero GST at the consumer level while preserving ITC continuity, thereby supporting both accessibility and sustainable manufacturing.

Highlighting how disability remains under-prioritised when placed under broad education or health categories, and making the case for a dedicated disability category within India's CSR framework.

04

INTRODUCTION OF DISABILITY CATEGORY IN INDIA CSR FRAMEWORK

India's Corporate Social Responsibility (CSR) framework,

governed by Section 135 of the Companies Act, 2013, mandates eligible companies to allocate at least 2% of their average net profits toward activities listed in Schedule VII. Despite the scale of CSR expenditure, disability remains significantly underrepresented within this framework.



At present, Schedule VII refers to "the differently abled" only as a sub-component within the education and vocational skills category, rather than as a standalone thematic area. This limited categorisation does not reflect the multidimensional nature of disability inclusion and is misaligned with the rights-based approach under the Rights of Persons with Disabilities (RPwD) Act, 2016.

This paper proposes the creation of an explicit disability category within the CSR framework. Such a reform would improve visibility, enable more accurate measurement and reporting, and facilitate targeted allocation of CSR funds toward disability inclusion, accessibility, and related interventions.

Ministry of Law and Justice, Legislative Department, Government of India. (2013, August 29). The Companies Act, 2013 (Act No. 18 of 2013). India Code. https://www.indiacode.nic.in/bitstream/123456789/2114/5/A2013-18.pdf

The current CSR framework creates the following structural limitations:

Lack of Explicit Categorisation: Disability is embedded as a narrow clause within education-related activities rather than recognised as a standalone sector.

Allocation Deficit: Absence of a defined category leads to under-prioritisation in CSR spending.

Measurement Constraints: Limited categorisation restricts comparability, tracking, and evaluation of disability-focused CSR initiatives.

Policy Misalignment: The framework does not reflect the rights-based approach to disability under the RPwD Act, 2016.



India's CSR regime is anchored in Section 135 of the Companies Act, 2013, which mandates eligible companies to spend on activities listed in Schedule VII.

Schedule VII currently references "the differently abled" only within the education and vocational skills category. This structure does not reflect the lived reality of disability as a cross-sectoral issue involving accessibility, inclusion, rehabilitation, and independent living.

AT A BROADER LEVEL:

- The United Nations Guiding Principles on Business and Human Rights recognise the responsibility of both the State and business enterprises to contribute to the development of marginalised communities, including persons with disabilities.
- The National Guidelines on Responsible Business Conduct (NGRBC) reinforce this approach:



- **Principle 5:** Respect and promote human rights
- **Principle 8:** Promote inclusive growth and equitable development

These principles emphasise inclusion as a core business responsibility, yet the current CSR classification framework does not adequately operationalise this for disability.

Schedule VII of the Companies Act, 2013 (See section 135). (n.d.). India Code. https://upload.indiacode.nic.in/schedulefile?aid=AC_CEN_22_29_00008_201318_1517807327856&rid=79

United Nations. (2011). Guiding principles on business and human rights: Implementing the United Nations "Protect, Respect and Remedy" framework (HR/PUB/11/04). https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

Ministry of Corporate Affairs, Government of India. (2018). National guidelines on responsible business conduct. https://iica.nic.in/images/National-Guidelines-on-Responsible%20Business%20Conduct.pdf

CSR expenditure in India has grown significantly, reaching INR 34,908.75 crore in FY 2023–24. However, the absence of explicit disability categorisation results in a measurable allocation gap:

"Special education" (proxy for disability)	**₹398.57 crore** (~1.1% of total CSR spend)
Education (overall)	**₹12,134.57 crore**
Healthcare	**₹7,150.87 crore**

From a public finance perspective:

- **Budget allocation for the Department of Empowerment of Persons with Disabilities:** **INR 1,669.72 crore (FY 2026–27)**
- **Total Union Budget expenditure:** **INR 53,47,315 crore**
- **Share allocated to disability:** **approximately 0.03%**

The scale of need remains significant:

~2.2%
of the population (official survey data)

21.8%
of persons with disabilities report receiving government aid

23.8%
Labour force participation rate among persons with disabilities (15+ years)

Ministry of Tribal Affairs, Government of India. (2026, March 25). Welfare schemes under CSR for Tribals. Press Information Bureau. https://www.pib.gov.in/PressReleasePage.aspx?PRID=2244948&reg=3&lang=2

Ministry of Social Justice and Empowerment, Department of Empowerment of Persons with Disabilities, Government of India. (2026). Notes on demands for grants, 2026–2027: Demand No. 94, Department of Empowerment of Persons with Disabilities. India Budget. https://www.indiabudget.gov.in/doc/eb/sbe94.pdf

Ministry of Finance, Budget Division, Government of India. (2026, February). Budget at a glance 2026–2027. https://www.indiabudget.gov.in/doc/Budget_at_Glance/budget_at_a_glance.pdf

Ministry of Statistics & Programme Implementation, Government of India. (2019, November 23). NSS report no. 583: Persons with Disabilities in India NSS 76th round (July–December 2018). Press Information Bureau. https://www.pib.gov.in/PressReleasePage.aspx?PRID=1593253&reg=3&lang=2

In practice, CSR implementation is closely tied to Schedule VII classification:

- CSR projects must fall within the listed categories to be recognised
- Contributions outside Schedule VII are not counted as CSR expenditure
- Companies are required to disclose the sector classification of CSR projects in their annual reports

In the absence of a dedicated disability category, companies tend to allocate funds toward broader, established sectors such as healthcare, environment, and education, which are easier to justify and communicate.

A DEDICATED DISABILITY CATEGORY
WOULD SERVE AS A POLICY INSTRUMENT TO:



- Enhance the visibility and legitimacy of disability as a CSR focus area
- Enable comparability for benchmarking outcomes across companies
- Improve measurement and tracking for more effective allocation and evaluation

Ministry of Corporate Affairs, Government of India. (2021, August 25). Frequently asked questions (FAQs) on corporate social responsibility (CSR) (General Circular No. 14/2021). https://coal.gov.in/sites/default/files/2024-04/FAQ_CSR.pdf

The legal pathway for reform is well established:

Section 467 of the Companies Act, 2013, empowers the Central Government to amend Schedule VII through notification, subject to parliamentary procedures

Judicial interpretation further supports the integration of disability within CSR:

In Sujata Bora v. Coal India Limited & Ors., the Supreme Court emphasised that disability rights must be viewed through the lens of CSR to achieve substantive equality in the workplace

The Court observed:

"Thus, it is abundantly clear that rights of persons with disabilities have to be viewed from the prism of Corporate Social Responsibility... True equality at the workplace can be achieved only with the right impetus given to disability rights as a facet of Corporate Social Responsibility."



This establishes a clear linkage between CSR obligations and disability inclusion.

Sujata Bora v. Coal India Limited & Ors., Civil Appeal No. 120 of 2026, 2026 INSC 53 (Supreme Court of India, January 13, 2026). https://api.sci.gov.in/supremecourt/2024/38094/38094_2024_7_1501_67437_Judgement_13-Jan-2026.pdf

Corporate initiatives addressing disability do exist, but are typically embedded within broader CSR categories rather than treated as a distinct thematic area.

Mphasis: Supported an accessibility-focused campaign implemented by the National Centre for Promotion of Employment for Disabled People, focusing on advocacy and awareness

Titan: Funded employment-linked training for persons with disabilities through the Association of People with Disability, with a structured skilling approach

These examples demonstrate that disability-focused CSR interventions are both feasible and implementable. However, the absence of a dedicated category results in:

LIMITED VISIBILITY

INCONSISTENT MEASUREMENT

LOWER PRIORITISATION

CSR in disability, therefore, remains ***exception-driven*** rather than ***system-driven.***

Mphasis F1 Foundation. (2022, February 21). Impact assessment report: Promoting easy access for persons with disabilities (Phase 2). https://www.mphasis.com/content/dam/mphasis-com/global/en/csr/national-centre-for-promotion-of-employment-for-disabled-people-ncpedp-promoting-easy-access-for-persons-with-disabilities.pdf

Soul Ace. (2024–2025). An impact assessment report of the employment led training for person with disabilities. Titan Company. https://www.titancompany.in/sites/default/files/2025-04/09_Employment%20Led%20Training%20for%20Person%20with%20Disabilities_APD.pdf

Two primary objections may arise:

1 EXISTING INCLUSION ARGUMENT:

It may be argued that Schedule VII already includes "the differently abled." However, this reference is narrow and limited to education-related interventions. It does not cover key domains such as:

- Accessibility
- Assistive Technology
- Rehabilitation
- Inclusive employment
- Quality of life

2 SUBSTITUTION CONCERN:

It may be argued that CSR should not compensate for gaps in government funding. However, the objective is not substitution but a complementary partnership. Corporate capital and innovation can play a critical role in strengthening disability inclusion.

A dedicated category does not mandate alignment with government schemes; rather, it clarifies eligibility and improves the efficiency and strategic deployment of CSR funds.





Chapter 4

09

CONCLUSION

India's CSR framework currently limits the visibility and prioritisation of disability by embedding it within a narrow sub-category.

This results in a significant portion of CSR funds being directed toward broader sectors, while disability-related interventions remain under-classified and underfunded.

At the same time, the scale of disability-related needs, constraints in public financing, and demonstrated feasibility of corporate interventions indicate that this is a substantive policy gap rather than a marginal issue.

Given that the legal mechanism for reform is readily available under Section 467 of the Companies Act, 2013, the introduction of an explicit disability category within Schedule VII is both feasible and necessary.



Such a reform would enable structured visibility, improve allocation efficiency, and support the broader objective of inclusive development by positioning disability inclusion as a core component of the CSR agenda.

Assessing the unintended consequences of India's simplified tax regime on disability-related expenses, and arguing for the inclusion of equivalent of Sections 80U and 80DD in the old regime.

05

RESTORING DISABILITY DEDUCTIONS IN THE NEW INCOME TAX REGIME

India's income tax framework has undergone a significant shift toward simplification and administrative efficiency, particularly through the introduction of the new tax regime under Section 115BAC of the Income Tax Act, 1961 . However, this shift has not been normatively neutral. The current design prioritizes uniformity over equity, failing to account for the differentiated economic realities of persons with disabilities and their caregivers.



Sections 80U and 80DD of the Income Tax Act recognize disability-related financial burdens through fixed deductions. However, these provisions have been rendered functionally inaccessible for a large segment of taxpayers due to their exclusion from the default tax regime under Section 115BAC.

This paper highlights the structural consequences of this exclusion and proposes the inclusion of disability-related deductions within the new tax regime or the introduction of an alternative credit-based mechanism. Such reform would restore alignment between tax policy and India's constitutional and international commitments to equality and inclusion.



Ministry of Law and Justice, Legislative Department, Government of India. (1961, September 13). The Income-tax Act, 1961 (Act No. 43 of 1961). India Code. https://www.indiacode.nic.in/bitstream/123456789/2435/1/a1961-43.pdf

Chapter 5

02

PROBLEM STATEMENT

The current GST treatment of disability support services results in multiple systemic gaps:



Exclusion from Default Regime: Sections 80U and 80DD are not available under the default tax regime introduced under Section 115BAC.

Erosion of Targeted Relief: Disability-related deductions are rendered inaccessible for a large segment of taxpayers.

Increased Financial Burden: Persons with disabilities and caregivers face additional tax liability despite the higher cost of living.

Compliance Complexity: The opt-out mechanism introduces procedural and informational barriers.

Policy Misalignment: The framework prioritizes simplification at the cost of equity and inclusion.



The evolution of India's income tax regime reflects a broader shift toward simplification. However, the architecture of the new tax regime under Section 115BAC does not account for differentiated financial circumstances arising from disability.

1 SECTION 80U

Section 80U provides a deduction for a resident individual certified as a person with disability:

- **₹75,000** for disability
- **₹1,25,000** for severe disability



2 SECTION 80DD

Section 80DD provides a deduction where a resident individual or Hindu Undivided Family incurs expenditure for:

- Medical treatment, training, or rehabilitation of a dependent with disability
- Contributions to approved schemes for the maintenance of such dependents

The deduction amounts are:

- ₹75,000 for disability
- ₹1,25,000 for severe disability

The provision is structured to prevent double benefit by requiring that the dependant not claim a deduction under Section 80U for the same year.

3 NATURE OF DEDUCTIONS

These deductions:

- Recognize disability as a condition involving recurring and unavoidable financial obligations
- Are fixed in nature and not contingent upon itemized expenditure
- Reflect legislative acknowledgement that disability-related costs are pervasive and difficult to quantify



1 INTRODUCTION OF SECTION 115BAC

Section 115BAC, introduced through the Finance Act, 2020 (effective 1 April 2021), established an alternative tax regime with concessional slab rates. This regime requires taxpayers to forgo most exemptions and deductions, including those under Chapter VIA, which includes Sections 80U and 80DD.

These deductions are not part of the limited permissible deductions under:

- Section 80CCD(2)
- Section 80CCH(2)
- Section 80JJAA

As a result, they are excluded when tax liability is computed under the new regime.

2 SHIFT TO DEFAULT REGIME

The Finance Act, 2023 (effective 1 April 2024), made the new regime the default system of taxation, subject to an opt-out mechanism.



This change has:

- Inverted the burden of choice
- Increased the likelihood that taxpayers will forgo disability-related deductions
- Introduced a structural disadvantage arising from a lack of awareness or procedural complexity

Ministry of Law and Justice, Legislative Department, Government of India. (2020, March 27). The Finance Act, 2020 (No. 12 of 2020). The Gazette of India, Extraordinary, Part II, Section 1. https://gstcouncil.gov.in/sites/default/files/2024-04/finance_act_2020.pdf

3 POLICY INTENT

Parliamentary responses clarify that the new regime was designed to offer lower rates in exchange for the removal of specified exemptions and deductions.

The exclusion of Chapter VIA provisions is therefore integral to the design and not incidental.



Ministry of Law and Justice, Legislative Department, Government of India. (2023, March 31). The Finance Act, 2023 (No. 8 of 2023). The Gazette of India, Extraordinary, Part II, Section 1. https://thc.nic.in/Central%20Governmental%20Acts/Finance%20Act%2C%202023_.pdf

Government of India, Ministry of Finance, Department of Revenue. (2024, August 5). Issues in public insurance sector (Unstarred Question No. 2218, Lok Sabha). https://sansad.in/getFile/loksabhaquestions/annex/182/AU2218_0xzOWi.pdf?source=pqals

The consequences of this framework are direct and measurable.



Disability-related costs are **non-discretionary** and **essential for basic functioning**

As per the **NSS 76th Round Report:**

- 62% of persons with disabilities engage a regular caregiver
- 29.4% incur significant disability-related out-of-pocket expenditure

In this context:

Denial of deductions under the default regime increases effective tax liability

Households face erosion of disposable income

The impact is particularly significant for middle- and upper-income taxpayers

National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India. (2019, November 23). Persons with disabilities in India: NSS 76th round (July–December 2018) (NSS Report No. 583). The Hindu Centre.
https://www.thehinducentre.com/resources/article30980158.ece/binary/Report_583_Final_0_compressed.pdf

The design of the current system imposes additional compliance burdens:

- Taxpayers must actively opt out of the default regime
- Comparative tax computation is required to assess the benefit
- Procedural requirements must be fulfilled within prescribed timelines

For persons with disabilities:

- Access to financial advisory services may be limited
- Complexity acts as a barrier to the effective utilization of available benefits



- Additionally, the requirement of disability certification remains a procedural bottleneck.



India's obligations under the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) reinforce the need for inclusive fiscal policy:



Article 5:
Equality and non-discrimination, including reasonable accommodation

Article 28:
Social protection, including measures to reduce economic burden



The current framework risks undermining these commitments by effectively withdrawing disability-linked tax relief from the default system.

From a constitutional perspective:



Article 14:
Raises concerns regarding substantive equality

Article 21:
Implicates the right to live with dignity



Judicial interpretation has consistently emphasized that equality requires recognition of difference and provision of adequate accommodation. The current tax regime, by applying uniform treatment, does not meet this standard.

Office of the United Nations High Commissioner for Human Rights. (n.d.). Convention on the Rights of Persons with Disabilities. https://www.ohchr.org/en/instruments-mechanisms/instruments/convention-rights-persons-disabilities

International tax systems incorporate targeted measures for disability-related financial burdens:



Canada:
Disability Tax Credit and Canada Caregiver Credit

United Kingdom:
Blind Person's Allowance

United States:
Credit for the Elderly or the Disabled

Australia:
Tax offsets for individuals maintaining dependents with disability

These frameworks demonstrate the use of targeted fiscal instruments to address disability-related costs.



Canada Revenue Agency. (2025, September 16). Disability tax credit (DTC). Canada.ca. https://www.canada.ca/en/revenue-agency/services/tax/individuals/segments/tax-credits-deductions-persons-disabilities/disability-tax-credit.html

Blind Person's Allowance. (n.d.). GOV.UK. https://www.gov.uk/blind-persons-allowance

Internal Revenue Service. (2026, April 7). Credit for the elderly or the disabled at a glance. https://www.irs.gov/credits-deductions/individuals/credit-for-the-elderly-or-the-disabled

Australian Taxation Office. (2025, June 2). Tax offsets for people with disability. https://www.ato.gov.au/people-with-disability/tax-offsets-for-people-with-disability



Chapter 5

09

CONCLUSION

The present tax regime reflects a structural contradiction. While aiming to simplify taxation, it does so by disregarding the unequal financial burden faced by persons with disabilities and their caregivers.

The exclusion of disability-related deductions is not an inevitable outcome of reform but a deliberate design choice that disproportionately affects a vulnerable group.

A reformed approach is both necessary and feasible:

- Inclusion of Sections 80U and 80DD within the new tax regime, or
- Introduction of an alternative, accessible credit mechanism

Such reform would restore alignment between tax policy and the rights-based framework governing disability, without undermining the objective of simplification.

It would ensure that administrative efficiency does not come at the cost of equity and inclusion.

Highlighting how persons with disabilities continue to face exclusion, high premiums, limited coverage, and weak grievance redressal within India's insurance framework.

06

MAKING HEALTH INSURANCE ACCESSIBLE FOR PERSONS WITH DISABILITIES

Chapter 6

01

EXECUTIVE SUMMARY

India's disability-inclusive health insurance ecosystem is in a transitional phase.

While regulatory interventions since 2020 have expanded the supply of inclusive insurance products, actual uptake and accessibility remain limited. Persistent issues such as exclusion, inadequate product design, and weak enforcement continue to constrain effective coverage for persons with disabilities.

The central policy challenge is not the absence of products, but whether the existing insurance ecosystem delivers affordable, accessible, and enforceable protection against disability-related healthcare costs without triggering systemic inefficiencies such as premium inflation.

This paper examines the current landscape, identifies structural access gaps, and highlights the need for strengthening implementation and coverage frameworks to ensure meaningful inclusion.



Chapter 6

02

PROBLEM STATEMENT

The current disability insurance ecosystem is characterized by the following challenges:

Access Gap: Low uptake despite availability of products

Design Limitations: Standardized coverage is often inadequate for disability-related needs

Exclusion Practices: Continued reliance on underwriting frameworks that classify disability as high risk

Implementation Deficit: Disconnect between regulatory compliance and lived experience

Awareness Barriers: Limited knowledge of available schemes and grievance mechanisms



India does not have a unified disability insurance system. Instead, coverage is fragmented across multiple channels:



1. COMMERCIAL HEALTH INSURANCE

- Retail and group health insurance products
- May include exclusions or conditional acceptance for persons with disabilities
- Governed by IRDAI regulations and circulars



2. ACCIDENT AND DISABILITY BENEFIT SCHEMES

- Personal accident insurance policies
- Provide lump-sum payouts for accidental death or permanent disablement



3. PUBLIC SCHEMES AND SOCIAL INSURANCE

- Government schemes such as PM-JAY and Niramaya
- Employment-linked benefits, such as ESIC disablement coverage



Despite this multi-channel structure, disability continues to be treated as a high-risk category, often leading to denial, exclusions, or restrictive terms.



Regulatory interventions have explicitly addressed inclusion:

- IRDAI health insurance regulations require insurers to maintain Board-approved underwriting policies, considering both standard and sub-standard lives
- Denial of coverage must be treated as a last resort and must be adequately justified

Key regulatory developments include:



IRDAI Circular (2 June 2020): Mandated disclosure of underwriting rationale for persons with disabilities, HIV/AIDS, or mental illness



IRDAI Circular (27 February 2023): Directed insurers to offer a model product for persons with disabilities, HIV/AIDS, or mental illness, with a minimum mandatory coverage scope



Master Circular on Health Insurance Business (29 May 2024): Consolidated prior directives



These measures establish a compliance framework aimed at reducing arbitrary exclusion.

Insurance Regulatory and Development Authority of India. (2016, July 12). Insurance Regulatory and Development Authority of India (Health Insurance) Regulations, 2016 [Regulations; consolidated version amended up to November 19, 2019]. https://upload.indiacode.nic.in/showfile?actid=AC_CEN_2_33_00044_193804_1523351752525&type=regulation&filename=irdai_%28health_insurance%29_regulations,_2016.pdf

Insurance Regulatory and Development Authority of India. (2020, June 2). Disclosure of underwriting philosophy of offering insurance coverage to persons with disability (PWD) and people affected with HIV/AIDS and mental illness diseases (Ref. No. IRDAI/HLT/MISC/CIR/129/06/2020) [Circular]. https://irdai.gov.in/document-detail?documentId=394519

Insurance Regulatory and Development Authority of India. (2023, February 27). Product for persons with disabilities (PWD), persons afflicted with HIV/AIDS, and those with mental illness (Ref. No. IRDAI/HLT/CIR/MISC/58/2/2023) [Circular]. https://irdai.gov.in/document-detail?documentId=2865446

Insurance Regulatory and Development Authority of India. (2024, May 29). Master circular on health insurance business (Ref. No. IRDAI/HLT/CIR/PRO/84/5/2024) [Master circular]. https://irdai.gov.in/document-detail?documentId=4942918

Despite regulatory compliance, access remains limited in practice.

PARLIAMENTARY DISCUSSIONS INDICATE THAT:

- All insurers have submitted compliance certificates under the Master Circular
- Approved schemes exist across both public and private insurers
- Only 17 complaints have been recorded since 2019, with an average resolution time of 7 days

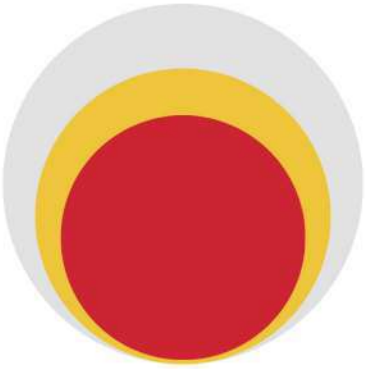


These figures are inconsistent with widespread reports of exclusion, suggesting:

- Underreporting
- Barriers to grievance filing
- Lack of awareness



SURVEY DATA FURTHER HIGHLIGHTS THE ACCESS GAP:



79.9%
of persons with disabilities lack health insurance

71.4%
have never applied for insurance

Among applicants:

- 27.1% accepted
- 31% rejected
- 41.9% received no response

Among rejected applicants:

59.6% were not provided with reasons

REJECTION PATTERNS REFLECT PREDICTABLE INSURER INCENTIVES:

- Classification of disability-related needs as “pre-existing conditions”
- Use of non-transparent medical assessments
- Limited avenues for contesting decisions



Chapter 6

06

LIMITATIONS OF GOVERNMENT SCHEMES

Public schemes provide partial support but remain structurally limited:

AWARENESS GAP:

- 58.1% of respondents were unaware of PM-JAY

ELIGIBILITY CONSTRAINTS:

- PM-JAY includes deprivation criteria such as households with a disabled member and no able-bodied adult

COVERAGE LIMITATIONS:

- The Niramaya scheme provides coverage up to INR 1 lakh
- Includes OPD and disability-related interventions
- Participation varies across states

COVERAGE ADEQUACY:

- Typical insurance coverage ranges between INR 4–5 lakh
- This is often insufficient for long-term disability-related costs

A REPRESENTATIVE PROSPECTUS FROM A PRIVATE INSURER SHOWS:



- Disability is defined as a minimum 40% under the RPwD Act, 2016
- Certification required from a government medical board
- Standardized one-year policy term
- Coverage typically between INR 4–5 lakh

1. SUSTAINABLE DEVELOPMENT GOALS (SDGS)

- SDG 3: Universal access to essential health services
- SDG 10: Reduction of inequalities
- SDG 11: Accessible services and infrastructure

2. UNITED NATIONS CONVENTION ON THE RIGHTS OF PERSONS WITH DISABILITIES (UNCRPD)

Article 25:

- Equal healthcare access
- Non-discrimination in insurance
- Disability-sensitive systems
- Affordable and accessible services

3. JUDICIAL PRECEDENT

In Saurabh Shukla v. Max Bupa Life Insurance, the Delhi High Court held:

- Denial of insurance cannot be justified solely on medical risk
- Insurance providers perform a public function
- Profit maximization cannot override obligations toward vulnerable populations
- Insurers must explore modified terms before rejecting applications

> This judgment reinforces the principle that **denial must remain a last resort.**



Saurabh Shukla v. Max Bupa Life Insurance, W.P. (C) 6074/2019 (High Court of Delhi, December 13, 2022). https://clpr.org.in/wp-content/uploads/2024/11/49_Saurabh_Shukla_v_Max_Bupa.pdf

Global systems achieve disability-inclusive protection through a combination of:

- Universal or mandated health coverage
- Anti-discrimination regulation
- Disability cash benefits and caregiver support
- Long-term care financing

Jurisdiction	Health Coverage Structure	Disability Support
United States	Mixed system (employer-based, Medicaid, Medicare)	Integrated assistive and disability-related services
Canada	Universal healthcare	Accessibility laws, tax credits, and assistive device programmes
Australia	Medicare; NDIS	Disability Discrimination Act (1992)
Thailand	Universal Coverage Scheme (UCS)	Community-based rehabilitation, anti-discrimination laws
European Union	Varies across member states	EU Disability Strategy (2021–2030); European Pillar of Social Rights





Chapter 6

09

CONCLUSION

India has made measurable progress in strengthening disability-inclusive insurance through regulatory reforms in underwriting transparency and compliance requirements. However, access remains significantly constrained in practice.

The core issue is not the absence of policy frameworks, but a gap between formal compliance and effective implementation. This disconnect undermines the intended outcomes of inclusion and affordability.

From a legal standpoint, this gap raises concerns regarding alignment with obligations under frameworks such as the RPwD Act and the UNCRPD.

Addressing this requires:

- Expansion of policy scope to better reflect disability-related needs
- Structural improvements in affordability
- Stronger safeguards against arbitrary rejection

Closing this implementation gap is essential to ensure that the insurance ecosystem delivers meaningful and enforceable protection for persons with disabilities.

“

Economic independence is the foundation of all freedom.

— Nelson Mandela

A proposal for an inclusive GST framework that recognises disability support services as essential, not discretionary.

INCLUSION | EQUITY | DIGNITY | ACCESS | EQUALITY

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