



भारतीय मज़दूर संघ

BHARATIYA MAZDOOR SANGH

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Date: 06 Sept. 2025

To
Smt. Nirmala Sitharaman Ji,
Hon'ble Finance Minister & Chairman GST Council
Ministry of Finance,
Govt. of India,
New Delhi

Respected Sister,
Namaskar

Subject: GST Waiver on Health Insurance to Bank Pensioners

At the outset, we extend our deepest appreciation for the government's vision and your sincere efforts in undertaking next-generation reforms in GST, which have provided significant relief to people across the country in matters relating to goods and services. In particular, the waiver of GST on health insurance will give a strong boost to this sector and encourage citizens to secure their health, thereby reducing their dependence on government health services.

Our primary concern is the health security of retired bank employees, which has unfortunately not been addressed by banks despite the allocation of Welfare Funds by the Government, vide DFS letter F. No. 14/7/92-IR (Vol.ii) dated 24.2.2012, issued in line with the recommendations of the Government-appointed Khandelwal Committee Report. The Committee had explicitly advised banks to provide Group Health Insurance cover for both serving and retired employees.

We wish to mention here that the KCR-2010 identified the areas where welfare measures needed and earmarked percentage of Welfare Funds to be spent there upon is as under:

- i. 25% for education of employees' children,
- ii. 25% for health insurance of serving Bankmen,
- iii. 25% for health insurance of retired Bankmen, and
- iv. 25% for other welfare measures as decided by Banks' Boards.

However, the IBA failed to act on the DFS letter for over three years (24.2.2012 to 31.10.2015). It was only in November 2015 that two Group Insurance Policies were introduced—one for serving and one for retired employees. While banks bore the premium costs for serving employees, the burden was shifted to retirees for their coverage. Thus, the Welfare Fund benefits, as envisaged in KCR-2010 and advised by DFS, were not extended to retired employees. This fundamental issue has remained unresolved for nearly 15 years.



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We, therefore, earnestly request your intervention to end this long-standing neglect by PSB managements. Since the Government allocated the Welfare Fund, banks must ensure its judicious and transparent use, without any deviation or misappropriation. We urge that retired bank employees be granted health insurance coverage at banks' cost through the Welfare Fund, in equal proportion to what is extended to serving employees. Institutions like SBI, NABARD, and LIC already provide health insurance cover to their retirees, and a similar arrangement is most desirable for PSBs.

Further, we seek your kind attention to the GST imbroglio of Group Insurance Policy (GIP). At present, both serving and retired employees are covered under a single GIP. For serving employees, banks bear the premium, while in the case of retirees, the premium is directly recovered from individuals and remitted to the insurance company. Consequently, retired employees, who pay the premium themselves, are not able to avail the GST waiver benefit.

We therefore request that a necessary clarification be issued stating that GST exemption should apply to GIP premiums borne directly by employees (serving or retired). GST should only be applicable where the premium is paid by the employer as part of CTC. The current imposition of GST on GIP appears aligned with employer-funded insurance for trade and industry, not for individual-paid premiums.

In view of the above, we humbly request your kind intervention and favourable decision on the following two matters:

1. Extension of health insurance coverage to retired bank employees at banks' cost through the Welfare Fund, as envisaged in KCR-2010.
2. Issuance of a clarification to waive GST on GIP premiums where the cost is borne by individuals.

We remain hopeful of your kind consideration and necessary action.

With Respectful Regards,

Yours sincerely

(Girish Chandra Arya)
All India Secretary &
In-charge, Financial Sector
Bharatiya Mazdoor Sangh