

COORDINATION OF BANK PENSIONERS' AND RETIREES ORGANISATIONS

(Federation of SBI Pensioners' Associations, AIBPARC, RBONC, AIRBEA, FORBE and AIBRAF)

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CBPRO/12-2025

Date: September 20, 2025

Smt. Nirmala Sitharaman Ji,
Hon'ble Union Finance Minister &
The Chairperson, GST Council,
Government of India,
North Block, New Delhi

Hon'ble Madam,

Request for Exempting Health Insurance Premium from GST in respect of the Senior Citizens of the Banking Industry.

1. We wish to respectfully submit for your kind consideration some of our anxieties in respect of the recent review of the GST Structure under GST 2.O, whereby the Government of India has notified the rationalisation of the rates of GST wef 22.09.2025. We also wish to refer to the letters sent to Your Good Self by the Major Constituents of CBPRO, the Largest Coordination Body Bank Pensioners and Retirees, Federation of SBI Pensioners' Associations, AIBPARC and FORBE immediately after the announcement of the Historic and Path Braking GST Reforms. All of us conveyed our happiness and gratitude for Exemption of GST on Health Insurance with a request to direct the concerned authorities to apply the Exemption of GST to the Senior Citizens of the Banking Industry.

2. As a part of rationalisation and with a view to alleviate the financial burden of the insurance premium of an individual and also the Senior Citizens having the Health Insurance with Family Floater Policy, the Health Insurance Premium has been exempted from the levy of GST. But this benefit, now we apprehend, is sought to be denied to the Senior Citizens/Individuals of the Banking Industry who are covered under a consolidated health insurance policy for which the Cost of Premium is paid by the individual Retirees.

3. **Respected Madam**, it is humbly submitted that when the purpose of exemption is to alleviate the financial burden of the Individuals and the Senior Citizens, the criterion for rational and reasonable classification ought to have been **'WHO PAYS THE PREMIUM' rather than 'IS THE INSURANCE CONTRACT/POLICY SEPARATE FOR EACH INDIVIDUAL/SENIOR CITIZEN or A SINGLE CONSOLIDATED POLICY FOR A GROUP'?**

4. We wish to humbly submit that the present classification of Bank Retirees Health Insurance bears NO RATIONAL RELATION to the OBJECTIVE of Exemption of GST on Health Insurance, more particularly concerning the Senior Citizens of the Banking Industry. In the process. We are concerned and anguished the way in which Banks after Banks issuing circulars asking their Retirees to exercise their option for Medical Insurance with GST Component without even waiting for GST Council announcement or further clarifications issued in the Gazette Notification dt.17th September 2025 in respect of GST Exemption on Insurance. At a time when Bank Retirees were happy at the GST Reforms that their vigorous campaign for GST Exemption was responded favourably by the GST Council and Government, we, the Bank Retirees are now deeply shocked at the contrasting interpretation

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of the GST Council's decisions by the Authorities like IBA and Banks denying Exemption of GST on Health Insurance.

5. The Insurer issues a consolidated Policy for its own administrative convenience. There is a stark contrast between the Group Medical Insurance Policy of the Serving Bank Employees/Officers as compared with the Insurance Scheme of the Bank Pensioners and Retirees which is devoid of the following benefits that are available to the normal group insurance policy for the serving Bank Employees/Officers. In the case of Serving Employees/Officers IBA Group Medical Insurance vis a vis Health Insurance available for Bank Retirees are as under.

a) Payment of the premium for the Group Insurance for All Serving Employees and Officers is by the Employer/Bank, WHEREAS IN THE CASE OF RETIREES, PREMIUM IS PAID BY THE RETIREES THEMSELVES.

b) The benefit of Critical Illness Cover is available to Serving Staff BUT NOT TO THE RETIREES.

c) Benefit of Corporate Buffer to the Insured Employees/Officers is available BUT NOT TO THE RETIREES.

d) Extension of Benefit to all the Serving Employees, WHEREAS OUR POLICY COVERS ONLY THOSE RETIREES WHO OPT TO PAY THE PREMIUM.

e) In the case of Serving Employees/Officers, the coverage is to their entire family whereas it is restricted only to Self and Spouse in our policy.

g) Domiciliary Cover etc is available to Serving Staff AND Not TO BANK RETIREES.

h) Premium is Collected by the Banks individually Debiting the Accounts of the Retirees.

i) Receipts for premium are generated to Individual Retirees once their Accounts are debited.

It is on these counts that our consolidated Policy is different from the Group Medical Insurance Policy taken by the Banks at its cost to provide health cover to the serving employees and their families.

6. In view of the foregoing submissions, we request for a suitable clarification to be issued by the competent authority. As our policy is due for renewal wef 1st November 2025, and Banks have already issued/some in the process of issuing the circulars informing the Bank Retirees to exercise the option for Health Insurance for the year 2025--2026 well before middle of October (Bank of Maharashtra fixed as early as 29th September), an early action and direction from Your Good Self will go a long way in really meeting the objective of the revised and rationalised scheme to alleviate the financial burden of the Individuals/Senior citizens having the restricted benefit of the family floater and paying hefty Health Insurance Premium by Themselves.

7. In the midst of these disappointments, we see a Big Ray of Hope in Your Wisdom and Your Ever Proactive approach on the issues confronting the Bank Retirees. We request you to ensure that your People friendly and Senior Citizens' Empowering initiatives are also echoed by those who have the Authority and Responsibility to implement the decisions in letter and spirit.

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We once again profusely thank the Central Government, Hon'ble Members of the GST Council and more particularly Your Good Self for the most Transformative and Game Changing GST Reforms. Your assertion that the Benefits envisaged in the GST Reforms should indeed go to the Beneficiaries and Sectors intended for, with Generous and helpful Interpretations is very comforting and reassuring. We are confident that the Bank Retirees are also bound to get that privilege on all our issues including GST Exemption on our Health Insurance.

At the same time as the Largest Body of Bank Pensioners and Retirees we assure You Madam, of our continued service to our Nation's Growth and Development. It will be also a Great Favour to us if we can get an opportunity to meet Your Good Self at your convenience in the near future to address and resolve the anxieties of the Senior Citizens of the Banking industry.

With Best Regards,

Yours Faithfully,



G D Nadaf

Joint Convenors, CBPRO



K.V. Acharya