



FEDERATION OF SBI PENSIONERS' ASSOCIATIONS

Regn. No. S/17025 of 1986 Under Societies Registration Act 1860 (Delhi)

ADMINISTRATIVE OFFICE, BENGALURU

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(All letters to be addressed to the General Secretary)

G.D. NADAF

General Secretary

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Circular No: FSBIPA/31/2026

Date: 22-09-2026

To

All Affiliates,

**Sub: Request for Exemption of GST on Medical Insurance Premium paid
By Bank Pensioners and Retirees on IBA-negotiated Policy.**

We enclose herewith CBPRO Letter No. **CBPRO/DFS/GST Exemption/16-2026 dated 20-09-2026**, addressed to the Secretary, Department of Financial Services, Ministry of Finance, for your information.

With regards,

Yours faithfully

(G.D. NADAF)

GENERAL SECRETARY

COORDINATION OF BANK PENSIONERS' AND RETIREES ORGANISATIONS

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

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CBPRO/DFS/GST Exemption/16-2026

Date: September 20, 2026

Shri Sanjay Lohiya, IAS,
Secretary,
Department of Financial Services,
Ministry of Finance,
Government of India,
New Delhi

Respected Sir,

Sub: Request for Exemption of GST on Medical Insurance Premium paid by Bank Pensioners and Retirees on IBA-negotiated Policy.

We are forwarding a copy of our letter dated 19.09.2026 addressed the Chairperson, GST Council with a fervent request to your Good-self to take up the issue with the Chairperson and the GST Council with your recommendation for a favourable consideration and thus ensure the most deserving Exemption of GST on Health Insurance premium paid exclusively by the Bank Pensioners and Retirees under the Scheme.

Sir, Your Good Self is aware of the fact the Insurance Scheme for Bank Pensioners was introduced during the year 2015-16 in accordance with the directions from the DFS, Ministry of Finance vide letter dated 24.02.2012. **The Government has desired the medical insurance scheme to be evolved both for serving and retired employees and utilize the staff welfare fund towards payment of premium.** It was undoubtedly a laudable initiative taken by the Government. We sincerely appreciate the concern of the Department of Financial Service to have so directed IBA to introduce the said scheme.

But the scheme ultimately was introduced with a pre -condition in that while the premium for the serving employees shall be borne by the banks, the scheme would be available to Bank Pensioners and Retirees only if the Payment of the Premium is made by the Individual Pensioners and Retirees by themselves. It was a deviation from and distortion of the Government guidelines which was also discriminatory in nature. This Condition itself came as a rude shock to Bank Pensioners in 2015 and was further aggravated with the introduction of GST at 18 percent wef 01.07.2017 by unjustifiably categorising the same as Group Policy. In the process, the Premium which was fixed at Rs.7499/- in 2015 with domiciliary /OPD facility has become unaffordable even without domiciliary/OPD facility thus snatching away more than Two Months' Pension. The skyrocketing premium has forced a very large number of Bank Pensioners and Retirees to opt out of the IBA Medical Scheme

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due to unaffordability in their Advanced Age when health insurance is needed the most.

We were very happy when the Government notified the restructured framework of GST **whereby exempting the Health Insurance Premium from the levy of GST in respect of Individual and Senior Citizen Policy holders having family floater policy.** It was so done with an avowed objective to alleviate the financial burden of Senior Citizens on this count. Unfortunately, it was short-lived as the Exemption was not extended to Bank Pensioners and Retirees terming their Policy as a Group Policy though the Premium is paid by the Individual Pensioners and Retirees and Banks have only been playing the role of Collection Agents to consolidate and remit the Premium to the Insurance Company clearly stating that they have no responsibility whatsoever in respect of Settlement of Claims, Complaints/Grievances etc.

Things being so, we earnestly request Your Good Self to use your good office to persuade the GST Council to Exempt Payment of GST on Bank Pensioners and Retirees Policies and render justice.

We seek your kind intervention in the matter and help the Bank Pensioners and Retirees in getting affordable Medical Insurance Scheme by extending the benefit of GST exemption pending a favourable consideration of our request for Banks to bear the premium as envisaged in the Government communication dated 24.02.2012.

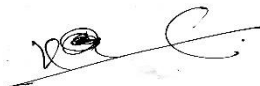
With Best Regards,

Thanking you,

Yours Sincerely,



G D Nadaf
Joint Convenors, CBPRO



K.V. Acharya

Encl: Letter to the Chairperson, GST Council, MOF.