



ALL INDIA BANK RETIREES' FEDERATION (REGD)

D/1/ Sector C Scheme No. 71 Indore 452009
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Ref: aibrf_2021/

Dated: 17.05.2021

Smt Nirmala Sitharaman
Honorable Finance Minister &
Chairperson, GST Council of India
NEW DELHI

Respected Madam

Re: Request for exemption GST on premium on Group Medical Insurance Policy for Senior Citizens.

In the Banking sector, for the past about six years, a Group Medical Insurance Scheme is in operation both for the employees/officers who are in service, as well as for all the employees and officers who have retired from the Bank.

The premium on the Group Medical insurance Policy for the in-service employee/officers is being paid by the bank managements. In respect of retirees, the premium is annually paid by the concerned individual retiree.

We wish to invite your kind attention on the fact that GST rate applicable on payment of premium for group insurance policy by retirees who are senior and super senior citizens is presently @18%. We feel it is on very higher side and unbearable for many sections of retirees/senior citizens in view of the following facts.

- a) Premium rates on health insurance have gone up many times in last 5/6 years for several reasons. In many cases premium rates on health insurance have gone up by 300 to 400%. Due to this factor, quantum wise, GST burden has also correspondingly gone up during this period.
- b) Large section of retirees/senior citizens does not have regular source of income and pension or other income is quite low.
- c) Health insurance has become necessity for senior citizens in the present environment in view of growing nuclear family set up, uncertainty as to how long Corona pandemic will continue and increasing cost of medical treatment.

2. AIBRF is the largest Bank retiree's organization represents bank retirees. Total retirees in banking industry are about 6 Lakhs at present. Out of this, there

are super Citizens who retired before 1986 and not getting any pension, There are considerable number of family pensioners who are getting very little pension and their enhancement of pension already recommended by IBA and is still pending with Finance Ministry, there are also good number of retirees who retired before 2002 and were not getting 100% DR neutralization, there are also retirees who worked as Part time in sub Staff Categories and were getting proportionate pension which is very meager as such majority of them belong to venerable class with very limited regular income.

3. Retirees (senior Citizen) have limited purchasing power and cannot afford to pay high insurance premium despite the fact that health insurance is absolutely necessary for them. It is pertinent to mention that IBA had launched group medical insurance scheme for bank retirees in 2015 as a social welfare measure. Under this scheme, entire cost of premium is borne by the retirees. In last 6 years, under this IBA Group medical insurance scheme, premium rates have gone up by almost 400 per cent. Premium for Rs. 3 lakhs sum assured which was around Rs. 5200/- in 2015 has gone up by almost 480% to Rs. 25000/- (app.) in 2020. In this steep increase in premium, tax (GST) burden has also contributed. In 2015 when group medical scheme was introduced for bank retirees, service tax rate on premium used to be 15%. After introduction of GST, rate has gone up to 18%. This factor has also contributed in increase.

4. We would like to mention that consequence of the above developments on group insurance scheme for retirees is that number of participants of bank retirees has come down considerably year after year. Today, as per the data available to us, only 32 per cent of bank retirees could exercise option for the scheme in 2019-2020 and because of high premium rates, group health insurance has gone beyond the reach of 68 per cent of bank retirees. This should be matter of serious concern for all of us.

5. We are happy to note that the present government attracts top most importance to the health insurance of citizens of the country, in particular belonging to venerable section. Our Honorable Prime Minister had launched in 2018, one of the most ambitious and largest health insurance scheme in the world known as AYUSHMAN BHARAT PRADHAN MANTRI JAN AROGYA YOJANA extending health insurance of Rs 5 lakhs to 10 crores families (50 Crores population) at very nominal premium to poor and venerable families. We note that insurance premium payable under this scheme is completely exempted from GST.

6. We would like to draw your kind attention that Group Insurance Policy meant for retirees/senior citizens also deserve the same treatment from the government as this group also have very limited regular source of income and health insurance is necessity at the advancing age.

7. Having placed the above facts for your kind consideration, we approach you with the humble request to place premium payable by SENIOR CITIZENS in Group Insurance scheme under ZERO slab. This will be great service to senior citizens of the country.

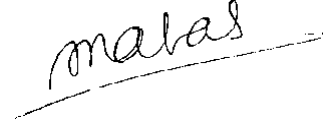
8. It may not be out of place to mention that Indian Banks' Association, IRDA, many trade union organizations have also sent their representations to GST Council for suitable reduction in GST rates on insurance premium payable on health insurance.

9. We understand GST Council Meeting is scheduled to be held on 28th May 2021. We shall feel highly obliged if this issue may be favorable considered in this meeting for which we have submitted several representations in the past too.

10. We know final decision on the issue is to be taken in GST Council as per the present constitutional provisions. By endorsing copy of this representation, we humbly approach all members of GST council to consider our request favorably and approve it in GST council at the earliest.

With Respectful Regard

Yours Sincerely



**SC JAIN
GENERAL SECRETARY**

C.C to:

Respected Membersh of GST COUNCIL:

1. Shri Anurag Thakur. Minister of State for Finance, Government of India
2. Shri Buggana Rajendranath, Minister for Finance & Legislative Affairs, Andhra Pradesh Government
3. Shri Chowna Mein, Minister for Finance & Investment, Arunachal Pradesh Government.
4. Dr. Himanta Biswa Sarma, Finance Minister, Assam Government
5. Shri Sushil Kumar Modi, Deputy Chief Minister, Bihar Government
6. Shri T. S. Singh Deo, Minister for Commercial Taxes, Chhattisgarh Government
7. Shri Manish Sisodia, Deputy Chief Minister, Delhi Government
8. Shri Mauvin Godinho, Cabinet Minister, Goa Government
9. Shri Nitin Patel, Deputy Chief Minister, Gujarat Government

- 10. Shri Dushyant Chautala, Deputy Chief Minister-in-charge of Excise and Taxation. Haryana Government**
- 11. Shri Jai Ram Thakur, Chief Minister, Himachal Government**
- 12. Shri K.K. Sharma, Advisor to Honorable Governor (I/C Finance), J & K Government**
- 13. Dr Rameshwar Oraon, Minister for Planning cum Finance, Commercial Taxes Department and Department of Food, Public Distribution and Consumer Affairs Department, Jharkhand Government**
- 14. Dr. T.M. Thomas Isaac, Finance Minister, Kerala Government**
- 15. Shri Basavaraj Bommai, Finance Minister, Karnataka Government**
- 16. Shri Sudhir Mungantiwar, Finance Minister, Maharashtra Government**
- 17. Shri Yumnam Joykumar Singh, Deputy Chief Minister, Manipur Government**
- 18. Shri Conrad Kongkal Sangma, Chief Minister, Meghalaya Government**
- 19. Shri Lalchamliana, Minister, Taxation Department, Mizoram Government**
- 20. Shri Metsubo Jamir. Minister of Urban Development & Municipal. Nagaland Government**
- 21. Shri Niranjan Pujari, Minister of Finance and Excise, Odisha Government**
- 22. Shri V. Narayanasamy, Chief Minister, Puducherry Government**
- 23. Shri Manpreet Singh Badal, Finance Minister, Punjab government**
- 24. Shri Shanti Kumar Dhariwal, Minister for Local Self Government, Urban Development & Housing , Law & Legal Affairs and Parliamentary Affairs, Rajasthan Government**
- 25. Shri B. S. Panth, Minister of Tourism & Civil Aviation and Commerce, Sikkim Government**
- 26. Shri D. Jayakumar, Minister for Fisheries and Personnel & Administrative, Tamilnadu Government**
- 27. Shri Md. Mahmood Ali, Minister for Home, Prisons & Fire Services, Telangana Government**
- 28. Shri Jishnu Debbarma, Deputy Chief Minister, Tripura Government**
- 29. Shri Rajesh Agarwal, Finance Minister, Utter Pradesh Government**

30. Shri Satpal Mahraj, Minister for Irrigation, Flood Control, Minor Irrigation, Rain Water Harvesting, Water Management, Indo-Nepal Uttarkhand River Projects, Tourism, Pilgrimage & Religious Fairs, Culture, Uttarakhand Government

31. Dr. Amit Mitra, Finance Minister, West Bengal Government

GOVERNMENT OF INDIA OFFICIALS:

32. Shri Ajay Bhushan Prasad Pandey, Finance Secretary, Government of India

33. Shri Arun Goyal, Additional Secretary, Government of India

OTHERS

34. Chairman, Indian Banks' Association (IBA), Mumbai

35. UFBU Convener & all UFBU Constituents.