



ALL INDIA BANK PENSIONERS & RETIREES CONFEDERATION
(A.I.B.P.A.R.C.)



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Circular no 83-25

Date: September 20, 2025.

For circulation among members of the Governing Council, State Secretaries, Special Invitees, Advisors, Affiliates, Constituents of CBPRO and Members.

Dear Comrade,

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

We are reproducing here under the text of our letter written on 19.09.2025 to The Chairperson, GST Council of India on the above-mentioned subject.

This is for information of members.

With best wishes and regards,

Comradely yours,

Suprita Sarkar
General Secretary

Encl: As stated

AIBPARC/GST Council/GMISR/2025

Date: September 19, 2025

The Chairperson,
GST Council,
Ministry of Finance,
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.

We wish to invite a kind reference to the recent review of the GST Structure under GST 2.0, whereby the Government of India has notified the rationalisation of the rates of GST wef 22.09.2025. We also wish to draw your kind attention to our letter

dated 05.09.2025 to Your Good Self as the Hon'ble Union Finance Minister conveying 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 as we have been bearing the Cost of Premium by Ourselves.



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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 GST Exemption Benefit we are worried as the same is sought to be denied to the Senior Citizens/Individuals of the Banking Industry who are covered under a consolidated Health Insurance Policy **negotiated by the Indian Banks' Association with the Serving Employees Unions/ Officers Associations (UFBU). THE PREMIUM FOR SUCH HEALTH INSURANCE IS BORNE BY THE INDIVIDUAL RETIREES AND NOT BY THEIR RESPECTIVE BANKS.**

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' and not 'IS THE INSURANCE CONTRACT/POLICY SEPARATE FOR EACH INDIVIDUAL/SENIOR CITIZEN or A SINGLE CONSOLIDATED POLICY FOR A GROUP'?**

We wish to humbly submit that the present classification bears NO RATIONAL Connect to the OBJECTIVE of Exemption of GST on Health Insurance, more particularly concerning the Senior Citizens of the Banking Industry. In the process, sadly we will be subjected to ARBITRARINESS and UNREASONABLE Interpretation of the applicability of the Exemption of GST leading to denial of the GST Exemption to us.

Respected Madam, it is pertinent to submit here that we have been requesting the Department of Financial Services, Ministry of Finance, the Chairperson, GST Council of India, the Members of the GST Council, the Members of the Central Board of Indirect Taxes and also Indian Banks' Association for exemption of the premium paid by the Individual Retiree/Senior Citizen from the levy of GST for the last several years. But, when the Government has shown sympathy to our request and the rare political will to accede to such a genuine request, the nomenclature of such exemption is unfortunately so designed to exclude the very Bank Pensioners who were the vanguards of championing the Cause for the Exemption of GST on Health Insurance.

It is, therefore, once again submitted that there is no fair and reasonable connect between the proclaimed objective of alleviating the financial burden of the Individuals/Senior Citizens and the nomenclature of the exemption excluding the Individuals/Senior Citizens of the Banking Industry who bear the financial burden of paying the hefty Health Insurance Premium out of their Meagre Monthly Pension.

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 Bank Retirees Health Insurance is different for the following reasons.

- a) **Payment of the premium for 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 is available to the Insured Employees/Officers, BUT NOT TO THE RETIREES.**
- d) **Health Insurance Benefit is given to all the Serving Employees and Officers WHEREAS OUR POLICY COVERS ONLY THOSE RETIREES WHO OPT TO PAY THE PREMIUM.**



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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 own cost to provide Health cover to the Serving Employees/Officers and their families.

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 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.

We very earnestly request Your Good Self to kindly look into our request sympathetically and favourably to help the Senior Citizens of the Banking Industry who are placed in a very peculiar and vulnerable position and harsh pecuniary burden. The Notification and its Interpretation has come as a rude shock and an anticlimax to the Great Hope of Bank Pensioners and Retirees about GST 2.O. for the above stated reasons and contradictions.

We are hopeful of Your Kind Consideration of our submissions.

With regards,

Yours faithfully,

K.V. Acharya.
President, AIBPARC
& Jt. Convenor, CBPRO

Suprita Sarkar
General Secretary