



ALL INDIA BANK EMPLOYEES' ASSOCIATION

Central Office: "PRABHAT NIVAS" Regn. No.2037
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CIRCULAR LETTER No. 28/141/2019/25

8-10-2019

TO ALL OFFICE BEARERS, STATE FEDERATIONS

Dear Comrades,

EXEMPTION FROM GST PAYABLE ON GROUP MEDICAL INSURANCE PREMIUM OF RETIREES

All of us are aware of the multiple problems that have arisen on account of introduction of GST even though a common and uniform tax is otherwise laudable. The Government has introduced this system in a hurry and different rates have been prescribed for different commodities. Priorities have been taxed more and non-priorities are taxed less. Less said the better about this. Because of this mess, Government has been make periodical changes in the rates applicable to different goods and services.

Unfortunately, the premium payable on Health Insurance Policy is also attracting GST and at a very high rate of 18% even though health is a priority issue. This high rate of GST is particularly hitting hard the retirees, when it comes to paying their premium on Group Medical insurance Policy.

In the name of increasing rate of Claim Ratio, the premium for the retirees has been going up every year and this high rate of GST is adding salt to the wound.

Hence we have taken up the matter with IBA who have represented to the Government to review the GST on the premium payable.

From AIBEA we have also taken up the issue with the Finance Minister who is the Chairman of GST Council and well as with the Revenue Secretary and Special Secretary to the GST Council. The letter addressed by AIBEA to them is sent herewith.

GST Council also consists of representatives of all the States. We are sending herewith the names of the GST Council members/ Representatives from different States. Our State Federations can try to meet some of them in their respective State and submit our letter to them and explain our demand so that it may help when the issue comes up for discussion in the GST Council.

With greetings,

Yours comradely,

**C.H. VENKATACHALAM
GENERAL SECRETARY**

1	Govt. of India	Smt Nirmala Sitharaman	Minister of Finance and Corporate Affairs
2	Govt. of India	Shri Anurag Singh Thakur	Minister of State (Finance)
3	Andhra Pradesh	Shri Buggana Rajendranath	Minister for Finance and Legislative Affairs
4	Arunachal Pradesh	Shri Chowna Mein	Minister for Finance and Investment
5	Assam	Dr. Himanta Biswa Sarma	Finance Minister
6	Bihar	Shri Sushil Kumar Modi	Deputy Chief Minister
7	Chhattisgarh	Shri T. S. Singh Deo	Minister for Commercial Taxes
8	Delhi	Shri Manish Sisodia	Deputy Chief Minister
9	Goa	Shri Mauvin Godinho	Cabinet Minister
10	Gujarat	Shri Nitin Patel	Deputy Chief Minister
11	Haryana	Capt. Abhimanyu	Minister, Excise & Taxation
12	Himachal Pradesh	Shri Jai Ram Thakur	Chief Minister
13	Jammu & Kashmir	Shri K.K. Sharma	Advisor to Honorable Governor (I/C Finance)
14	Jharkhand	Shri C.P. Singh	Minister, Urban Development
15	Karnataka	Shri Bandeppa Kashempur	Minister for Cooperation.
16	Kerala	Dr.T.M.Thomas Isaac	Finance Minister
17	Madhya Pradesh	Shri Tarun Kumar Bhanot	Minister for Finance
18	Maharashtra	Shri Sudhir Mungantiwar	Finance Minister
19	Manipur	Shri Yumnam Joykumar Singh	Deputy Chief Minister
20	Meghalaya	Shri Conrad Kongkal Sangma	Chief Minister
21	Mizoram	Shri Lalchamliana	Minister, Taxation Department
22	Nagaland	Shri Metsubo Jamir	Minister of Urban Development
23	Odisha	Shri Niranjana Pujari	Minister of Finance and Excise
24	Puducherry	Shri V. Narayanasamy	Chief Minister
25	Punjab	Shri Manpreet Singh Badal	Finance Minister
26	Rajasthan	Shri Shanti Kumar Dhariwal	Minister for Local Self Government
27	Sikkim	Shri B. S. Panth	Minister of Commerce & Industries
28	Tamil Nadu	Shri D. Jayakumar	Minister for Personnel & Adm. Reforms
29	Telangana	Shri Md. Mahmood Ali	Minister for Home
30	Tripura	Shri Jishnu Debbarma	Deputy Chief Minister
31	Uttar Pradesh	Shri Rajesh Agarwal	Finance Minister
32	Uttarakhand	Shri Satpal Mahraj	Minister for Irrigation
33	West Bengal	Dr. Amit Mitra	Finance Minister



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AIBEA/GS/2019/89

7-10-2019

To
Mrs. Nirmala Sitharaman
Hon. Minister for Finance,
Govt. of India,
New Delhi.

Shri Ajay Bhushan Pandey
Revenue Secretary &
Ex-Officio Secretary to the GST Council
5th Floor, Tower II,
Jeevan Bharti Building,
Janpath Road,
Connaught Place,
New Delhi-110 001

Dr. Rajeev Ranjan,
Special Secretary,
GST Council
Office of the GST Council Secretariat
5th Floor, Tower II,
Jeevan Bharti Building, Janpath Road,
Connaught Place,
New Delhi-110 001

Respected Madam and Dear Sirs,

Representation - Request for exemption GST on premium on Group Medical Insurance Policy for Senior Citizens

In the Banking sector, for the past four 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** in the month of October each year when the Group Policy is renewed from November each year.

You will be well aware that GST is being levied and collected on the premium paid for the medical insurance coverage.

At present, the Bank Retirees are covered upto Rs. 3 lacs per year for the retired workmen employees and Rs. 4 lacs for the retired officer staff.

In addition, there is an option for additional top up coverage amount of Rs. 4 lacs and Rs. 5 lacs.

The retired employees are required to pay **GST @ 18 %** on the premium amount and you will kindly appreciate that the GST amount is quite a burden for these senior citizens who are getting a limited pension amount.

For example and for your ready information, we give below the premium and GST payable by the retired employees for the ensuing year November, 2019 to October, 2020.

	Premium	GST 18 %	Total
Normal coverage of Rs. 4 lacs for retired officers	Rs. 28,130	Rs. 5,063	Rs. 33,193
Including Top Up	Rs. 33,328	Rs. 5,999	Rs. 39,327
Normal coverage of Rs. 3 lacs for retired employees	Rs. 21,099	Rs. 3,798	Rs. 24,897
Including Top Up	Rs. 25,894	Rs. 4,661	Rs. 30,555

You will kindly observe and appreciate that the GST amount payable on the premium is quite substantial looking to the limited monthly pension or family pension that the retired staff/family members get every month.

Incidentally, the premium on the Retirees Group Medical Insurance Policy has been getting increased year after year and due to reasons of non-affordability, many retirees opt out of the scheme year after year at the time of renewal. They are unable to take any other mediclaim policy now due to overage and hence stand uncovered.

The following Table will explain the steep increase in the premium for the Retirees in the last five years.

	Annual premium for Retired employees including GST	Annual premium for Retired Officers including GST
	Medical Insurance cover of Rs. 3 lacs	Medical Insurance cover of Rs. 4 lacs
Nov. 2015- Oct. 16	5,620	7,598
Nov. 2016- Oct. 17	12,020	16,025
Nov. 2017- Oct. 18	12,333	16,433
Nov. 2018- Oct. 19	21,595	28,792
Nov. 2019- Oct.20	24,897	33,193
Increase so far	343 %	337 %

There are more than 4.50 lacs retired employees and officers in the Banks. Out of this, we find that only about 1.50 lac retirees are subscribing to this Group Medical Insurance Scheme. In view of the repeated increase in premium year after year, the number of subscribers have dwindled sharply and more and more retirees are going out of the coverage of this well-intended scheme.

Our pleas for a portion of the premium payable by the retirees to be borne by the Bank managements have not succeeded so far. Our representation for revision of pension on a periodical basis has also not been accepted so far. Hence while their basic pension is virtually static, the annual health insurance premium has been going up.

In this background, it will of great help and relief to these retirees/senior citizens if the premium payable on the Medical Insurance Policy by the senior citizens is exempt from GST.

We urge upon you and GST Council to take a positive view in this regard.

Thanking you,

Yours faithfully,



**C.H.VENKATACHALAM
GENERAL SECRETARY**