



ALL INDIA BANK RETIREES' FEDERATION (REGD.)

D/1/ Sector C Scheme No. 71 Indore 452009

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Ref: 2021/ 585

15.10.2021

Shri Debashish Panda
Secretary, Department of Financial Services
Government of India, New Delhi

Respected Sir,

Re: Staff Welfare Funds in public sector banks & apportionment of funds

Norms for allocation of staff welfare funds in public sector banks was last revised in 2012 as per DFS letter No. 14/7/92-IR(Vol-II) dated 24.02.2012. **As per Para 2 of the above communication of DFS, it was stipulated that staff welfare fund should be utilized for Group Insurance Policies for both, serving and retired employees.**

2. We find that despite specific direction of the government, no much concrete steps have been taken at the industry level by IBA or by bank managements at the individual bank level to provide reliable and sustainable group medical insurance policy to retirees out of welfare funds. Though, in 2015, IBA introduced group health insurance policy for retirees at the industry level under 10th wage settlement. Since then, this scheme is in operation. However, no instructions were given to banks to provide some portion of funds out of staff welfare funds to meet cost of insurance premium for retiree policy. **Therefore, in last 6 years, retirees are being required to pay entire cost of insurance premium from their pockets. In this way, government instruction in this regard remains to be implemented even after lapse of 9 years.**

3. You will kindly agree that health insurance cover for retirees is assuming growing importance year after year in view of increasing cost of medical expenses and due to serious adverse impacts left by Covid Pandemic on senior citizens . Health insurance has become necessity like food and shelter for senior citizens. It is expected that in welfare state like India, ex-employers have social obligation to provide reliable health scheme to their retirees in meaningful and effective manner. We wish to invite your kind attention on the speech delivered by honorable Finance Minister on 10.11.2020 while addressing AGM of IBA wherein she very specifically emphasized that bank managements are duty bound to take care of bank retirees' requirements and cannot be allowed to be left high and dry. But we find that no concrete steps have been taken by IBA and bank managements in public sector banks in last several years . In this regard, we would like to place following relevant facts for your kind consideration.

- (a) Under health insurance policy sponsored by IBA for retirees from 2015, **premium rates have been going up steeply year after year and it has now reached from about Rs. 7000 in 2015 to Rs. 43000 in 2021 for 4 lakh Sum assured in last 6 years registering increase of more than 600 per cent. Similar is the position for Rs. 3lakh policy.** In view of such steep and unexpected increase in premium rates, it is becoming unbearable for large section of retirees to continue with insurance policy. More and more retirees due to limited paying capacity are being forced to opt out of the policy while at the ground level need and importance of health insurance is increasing for them year after year. It is resulting in to very pathetic and miserable situation on health management front for retirees.
- (b) So far, in last couple of years due to requirement of higher provisions for growing NPA, banks were incurring net losses and allocation of funds for staff welfare were not being made. **But now the trend is reversing. All public sector banks have come out of PCR norms and also have started showing net profits due to various remedial measures taken by the government to improve performance of banks. We are confident that in coming years**

banks will show much more improved and robust performance on profit front giving enough leverage to the government to allow higher allocations for staff welfare funds.

- (c) We are happy to see that now merger schemes and challenges coming out of such mergers are also getting stabilized in their functioning and performance of affected banks. New entities came in to existence out of merger plans also need higher allocation of welfare funds on urgent basis.
- (d) We have also to bring to your kind notice that IBA is some how not ready to involve retiree representatives in designing and deciding terms and conditions of group health insurance policy for retirees despite the fact that presently it is entirely funded by retirees. Consciously, retirees are being kept out of whole exercise when carried out by IBA. You will kindly agree that it is not good HR policy. Our suggestions in bringing improvements in the scheme and to meet retirees' requirement and to make it affordable, remain unconsidered and how they are disposed of still remain million-dollar question for all of us. IBA authorities are not even ready for some informal talks with representatives of retiree organizations on health insurance.
- (e) **We understand that proposal to revamp entire Staff Welfare Fund scheme is under active consideration by the government and may be finalized soon.**

4. In view of the above developments, it is our humble request to you to take our above points in to consideration and direct IBA/ banks to allocate specific amount of funds for the purpose of meeting cost of group insurance policy for retirees which is need of the time.

With Respectful Regards,

Yours Sincerely

A handwritten signature in black ink, appearing to read 'mabas', is written over a horizontal line.

**(S. C. JAIN)
GENERAL SECRETARY**

C.C. to The Chief Executive, IBA C.C. to Convener, UFBU & all constituents of UFBU

