ANDHRA BANK RETIRED EMPLOYEES ASSOCIATION (ABREA)

(Regd. No. 3771 of 2001)

#215, Kubera Towers, Narayanaguda, Hyderabad - 500029 | www.abreahyd.org | abreahyd@gmail.com

A Rajendra Prasad	Krishnamurthy V Varanasi	N S N Reddy	N V Ramana
Chairman	President	General Secretary	Joint General Secretary
94411 50354	94400 12295	94902 13002	98484 44635

ABREA/2026-29/LR/2 **Date: 14.09.2026**

To
Sri S C Jain,
General Secretary
All India Bank Retirees Federation
I N D O R E.

Dear Sir,

Reg: Staff Welfare Funds – Removal of Caps &
Utilisation for Welfare of Serving & Retired Employees

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The issue of Staff Welfare Fund in banks deserves renewed attention, particularly in view of the rapidly increasing cost of health insurance for retired bank employees. As per the established norms, banks are required to earmark 3% of Net Profit towards Staff Welfare Fund, primarily for the welfare of serving and retired employees, including medical and health insurance benefits. However, the caps prescribed for transfer to Welfare Funds, linked to business volume and staff strength, have resulted in substantial under-utilisation of the amount that could otherwise be made available for employee / retiree welfare. The situation has become even more significant in the post-merger environment, considering the substantial increase in the profitability and business volume of Public Sector Banks (PSBs).

Based on aggregate Net Profit of approximately ₹1.98 lakh crore for FY 2025-26, the 3% norm would indicate an amount of around ₹5,948 crore. However, the actual transfer to Welfare Funds was reportedly very low at ₹845 crore, primarily due to the caps stipulated by the Department of Financial Services (DFS) as under:

PUBLIC SECTOR BANKS OPERATING & NET PROFIT 2025-2026					
					(Rs. In Crores)
PSBs	OPERATING PROFIT	NET PROFIT	WELFARE FUND 3% NET PROFIT without cap	STAFF WELFARE FUND 3% with cap	DIFFE-RENCE
State Bank of India	123015	80032	2401	250	2151
Bank of Baroda	32259	20021	601	90	511
Bank of India	17049	10527	316	60	256
Bank of Maharashtra	10826	7020	211	15	196
Canara Bank	33019	19187	576	90	486
Central Bank of India	8479	4369	131	35	96
Indian Bank	19916	12156	365	50	315
Indian Overseas Bk	10026	5208	156	25	131
Punjab & Sind Bank	2182	1322	40	15	25
Punjab Ntnl. Bank	29290	16901	507	100	407
UCO Bank	6429	2768	83	25	58
Union Bank of India	28620	18698	561	90	471
TOTAL PSBs	**3,21,110**	**1,98,209**	**5,948**	**845**	**5,103**

If the present caps are removed or substantially enhanced, the additional funds available could be effectively utilised for various welfare measures. Most importantly, this could provide a viable avenue for meeting the premium of the Base Policy under the IBA Group Medical Insurance Policy (GMIP), either fully or substantially, thereby making the scheme more affordable and inclusive for all bank retirees. We feel that a representation to IBA and DFS on this important issue could help in bringing the matter to the attention for proper consideration.

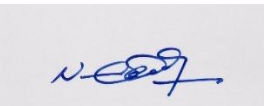
We therefore request AIBRF to kindly take up the matter with IBA and DFS, seeking:

- ***Removal of the existing caps on transfer to Staff Welfare Funds or, at the minimum, substantial enhancement of the prescribed limits.***
- ***Full utilisation of the permissible 3% Welfare Fund allocation for the welfare of serving and retired employees.***
- ***Considering the Base Policy premium under IBA GMIP from Staff Welfare Funds, either fully or substantially.***
- ***Review of the Staff Welfare Fund norms in the post-merger environment, taking into account the substantially increased profitability and business volume of PSBs.***

This issue assumes particular importance at a time when retired employees are facing a steep rise in medical expenses and health insurance premiums. Effective utilisation of Staff Welfare Funds could provide meaningful and sustainable relief to the bank retirees without causing an additional financial burden on individual pensioners.

We sincerely hope that AIBRF will consider taking up this matter with IBA and DFS at the appropriate level. ABREA would be pleased to extend all possible assistance and provide relevant data in support of such a representation.

Thanks & Regards,



(N S N REDDY)
GENERAL SECRETARY