



# ALL INDIA BANK PENSIONERS' & RETIREES' CONFEDERATION



**( A.I.B.P.A.R.C.)**  
**C/O BANK OF INDIA OFFICERS' ASSOCIATION**  
**(EASTERN INDIA BRANCHES)**  
**BANK OF INDIA, KOLKATA MAIN BRANCH**  
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**Circular No.69/18**

12.08.2018

**(For circulation among all the members of the Managing Committee as well as the Governing Council of AIBPARC, Special Invitees, State Secretaries and Advisors of AIBPARC.)**

Dear Comrade,

Sub : (1) **Effective Date of Amendment to Payment of Gratuity Act 1972**  
**Enhancement of Limit from Rs. 10 lakhs to Rs. 20 lakhs**

(2) **Request to exempt Medical Insurance Premium for Senior Citizens from GST**

We reproduce hereunder the text of circulars dated 10.08.2018 issued by conveners of CBPRO and GS of AIBRF on the above noted subjects. This is for information of members.

With best wishes,

( SUPRITA SARKAR )  
GENERAL SECRETARY

**QUOTE – (1)**

Dated: 10.08.2018

Shri Santosh Kumar Gangwar  
Hon'ble Minister  
Ministry of Labour & Employment  
Government of India  
Shram Shakti Bhawan  
New Delhi

Hon'ble Sir,

We refer to our letters dated 05.04.2018 and 16.07.2018 wherein we had requested your Good-self to modify the effective date of enhancement of Gratuity from Rs. 10 lakhs to Rs. 20 Lakhs to 01.01.2016 instead of 29.03.2018. As submitted in our letter dated 16.07.2018, the Ministry of Labour & Employment has given clarification on the effective date of the payment of Gratuity (Amendment) Act 2018 vide letter no. S-42015/02/2018-SS-II dated 28.06.2018 in response to an on-line RTI Query raised by Shri R. Padmanabhan of Bangalore. While replying to RTI Query, the Ministry of Labour & Employment is reported to have enclosed a note FTS No. 299879/2018/LS of Ministry of Law & Justice, Department of Legal Affairs.

Ministry of Law and Justice has opined that the enhancement of Gratuity and its admissibility, eligibility from particular date are issues relating to social beneficial legislation and are to be construed liberally. According to parity (for Quantum and as well as date of eligibility) for the employees governed by the Payment of Gratuity Act 1972 vis a vis Central Government Employees has rationale and reasonable nexus and hence the Ministry of Law and Justice opined that there was no legal objection if said parity is favourably considered by the Ministry of Labour and Employment.

A perusal of the note dated 23.03.2018 (FTS No. 299879/2018/LS) of Ministry of Law and Justice, Department of Legal Affairs reveals the following:

The Government had intended for parity for quantum of amount of Gratuity for the employees governed by Payment of Gratuity Act with Central Government employees.

Central Government is also empowered to notify the parity in terms of Gratuity amount for these employees both from prospective and or retrospective effect.

Hon'ble Supreme Court in case of Bharat Singh 1986 (2) SCC 614 held that it is a settled principle of interpretation that inhibition of the rule against retrospective construction may be applied with less insistence.

Enhancement of Gratuity and its admissibility eligibility from particular date are issues relating to social beneficial legislation and are to be construed liberally.

Accordingly parity for quantum as well as effective date for employees governed by Payment of Gratuity Act 1972 vis a vis Central Government employees have rationale and reasonable nexus. Hence there appears to be no legal objection if said parity is allowed by Ministry of Labour & Employment.

Sir, you will appreciate that the enhancement of Gratuity from Rs. 10 Lakhs to Rs. 20 Lakhs for Central Government Employees was recommended by the Central Pay Commission, justifying such increase in view of the fall in purchasing power due to inflationary trend. It is submitted that inflation hurts all citizens in equal measure as it does the Central Government Employees. This lends credence and justification to our request for restoration of parity in the effective date also.

In view of the above clarifications a kind consideration of our request to allow retrospective effect to the enhanced quantum of Gratuity w.e.f. 01.01.2016 instead of 29.03.2018 shall go a long way to uphold the principles of equity and fairness. It will also be in conformity with principle laid down by Hon'ble Supreme Court in case of Bhagat Singh 1986 (2) SCC 06.01.2004

We therefore request your Good-self to consider our request favourably by modifying the effective date of enhancement of Gratuity amount from 01.01.2016 instead of 29.03.2018 and render justice.

With regards

Yours faithfully



(A.Ramesh Babu)  
Joint Conveners, CBPRO



(K.V. Acharya)  
Joint Conveners, CBPRO



(S.C. Jain)  
General Secretary, AIBRF

**QUOTE - (2)**

Dated: 10.08.2018

The Chairman,  
Goods and Service Tax Council,  
5<sup>th</sup> Floor, Tower II,  
Jeevan Bharati Building,  
Janpath,  
New Delhi 110001

Respected Sir,

We wish to introduce both the above organisations as the Representative Bodies of all the Bank Pensioners and Retirees numbering about six lakhs including those of State Bank of India. The Bank Pensioners and Retirees were extended the facility of Group Medical insurance by Indian Banks' Association through United India Insurance Company in the year 2015. The Medical Insurance Policy was renewed w.e.f 01.11.2016 when GST was not introduced. However the next renewal w.e.f. 01.11.2017 was done subsequent to the introduction of GST from 01.07.2017. Accordingly the Medical Insurance Premium for the period 01.11.2017 to 31.10.2018 was subjected to GST @ 18%.

We have been appreciative of the initiative of the Government of India for having envisaged a National Level Health Care Scheme as announced in the Union Budget for the current year by the Hon'ble Finance Minister. We also take this opportunity to congratulate the Government for the proposed launch of the scheme on 15<sup>th</sup> August, 2018. With such emphasis by the Government on Health Care of the people of the country, it is our fair and reasonable expectation that the Group medical Insurance Scheme for the Senior citizens of Banking Industry is made attractive and affordable by exempting the amount of premium from the applicability of 18% GST.

We also wish to mention here that the amount of GST for a Medical Insurance cover of Rs. 9 Lakhs comes to Rs. 19,848 as the insurance premium for ensuing renewal w.e.f from 01.11.2018 have been steeply increased by United India Insurance Company. We would also like to submit that our members draw Pension even as low as Rs. 4,000/- per month in case of Family Pensioners which would render their affordability to pay a premium of Rs. 95,548/- (including GST) completely out of bounds. The poor Senior Citizens shall thus be driven out of the IBA's Medical Insurance Scheme which was introduced in the year 2015 after protracted discussions and negotiations on the advice of Department of Finance Services, Ministry of Finance vide their letter No. F14/7/92-IR(Vol. II) dated 24.02.2012 addressed to IBA.

A kind consideration to our request to exempt Medical Insurance Scheme premium in case of Senior Citizens from GST shall partially mitigate the hardship and financial burden imposed on our members. It will also be a very special gesture of the Government of India towards better Health Care of the Senior Citizens in furtherance of the avowed agenda of the Government.

We also request you to kindly exempt GST on Hospitalisation Bill of Senior Citizens as otherwise it eats away a good portion of the Medical Insurance Amount in paying GST alone.

In view of the foregoing submissions, we earnestly request your Good-self to consider our request sympathetically and exempt the Medical Insurance Premium of Senior Citizens from applicability of GST and oblige the larger constituency.

With regards


Yours faithfully



(A.Ramesh Babu)  
Joint Conveners, CBPRO



(K.V. Acharya)  
Joint Conveners, CBPRO



(S.C. Jain)  
General Secretary, AIBRF