



FEDERAL BANK RETIRED OFFICERS' FORUM (FBROF)

Registered under the Travancore Cochin Literary, Scientific and Charitable Societies Registration Act 1955 (1)
No.ER.702/2009



(An Organizational Wing of Federal Bank Officers' Association)

(Affiliated to All India Bank Pensioners and Retirees Confederation - AIBPARC)

Regd Office: FBOA Centre, FBOA Road, Aluva – 683101 Email: fbrofmail@gmail.com

President : 94476 61680 General Secretary : 9447359232 Office Tel: 0484-2628046

E circular 19/2018-20

3rd October 2020

Renewal of Medical Insurance Policy

The renewal of Medical Insurance Policy for Retirees is always a matter of great anxiety and concern for every bank retiree. As it is getting due for renewal shortly the matter is being followed up earnestly at the national level by AIBPARC and with our bank by FBROF. As already informed through the circulars, this year the policy is issued by M/s National Insurance Co. The vigorous follow up by both AIBPARC and CBPRO, the past trend of enhancing enormously the premium every year has been effectively arrested this year and at least, though namesake, a reduction in the premium is ensured contrary to the past bitter experiences. It is also gathered that the AIBPARC is still following up the matter of reduction of GST at least to a certain extent and also for multiple slab to suit the affordability. It is very much heartening that our longstanding demand for prorata premium to the surviving spouses is being considered very favorably and we expect a decision conceding this demand shortly which we hope will lessen the financial burden of the ill-fated surviving spouses considerably. Administrative circular covering all these favorable aspects is learned to be on the anvil.

At our Bank level we are also following up the issue actively. Though we still continue our claim for 100% subsidy from the Bank, we have requested the Bank that the generosity shown by the Bank @ 70% subsidy in the past may be ensured with a positive approach. We have appealed Sri Shyam Srinivasan, MD&CEO of our Bank to take a very lenient attitude favouring the aged former Federals in one of the most important aspect of their retired life ie the Medical cover. The letter submitted to him in this regard is attached for the information of our members.

Quote

FBROF/MGMT/16/ 2018-20

15th Sept 2020

Shri.Shyam Srinivasan,
M D & C E O, Federal Bank
Regd. Office, ALUVA

Dear Sir,

Reg: Medical insurance policy for the period 2020-21; bearing of the full policy premium by Bank

It has been gathered that the modalities of the Medical Insurance Policy for the Retirees under IBA scheme for the period 2020-21 are getting finalized soon.

We recollect with a high sense of gratitude the farsighted 'Fed Care' scheme formulated under your warm feelings of empathy towards the aged Federals who were once the part of this great institution. And we firmly believe that this novel scheme designed by our Bank under your guidance can be described as the forerunner of the present IBA scheme with a pan India profile. Realising the hardships of the Retirees in sparing the whole / a lion's share from their old age monthly pension for the medical insurance cover which is the most inevitable social security after the pension for any retiree at his old age, our Bank has been kind enough to follow a sharing

pattern of 70:30; we acknowledge whole heartedly that such a sharing of 70% of the premium was introduced in our Bank out of the magnanimity of your good selves towards the old Federals and the Bank's concern for its former employees. But these old Federals were much pained when the Bank unfortunately restricted this 70 % to the basic policy premium excluding the GST when it came in to force a couple of years back.

As you are kindly aware now the current premium has grown multiple wise throwing the Retirees out of gear; the renewal of the policy with such a huge premium has now turned into a dreadful nightmare to them. The premium imposed of late are too heavy due to the sad fact that for many of the Retirees the premium is more than their entire monthly pension; even for others once the premium is paid, then for at least a few months there on they find it very difficult even to meet the both ends together.

Under such a very pitiable situation the only consolation and hope for the Federal Retirees are the concern and consideration the Bank and its authorities always show under your inspiring and motivating leadership to the past generation of Federals and the high regards shown to the former Federals by your good offices ever since you have taken the reigns of this Bank.

Sir, hoping and trusting upon your warm 'Fedcare' attitude shown to the Federal Retirees always, both in letter and spirit, and in words and deeds as well, we fervently request your good self to kindly explore the possibilities of the Bank to empathetically bear the full premium of the forthcoming renewal of the Medical Insurance Policy appreciating the agony and the dilemma of the Pensioners when a very high premium amount is thrust upon them mercilessly.

Anticipating a favourable disposal of our request I remain.

With respectful regards

Yours Faithfully

Sd/-

K T Thomachan, General Secretary

Unquote

Federal Bank Officers Medical Welfare Fund:

Exploring the Membership Possibilities Continues.

As we have pointed out in our Area meetings earlier the ultimate remedy for the nightmare of the heavy premium of Medical Insurance every year lies in the possibility of continuing the membership in the Federal Bank Officers Medical Welfare Fund to which we had been contributing monthly till our last day in the Bank. Though the Bank is also very positive and favour the Retirees' continued membership in the said Welfare Fund, unfortunately the prevailing provisions in the Income Tax Act does not permit the former employees to be the beneficiaries of such Funds. The only way out is an amendment of Income Tax Act by the Government of India which is indeed an uphill task as far as we Retirees are concerned. Despite our limitations we are actively exploring the different options and resort to various strategies to get this dream realised. We have already submitted our formal representation to Smt Nirmala Sitharaman, the Union Finance Minister well ahead of her presenting the Budget next year, well explaining the various plus points such as there is no income leakage to the Government, a blessing to a huge number of senior citizens across the country who are former employees of all such Corporates which have similar Welfare Funds etc. The matter is being followed up by us hopefully. A few of our functionaries including those from outside Kerala are also exploring the possibilities through their own channels along with the efforts of the central office. We have requested the Bank authorities also to try in their way to promote our cause in this connection. The letter addressed to the Union Finance Minister is also attached herewith.

Quote

FBROF/Medi Fund/ FM - / 2018-20

8TH September 2020

To

Smt. Nirmala Sitharaman
Hon'ble Minister for Finance and Corporate Affairs
Govt. of India
A-Wing, SasthriBhawan, Rajendra Prasad Road
New Delhi -110001

Respected Madam,

Namaskar.

Sub: **Section 10 (23AAA) of the Income Tax Act 1961**- Request for an Amendment of the Clause to include the former (employee) members of the Medical Welfare Fund/Trust in various Companies as beneficiaries of such Welfare Funds/Trust.

While sharing the current concern of the entire human race on the sudden outbreak of COVID 19 and its fast spread all over the Globe, let us, at the very outset, put on record our deep appreciation for the strong measures and imaginative steps taken by the Government of India with farsighted perspectives to contain the pandemic effectively in our Sub-continent, along with building a strong infrastructure to face the threat. As a result, considering the population of India, the number of seriously affected patients and casualties are in fact negligible in comparison to the worst affected and even developed countries in the world.

In fact the hefty financial reliefs and the generous economic packages announced by your good offices were a great solace to the affected millions in particular and a boost to the public in general. We salute the administrative far-sightedness and the economic vision displayed by the Union Government to face this unexpected crisis and to infuse confidence and courage in the Indian populace. We pray and wish that all your efforts to counter this pandemic and its aftermath yield desired results at the earliest.

We have been trying to draw the kind attention of your good self and the Government during the last few years pertaining to an important issue of Senior citizens of the country as referred above. We are enclosing copies of our appeals dated 17/6/2019 & 28/12/2019 submitted to you, for your ready reference.

As you may be getting busy soon for preparing India's next budget for FY 2021-'22 and for drafting necessary amendments to the Finance Act, I, as General Secretary of Federal Bank Retired Officers' Forum (FBROF) representing thousands of senior citizens, may kindly be permitted to bring to your urgent notice a very serious anomaly in the present Income Tax provisions affecting the lives of millions of senior citizens of the country.

1. Section 10 (23AAA) of the Income Tax Act enables formation of Trusts/Welfare Funds to cater to the needs of employees' medical treatment with ease. The employees are the members of the Trust/Fund and they have to make regular contributions to the Trust/Fund. The funds thus mobilized have helped millions of employees for meeting their hospital bills; we do gratefully recollect that this innovative provision was the contribution of the Vajpayee Government of the NDA in the early 2000s to encourage many companies/employers to create such funds through the subscription of the employees to provide for their own medical needs. The Employers could play 'Good Samaritans' without any or with negligible financial outlay from their coffers. True to the vision behind the introduction of this Section 10 (23 AAA) by the then NDA Government, such funds were later proved to be a unique source of help and a great relief to the employees and to the Managements in meeting the medical expenses of the employees.

2. However, the sad fact is that this benefit suddenly stops, when the employee retires or ceases to be on the rolls of the Company. This is because Section 10 (23AAA) of IT Act restricts such benefits to serving employees only. This, though not envisaged at the time of enactment, is creating a very deplorable situation as below:
- i. Even though the employee had been making regular contributions till his retirement day,
 - ii. Even though the employee is willing to continue his contributions further,
 - iii. Even though the employee has defacto ownership in the corpus of the Trust/Fund through his contributions made till his retirement/ cessation,

But, the employee has no legal right thereafter to claim medical benefits from the Fund/Trust because this section of Income tax Act does not permit dispensation of such benefits to the former members of the Fund/Trust.

3. As your good selves are well aware, the medical expenses naturally shoot up after one's retirement. Though the Government is trying to help the senior citizens through several welfare schemes, a permission to retired employees to continue membership in such welfare Funds/Trusts alone will give millions great help and relief during the sunset hours of their lives.
4. Granting permission to retired employees to continue the membership in Welfare Fund/Trust to enable them to avail medical benefits **shall not cause any additional burden to the Government exchequer nor will it affect inflow of revenue to the Government; it will not be burden to the employers or the Trusts/Funds as well.**
5. Instead, such an amendment will go a long way in helping a lot many of senior citizens across the country who gave years of their productive life for the service of the nation and for the economic growth of our country through the institutions, which employed them.

In fact if this amendment is brought out, it will help making millions of senior citizens of the country 'Atmanirbhar"/self-dependent to a great extent, as per the inspiring vision of the Hon'ble Prime minister.

Therefore, may I request that section 10 (23AAA) of IT Act 1961 may kindly be amended to include retired/former employees too who have been contributing to the Fund/Trust while in employment and who will contribute their share further to enjoy the benefits of the Fund/Trust.

Before concluding this submission, I take this opportunity to wish all success to the ensuing Budget towards ensuring prosperity to the Economy and to enable India combat gloriously the adverse effects of the pandemic.

In anticipation of a sympathetic approach and a favourable disposal from your good selves may I remain.

With high sentiments of esteem

Yours faithfully

Sd/-

K T Thomachan General Secretary

Encl: Our earlier requests dated 17.06.2019 and 28.12.2019

CC to:

1. Chairman, Central Board of Direct Taxes, North Block, New Delhi -1
2. Finance Secretary, Ministry of Finance, North Block, New Delhi – 1
3. Revenue Secretary, Ministry of Finance, North Block, New Delhi – 1
4. Member (Legislation), Central Board of Direct Taxes, North Block, NewDelhi – 1

Unquote

Yours faithfully

Sd/-

K T Thomachan
General Secretary