

F. NO. 14 / 7 / 92-IR (Vol-II)
Government of India
Ministry of Finance
Department of Financial Services

Jeevan Deep Building,
Parliament Street, New Delhi-110001
Dated the 24, February, 2012

To
Shri K. Unnikrishnan,
Deputy Chief Executive,
Indian Banks' Association,
Mumbai

Subject:-Staff Welfare Funds in Public Sector Banks

Sir,

The matter of revising norms for the Staff Welfare Fund in Public Sector Banks has been examined in this Department in light of the recommendations made by the Khandelwal Committee. It has been accordingly decided to raise the maximum ceiling for Staff Welfare Fund as under subject to cap of 3% of net profit:

Category	Maximum ceiling per year
State Bank of India	Rs.100 crores
PSBs with business mix of over Rs. 300,000 crores and employee strength above 30,000	Rs. 25 crores
PSBs with business mix of over 150,000 crores to Rs.300,000 crores and employee strength of 20,000 to 30,000	Rs. 20 crores
Other PSBs	Rs. 15 crores

(For the purpose of calculation the average of business figures for the previous two years may be reckoned)

2. It is further stipulated, that:

- (i) No cash payments shall be made to employees except for medical and educational purposes.
 - (ii) Banks may consider the option of Group Insurance Policies for both serving and retired employees instead of direct payment of benefit from the Fund.
3. Each year the Banks may devise a Scheme for apportionment of funds with the prior approval of their Board of Directors, as per specific needs of the Bank.
4. It is requested that IBA may take appropriate steps to inform all concerned Banks accordingly.

Yours faithfully,
Sd. Manish Kumar
Under Secretary to the Government of India