

**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- Regarding.**

Sir,

The Matter of revising norms for the Staff Welfare Funds 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 Funds 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,*

*S/d*

*(Manish Kumar)*

*Under Secretary to the Government of India.*

*Copy to:-*

*The Deputy Managing Director & Corporate Development Officer, State Bank of India, Central Office, Mumbai w.r.t. letter No. HR:IR:SPL:361 dated the 17th September, 2011 for information please.*