

PDL. 451(N)
5,000

REPORT
OF THE
STUDY GROUP FOR
BANKING INDUSTRY



NATIONAL COMMISSION ON LABOUR

Printed in India By M/s Samrat Press, Delhi in 1968
Published by Manager of Publications, Civil Lines, Delhi-6.

Price { Inland : Rs. 0.65 P.
Foreign : 1 Sh.7 d. or 24 Cents.

PDL. 451(N)
5,000

STUDY GROUP FOR BANKING INDUSTRY



NATIONAL COMMISSION ON LABOUR

Printed in India By M/s Samrat Press, Delhi in 1968.
Published by Manager of Publications, Civil Lines, Delhi-6.

Price { Inland : Rs. 0.65 P.
Foreign : 1 Sh.7 d. or 24 Cents.

FOREWORD

The National Commission on Labour appointed the Study Group for the Banking Industry in its attempt to understand the changes in conditions of labour in that industry since Independence. This was one of the series of Study Groups set up for different industries. The Group was required to analyse available information and project its thinking on labour problems in the Banking Industry for the years to come taking into account the possible developments in the industry.

The views expressed in the report are the views of the Study Group. In examining them for framing its final recommendations, the Commission will attach due importance to these views coming as they do from knowledgeable persons in the Banking Industry. In the meanwhile, the report is being published by the Commission with a view to seeking comments on it from persons/institutions interested in the development of that industry.

The Commission is grateful to the Chairman and Members of the Study Group individually for completing their work within the time-limit fixed for them. The Commission is also grateful to all persons/institutions who may have helped the Study Group in reaching conclusions.

P.B. Gajendragadkar
Chairman

National Commission on Labour
D-27, South Extension, Part II,
New Delhi-3.

MEMBERS

1. Shri B.N. Adarkar,
Deputy Governor,
Reserve Bank of India,
Bombay. Chairman
2. Shri S.K. Datta,
Chief Officer (Personnel),
State Bank of India,
Central Office,
Bombay. Member
3. Shri V.C. Patel,
Chairman,
Central Bank of India Ltd.,
Mahatma Gandhi Road,
Bombay. Member
4. Mr. George Savage,
Manager,
National & Grindlays Bank Ltd.,
Mint Road,
Bombay. Member
5. Shri Prabhat Kar,
General Secretary,
All-India Bank Employees' Association,
710 Ballimaran,
Chandni Chowk,
Delhi-6. Member
6. Shri V.N. Sekhri,
General Secretary,
All-India Bank Employees' Federation,
26/104, Birhana Road,
Kanpur-1. Member
7. Shri M.L. Majumder,
President,
All-India State Bank of India Staff Federation,
13, Crooked Lane,
Calcutta. Member

8. **Shri A. Raman,**
Director (Banking),
Economic Department,
Reserve Bank of India,
Bombay. **Member-Secretary**

6. **Shri Philip Thomas,**
Deputy Director (Banking),
Economic Department,
Reserve Bank of India,
Bombay. **Associate-Secretary**

C O N T E N T S

<i>Chapter</i>		<i>Pages</i>
I	Introductory	1
II	The Banking Industry	4
III	Industrial Relations in the Banking Industry—Historical Background	9
IV	Industrial Relations	16
	Appendix to Chapter IV— State Bank of India Grievance Procedure	26
V	Recognition of Unions	31
VI	Working Conditions, Hours of Work and Overtime	46
VII	Recruitment and Promotions ...	47

A N N E X U R E S

(A)	A Note by Shri V.C. Patel and Mr. George Savage, Members of the Study Group	51
(B)	A Note by Shri V.N. Sekhri, Member of the Study Group	58

INTRODUCTORY

1.1 On December 24, 1966, the Government of India set up a National Commission on Labour under the Chairmanship of Shri P.B. Gajendragadkar to review the changes in the conditions of labour since Independence and to make recommendations, *inter alia*, on the levels of workers' earnings, standard of living, social security, labour legislation and existing arrangements for labour intelligence, etc. In view of the comprehensive nature of the enquiry and the need for receiving the benefit of the expertise available within the country on the various aspects of the Commission's terms of reference, the National Labour Commission set up a large number of expert study groups, which were expected to draw upon the relevant material on the whole area of the Commission's enquiry in the concerned industry and project their thinking on labour problems in the industry in the years to come.

1.2 By Government of India Resolution No. 3(44)/67 NCL dated November 24, 1967, the National Commission on Labour appointed the following persons to constitute the Study Group for Banking Industry, with headquarters in Bombay.

1. Shri B.N. Adarkar, Chairman
Deputy Governor,
Reserve Bank of India,
Bombay.
2. Shri S.K. Datta, Member
Chief Officer (Personnel),
State Bank of India,
Central Office,
Bombay.
3. Shri V.C. Patel, Member
Chairman,
The Central Bank of India Ltd.,
Mahatma Gandhi Road, Bombay.

- | | | |
|----|---|--------|
| 4. | Mr. A.A. Norrie,
Manager,
The Chartered Bank,
Post Box No. 558, Bombay-1. | Member |
| 5. | Shri Prabhat Kar,
General Secretary,
All-India Bank Employees' Association,
710, Ballimaran,
Chandni Chowk,
Delhi-6. | Member |
| 6. | Shri V.N. Sekhri,
General Secretary,
All-India Bank Employees' Federation,
26/104, Birhana Road,
Kanpur-1. | Member |

1.3 In regard to the subjects allocated to it, the Study Group was required to ascertain facts from available literature on the subject, draw conclusions and suggest solutions to the problems posed by the Group for the consideration of the Commission. While there are no specific terms of reference for its work, the Study Group was free to evolve a framework for its report and evolve its own procedures for work. But the emphasis was required to be placed on interpretation of existing data and not on collection of additional information through special surveys.

1.4 By a subsequent notification of the Government of India No. 3(44)/67-NCL dated December 5, 1967, the National Labour Commission appointed the following to the Study Group.

- | | | |
|----|--|---------------------|
| 1. | Shri A. Raman,
Director (Banking),
Economic Department,
Reserve Bank of India,
Bombay. | Member-Secretary |
| 2. | Shri Philip Thomas,
Deputy Director (Banking),
Economic Department,
Reserve Bank of India,
Bombay. | Associate-Secretary |

1.5 By Government Resolution No. 3(44)/67-NCL dated February 13, 1968, the National Labour Commission appointed, in addition, Shri M.L. Majumder, President, All-

India State Bank of India Staff Federation, 13 Crooked Lane, Calcutta, as a Member of the Study Group.

1.6 Mr. A.A. Norrie resigned his membership of the Study Group towards the close of March 1968 on his transfer out of Bombay. By Government of India Resolution No. 3(44)/67-NCL dated April 10, 1968, the National Labour Commission appointed Mr. George Savage, Manager, National & Grindlays Bank Ltd., Mint Road, Bombay, as a member in Mr. Norrie's place.

1.7 On December 12 and 13, 1967, the Member-Secretary and the Associate Secretary of the Study Group held discussions with Shri B.N. Datar, Member-Secretary of the National Labour Commission in New Delhi, regarding the scope of the Study Group's work.

The Study Group met in Bombay on the following dates between February and July 1968 : February 1 and 2, March 5 and 6, 27 and 28, June 10 to 13 and July 1 and 2, 1968.

1.8 The Study Group had the benefit of the memoranda submitted by the following organisations, among others, in response to the questionnaires issued by the National Labour Commission.

1. All-India Bank Employees' Federation,
2. All-India Bank Employees' Association,
3. Labour Secretariat of Banks in India, and
4. State Bank of India.

1.9 In the following chapters, the Study Group has framed its recommendations. The type of problems which formed the subject matter of our study are, by their very nature, complicated and controversial. The discussions in our Study Group offered us an opportunity to consider different points of view and we are happy to say that after carefully considering all these view-points in an objective manner, we have been able to produce a unanimous report, except for the chapter on recognition of unions.

Acknowledgements

1.10 The Study Group wishes to place on record its appreciation of the valuable assistance received from Shri A. Raman, Member-Secretary and Shri Philip Thomas, Associate-Secretary, and their staff.

CHAPTER II

THE BANKING INDUSTRY

2.1 The commercial banking system in India has made rapid strides in recent years both structurally and in terms of geographical coverage and is fairly well-developed to-day. The process of consolidation of the system begun by the Reserve Bank following the enactment of the Banking Regulation Act in 1949 was accelerated in 1960 when the Bank was vested with wider powers to bring about compulsory amalgamation of weak units with sound ones. Consequently, the number of commercial banks was brought down from 94 scheduled and 258 non-scheduled banks in 1960 to 73 and 20, respectively, in 1967. The operation of a scheme for insurance of bank deposits since January 1962 through a statutory body named the Deposit Insurance Corporation to provide depositors, particularly smaller depositors, a measure of protection for their savings against unforeseen losses has also helped to strengthen the industry. The Corporation provides cover against deposits upto Rs. 5,000 in respect of amounts due to any individual depositor.

2.2 Banking in India has kept pace with the development of the economy since 1951. The number of scheduled bank offices more than doubled from 2,647 at the end of 1951 to 6,816 at the end of 1967. There was, during the period, a more than four-fold growth in bank deposits from about Rs. 800 crores to around Rs. 3,750 crores, while the number of deposit accounts rose from 32 lakhs to 140 lakhs. The structure of deposits showed a significant shift in favour of fixed deposits, their share in total deposits rising from a little over a quarter to one-half with a corresponding reduction in the share of current deposits; the proportion of savings deposits rose from about a sixth to a fourth of the total. Alongside of deposit growth, credit extended by banks also recorded a rise from Rs. 581 crores in 1951 to Rs. 2,727 crores in 1967. In keeping with the growing emphasis on industrialisation a significant shift has also occurred in the composition of bank credit. Bank credit to industry, which formed only

34 percent of total credit in 1951 rose steadily to 64 per cent in March 1967. The changes in the assets pattern induced by the increasing credit demands from industry have also brought down the share of commercial advances and investments. The proportion of commercial advances has declined from about 40 per cent in 1951 to 19 per cent in 1967, while the investment-deposit ratio has suffered a reduction from 38 per cent to 27 per cent over the same period.

2.3 The large expansion in banking business indicated above made considerable demands for banking personnel. As indicated in the Table below, there has been a sizeable and continuous expansion in employment in the different categories of jobs in the industry. The total number of persons employed in commercial banks has increased from 1,17,369 in 1961 to 1,72,095 in 1966. In the Reserve Bank, the increase has been from 10,805 to 16,622 in the corresponding period.

NUMBER OF PERSONS EMPLOYED IN BANKS

	COMMERCIAL BANKS				RESERVE BANK			
	Sub-ordinates	Clerks	Officers and Others	TOTAL	Sub-ordinates	Clerks	Officers and Others	TOTAL
1961	34,150	66,756	16,463	1,17,369	2,555	7,014	1,236	10,805
1962	36,571	72,444	18,189	1,27,204	3,058	7,418	1,469	11,945
1963	39,066	77,214	19,676	1,35,956	3,278	8,096	1,683	13,057
1964	41,730	83,383	21,442	1,46,555	3,241	8,732	1,882	13,855
1965	44,915	90,018	23,682	1,58,615	3,562	9,851	2,289	15,702
1966	47,850	98,154	26,091	1,72,095	3,812	10,445	2,365	16,622

2.4 While the banking system has made appreciable progress over the last decade and half, it has still a long way to go in relation to the tasks before it. The leeway which has to be made up in respect of geographical coverage is indicated by the fact that there is in India only *one* banking office for every 75,000 of the population as against, for instance, 7,000 in the U.S.A. and 4,000 in the U.K. The absence of widespread banking habit is further brought out by the fact that bank deposits still form less than 15 per cent of national income as against say, 47 per cent in the U.S.A. and 32 per cent in the U.K. While the composition of money supply has altered in favour of bank deposits as against currency, the proportion of currency is still as high as 64 per cent, as against 20 per cent in the U.K. From the credit angle, there are significant sectors of the economy which are still outside the range of the organised banking system. The credit needs of Indian agriculture are still met to an overwhelming extent by indigenous money-lending agencies and the same holds true to a large extent, with regard to both rural and urban small industry. Scheduled commercial bank advances to agriculture forms only 2 per cent of total advances and if advances to plantations are excluded, they are even negligible at 0.2 per cent. Advances to small-scale industries have shown an increase in recent years; however, as a proportion of total scheduled bank credit, these form only about 7 per cent.

2.5 The deficiencies of the commercial banking system in these and other respects have figured of late in public discussions in the context of social objectives, such as, adequate economic growth, wider diffusion of economic power and channelling of available resources in accordance with a socially desirable order of priorities. While the Reserve Bank has, in recent years, taken various steps to assist the voluntary efforts of banks in catering to the credit needs of priority sectors like agriculture, small-scale industries and exports, it was felt that some further re-orientation was needed in banks' lending policies to ensure a more purposeful and equitable distribution of bank credit. A National Credit Council has been set up and a new system of social control over banks has been introduced through the Banking Laws (Amendment) Bill, 1967, in pursuance of these objectives.

2.6 The new responsibilities devolving upon banks under the scheme of social control would require them in the coming years to expand credit to agriculture and small industry.

Since banks are relatively new entrants into these fields, they will have to make increased provision against contingencies. At the same time, extension of banking facilities to rural and semi-urban areas with a view to mobilising deposits will initially entail higher costs.

2.7 Banking is an instrument of crucial significance in assisting economic growth and in achieving our social and economic objectives. This means heavy responsibilities for those who man the system. However, given the understanding and co-operation between the staff and the management, there is no doubt that the banking system will be able to meet this challenge and discharge its responsibilities efficiently and at the least cost to the economy.

INDUSTRIAL RELATIONS IN THE BANKING INDUSTRY

Historical Background

3.1 The problem of industrial relations in the banking industry in India came to the fore for the first time in the years immediately following the Second World War. This period was one of general industrial unrest in the country touched off by the release of the pent-up forces of war time inflation and the new air of expectancy relating to independence for the country and the formation of popular government.

3.2 The War and post-War inflation had affected adversely middle class salaried employees with fixed incomes. Such employees seeing that industrial workers organised in trade unions were able to ventilate their grievances and obtain some relief, also took to the path of trade unionism and industrial action. The bank employees set up, in 1946, a central organisation, viz., the All-India Bank Employees' Association to direct the course of their industrial action. In the Imperial Bank of India employees formed trade unions in the 'thirties and then formed their All-India Federation in the year 1947.

3.3 The labour unrest in banks was particularly pronounced in Bombay, Bengal and Uttar Pradesh. Strike notices and agitations in many banks led to the intervention of the State Governments concerned who set in motion their industrial machinery to deal with the disputes relating to banks operating in areas under their jurisdiction. The principal provincial adjudication awards in the banking industry resulting from such intervention were: (1) the Bombay Banks Award made by Shri Justice Divatia in April 1947, (2) the Award of Shri B.B. Singh, I.C.S., Labour Commissioner of the United Provinces in respect of 40 banks in U.P., made in March 1947, and (3) the Award by Shri S.K. Sen regarding the Calcutta branches of the Central Bank of India made in December 1947. There were also separate awards given during this period regarding the

Imperial Bank of India. The employees of the then Imperial Bank of India went on 46 days' strike throughout Bengal circle covering the entire eastern and northern regions. The demands of the employees for revised pay-scales and other conditions of service were adjudicated upon by Shri R. Gupta, I.C.S. The Award of Shri R. Gupta which is known as 'Gupta Award, was published in Bengal Gazette on 4th August 1947 and this Award was subsequently made applicable throughout the Imperial Bank except Bombay and Ahmedabad where Divatia Award was enforced.

3.4 As a result of these different awards there arose the problem of disparities in service conditions between banks in different provinces as well as between branches of the same bank in different places. All these tended to add to the discontent and unrest in the industry. Therefore, in April 1949, the Government of India took over the responsibility of dealing with disputes in banking industry by issuing the Industrial Disputes (Banking and Insurance Companies) Ordinance under which the provisions of the Industrial Disputes Act, 1947, were made applicable to all banks having branches in more than one State. Soon thereafter, in June 1949, the Government constituted a tribunal under the chairmanship of Shri Justice K.C. Sen, retired judge of the Bombay High Court, to adjudicate the industrial disputes in banking companies.

3.5 The Sen Tribunal made its award on 31st July 1950 covering the various items in dispute such as pay scales, dearness allowances, special allowances, house rent allowances, bonus, provident fund, gratuity, other retirement benefits, leave, hours of work, overtime work and payment, medical aid, recruitment and promotion. But some of the banks challenged this award before the Supreme Court, and in April 1951, the Supreme Court declared the award void on a technical point concerning the composition of the tribunal without dealing with any question relating to the merits of any matter dealt with in the Award.

3.6 Following the annulment of the Sen Award and the failure to secure a settlement through conciliation, the Government of India passed a temporary Act freezing the scales of pay and rates of allowances awarded by the Sen Tribunal and appointed in July 1951 an Industrial Tribunal with Shri H.V. Divatia, a retired Judge of the Bombay High Court, as Chairman and two other members. But owing to resignations of the Chairman and the members, this tribunal

had soon to be dissolved. In January 1952, therefore, the Government appointed another tribunal with Shri Justice Panchapagesa Sastry as Chairman. The Sastry Award was published in April 1953, covering in all 129 banks (Reserve Bank was not included) in respect of 34 different items in dispute relating to wages and service conditions. The Award however left both the parties dissatisfied who preferred appeals against it before the Labour Appellate Tribunal (L.A.T.). A special bench of the L.A.T., presided over by Shri Justice F. Jeejeebhoy constituted to determine the appeals, made its decision in April 1954. The Labour Appellate Tribunal's decision which awarded additional benefits to labour aroused serious opposition from bankers who contended that the additional costs would impose a burden beyond the paying capacity of the banks and force the closure of many banks. In order to consider the matter more objectively, the Government requested the Reserve Bank of India to conduct a rapid survey of the likely effects of the L.A.T. decision on the working of a sample of banks.

3.7 The Government came to the conclusion that it would be inexpedient in public interest to give effect to the whole of the decision of the L.A.T. and by an Order dated 24th August 1954, the Government modified the L.A.T. decision in certain respects.

3.8 This intervention by the Government to modify the L.A.T. decision provoked the bank employees to resort to widespread agitations including strikes in all banks all over India except the Reserve Bank and the matter was also raised in Parliament. The Government was obliged to appoint on 17th September 1954, a one-man Commission under Shri Justice G S. Rajadhyaksha to enquire into the likely effects of both the L.A.T. decision without modifications and the decision as modified, and to make recommendations. Due to the untimely death of Shri Justice Rajadhyaksha, the Commission was reconstituted on 7th March 1955 with Shri Justice P.B. Gajendragadkar as Chairman. The Commission made a detailed study of the issues involved and expeditiously submitted its report on 25th July 1955.

3.9 The recommendations of the Bank Award Commission were embodied by the Government in the Industrial Disputes (Banking Companies) Decision Act, 1955. The Act enforced the Sastry award as modified by the L.A.T. decision and as further amended by the Bank Award Commission.

Since so much time and cost was involved in making the award, the Government enacted this piece of legislation to enforce the award for a longer period than would otherwise have been permissible. The Award was kept valid till 31st March 1959.

3.10 While the modified Sastry Award was in force, the bank workers renewed their demands in the light of the Need-based Minimum Wage formula adopted at the 15th Session of the Tripartite Indian Labour Conference held in 1957. The new demands were also based on the rise in the cost of living during the period of the Award. Further, there was an amendment in the definition of 'workman' under Section 2 (S) of the Industrial Disputes Act, 1947, so as to cover supervisory staff drawing a salary upto Rs. 500 per month. This raised the question of enlarging the scope of the Bank Award to cover certain supervisory category of employees.

3.11 On the expiry of the term of the modified Sastry Award, the All-India Bank Employees' Association and the newly formed All-India Bank Employees' Federation served notices of termination of the Award in April 1959. Fresh charters of demands were submitted by these organisations and other smaller trade unions in the industry. The All India State Bank of India Staff Federation presented its charter of demands and later gave notice of strike on 1st February 1960, as the negotiations carried on since October 1958 had failed. Nor could there be any recourse to voluntary arbitration. A strike at the call of the Federation continued for 21 days from 4th March 1960. The Government, however, declared the strike illegal as the dispute was referred to a tribunal (Desai Tribunal). The State Bank strike marked the beginning of a general strike in banks all over the country in sympathy with the State Bank employees as well as in support of the demands of other bank workers' unions.

3.12 Under the provisions of the Industrial Disputes Act, a National Industrial Tribunal presided over by Shri Justice K.T. Desai to hear the bank dispute, was constituted in March 1960. The reference to this Tribunal covered 84 banks and included 22 items in dispute. By a separate reference on the same date, the Government referred to the Tribunal the dispute between the Reserve Bank of India and its workmen staff. Thus for the first time the Reserve Bank

became a party to adjudication proceedings before an industrial Tribunal. On earlier occasions the Reserve Bank had negotiated with its staff and adjusted the pay scales and conditions of service on the lines of the revisions granted by awards governing the commercial banks.

3.13 By a further reference dated 22nd September 1960, the Government referred the question of bonus relating to the Commercial Banks (except State Bank of India and its subsidiaries) to the Desai Tribunal.

3.14 The Tribunal gave two awards dated 13th June 1962 and 7th August 1962, relating respectively to the main items of dispute and the bonus question, in the case of commercial banks. By a third award dated 22nd September 1962, it disposed of the reference relating to the Reserve Bank.

3.15 The Award of the Desai Tribunal in respect of commercial banks was kept in force till July 1965 and that in respect of the Reserve Bank till October 1965 by extension orders issued by the Government from time to time, on the ground that conditions had not materially changed to justify a revision and that all-India awards should normally be kept in force for relatively long periods in view of the labour and cost involved in making such awards.

3.16 The bank employees organisations made representations to the Government in 1964 against any further extension of the Desai Award on grounds that it suffered from several anomalies. In May 1964, the AIBEF urged the Government to constitute a Wage Board and not to extend the term of the Desai Award. However, the Desai Award had to be extended in July 1965 by another year. To protest against the extension of the Desai Award, the All India Bank Employees' Association called a country-wide agitation in August 1964. The Government invited the parties to discuss matters even though the award had been already extended. The Chief Labour Commissioner continued his efforts to bring the parties together and help them reaching a settlement.

3.17 Two ad-hoc settlements were reached over some of the issues as a result of these tripartite talks on condition that workmen would not resort to any further agitation and the ad-hoc settlements would be followed by a long-term package agreement on all the issues which included a

evance procedure and a procedure for taking action against misconduct, besides matters relating to workers' interests such as wages, recruitment and promotion.

3.18 After protracted tripartite and bipartite talks extending over two years' period, an extensive settlement covering all the issues in dispute was reached on 19th October 1966 between the two principal all-India organisations each of the bank employees and bank managements. The Indian Banks' Association and Bombay Exchange Banks' Association represented the banks, while the All India Bank Employees' Association and All India Bank Employees' Federation represented the workers at the bipartite talks preceding the agreement. The National Organization of Bank Workers also became a party to the settlement later on. The settlement is binding on the parties for three years from 1st January 1966 to 31st December 1968. The settlement covers about 80,000 workmen employed in almost all commercial (excluding State Bank of India) and foreign exchange banks and the subsidiaries of the State Bank of India.

3.19 However, the implementation of the agreement has been confronted with problems. Since many of the organisations and banks were not impleaded as parties to the bipartite talks, considerable difficulties were to be encountered in making the settlement acceptable to all the parties. It necessitated further conciliatory efforts to make the agreement applicable to the remaining trade unions and banks. This process has been very much complicated, due to multiplicity and rivalry in trade unions and sometimes by competition in banks themselves.

3.20 As regards the State Bank of India, on the expiry of the Desai Award in July 1965, the scales of pay of the workmen employees of the Bank were revised with effect from August 1, 1965, on the basis of a voluntary agreement between the Bank and the Staff Federation. This was followed by bipartite negotiations between the parties to consider the demands of the workmen in the matter of pay, allowances and other conditions of service. The negotiations resulted in two agreements dated March 31, 1967, and July 29, 1967, the terms entered into being similar to those in the settlement of October 19, 1966, between the other commercial banks and their workmen.

3.21 In the case of the Reserve Bank of India, the Bank and its workmen staff in category IV, i.e. the subordinate

staff, found it possible on the expiry of the Desai Award, to enter into negotiations and arrive at a settlement on wages. The settlement was arrived at on 7th February 1967. The period of currency of the settlement is 3 years from 1st January 1966 to 31st December 1968. The settlement gave an increase of approximately 11 per cent in wages.

3.22 As regards the clerical staff, the All-India Reserve Bank Employees' Association presented a charter of demands to the Bank in November 1965. As no agreement could be reached in the negotiations which followed, both the parties agreed on 24th January 1967 to refer the matter for arbitration to Shri T.L. Venkatarama Aiyar, Retired Judge of the Supreme Court of India, under Section 10A of the Industrial Disputes Act, 1947. The Central Government accordingly notified the Agreement for arbitration in February 1967. In all, 17 items such as scales of pay and special pay, method of adjustment in scales of pay, family allowance, dearness allowance, house rent and other allowances, hours of work and overtime, confirmation of temporary workmen, procedure for termination of employment and other disciplinary action, leave, medical aid, age of retirement and retirement benefits were referred to arbitration. Two other organisations of workers, namely, the All-India Reserve Bank Workers' Organisation and the All-India Reserve Bank Karmachari Federation, who were not parties to the Arbitration Agreement, were, as provided in Section 10A(3A) of the Industrial Disputes Act, given an opportunity of presenting their case before the Arbitrator. The Arbitration proceedings started in March 1967 and ended in October 1967. The Arbitrator gave his Award in February 1968.

3.23 In terms of Section 19(3) of the Industrial Disputes Act, the Award will remain in operation for one year from 5th April 1968, but its period of operation may be extended by the Government by any period not exceeding one year at a time as it thinks fit so, however, that the total period of operation does not exceed three years from 5th April 1968.

INDUSTRIAL RELATIONS

Parties to Industrial Relations

4.1 **Workers' Organisation** : One noteworthy feature of *trade unionism* in the industry is that the unions, by and large, are not affiliated to any of the four central trade union organisations, namely, INTUC, AITUC, HMS and UTUC. As on March 1963, the latest period for which verified information relating to union affiliation is available, there were 12 unions with a membership of 3,806 and one union with a membership of 216 which were claimed as affiliated to them by INTUC and UTUC, respectively. The verified position was that there were 10 unions affiliated to INTUC with a membership of 1601 and no union affiliated to any of the other central trade union organisations.

4.2 But there are in the industry itself (excluding the State Bank of India), at present, three all-India federations of trade unions, namely, (1) All-India Bank Employees' Association (AIBEA), (2) All-India Bank Employees' Federation (AIBEF) and (3) National Organisation of Bank Workers (NOBW). AIBEA, formed in 1946, is the oldest of the three all-India organisations of bank employees, and it claims the largest membership in banks. Although AIBEF was formed in 1958, a Co-ordination Committee was functioning from 1956 to 1958 which was later converted into AIBEF. AIBEF claims to have a membership of about 40,000. NOBW is the youngest of the three all-India organisations of bank employees. Besides these three organisations, there is one more all-India body, All-India Bank Officers' Association which, has a mixed membership of non-workmen bank officers and workmen staff.

4.3 *The type of problems which arise from the existence of these rival organisations of employees in the banking industry in matters of industrial relations are best illustrated by the experience relating to the signing of the Bipartite*

Agreement in commercial banks in 1966. AIBEA and AIBEF refused to participate jointly in Bipartite and Tripartite talks during 1964-66 and signed interim agreements with the two management organisations separately. NOBW made several representations to the Chief Labour Commissioner for being included as a party at the Bipartite and Tripartite talks of 1964-66. But due to opposition from the other parties, the organisation could not be represented in the proceedings. Subsequently, it withdrew its charter of demands and accepted the Bipartite Agreement already reached in October 1966. The All-India Bank Officers' Association also insisted on representation at the talks during 1964-66, but this could not be granted due to its mixed membership.

4.4 Independent of the all-India organisations already mentioned, there are some bank-wise unions in the industry. In the Reserve Bank of India there are four unions confined to the branches of the Bank. Of these, All-India Reserve Bank Workers' Federation of Class IV employees and All-India Reserve Bank Employees' Association of Class III clerical staff, enjoy the Bank's recognition and their units are affiliated to AIBEA. The other two organizations, namely, All-India Reserve Bank Karmachari Federation and All-India Reserve Bank Workers' Organisation have sympathetic relations, respectively, with INTUC and Bharatiya Mazdoor Sangh. In the State Bank of India, there is one major organization, namely, All-India State Bank Staff Federation which claims the largest membership in the Bank, apart from six other employees' unions which operate in different centres of the Bank. Among commercial banks there are two cases of banks having unions which are not affiliated to any other all-India federations and which command a large membership in the respective banks, namely, the All-India Bank of Baroda Employees' Federation and the All-India Overseas Bank Employees' Union. There are also local unions in banks falling under the States' jurisdiction.

4.5 **Employers' Organisations :** Bank managements had two All-India organisations, namely, the Indian Banks' Association with membership of most of the commercial banks incorporated in India including the subsidiaries of the State Bank, and the Bombay Exchange Banks' Association representing foreign banks operating in India, since merged into one. There are also some independent regional bank associations such as the Northern Banks' Association. The

Reserve Bank of India and the State Bank of India are not affiliated to any regional or national associations of banks.

4.6 We referred earlier to the delays caused by the multiplicity of unions in the settlement of disputes as illustrated by the tortuous course of the talks leading to the Bipartite Settlement. The evils of multiplicity of union rivalries are well recognised in the industry. Multiplicity has permitted opportunism among employees and led to shifts in loyalties.

4.7 **The State of Industrial Relations** : Measured by such indicia as number of strikes and number of man-days lost through strikes, as well as the record of settlements through conciliation, industrial relations in banking have reached a mature stage of development. The number of strikes and man-days lost have progressively declined over the years. Strikes have generally occurred in connection with demands for fresh adjudications or settlements on the expiry of earlier awards. Thus, there was an incidence of strikes in 1959 on the expiry of the modified Sastry Award. Similarly, strikes in 1963 and 1964 were related to the extension of the Desai Award against the wishes of the employees. In the more recent period, there have been strikes to protest against Section 36-AD of the proposed Banking Laws (Amendment) Bill, 1967.

4.8 Another feature of strikes in the industry is that they are generally of short duration. An overwhelming proportion of strikes in the industry in recent years have been of not more than one day's duration. The fixation of the major conditions of service through all-India awards or agreements has obviated the need for prolonged strikes in the industry.

4.9 Although the number of disputes have remained high, well over half of these were settled without holding formal conciliation proceedings and a large proportion of the remaining ones were settled at the conciliation stage. Only a small proportion of disputes were considered fit to be referred for adjudication.

4.10 The industry has had, by and large, a satisfactory record of implementation of awards and settlements. Tables I and II below show the number of awards and the progress of their implementation and the number of settlements and mutual settlements and their implementation.

TABLE I
IMPLEMENTATION OF AWARDS IN BANKS DURING 1959-65

Year	No. of awards received during the year (including those which were pending implemen- tation at the close of the previous year)					Total	No. of awards imple- mented	No. of awards where implemen- tation was in progress at the close of the year	No. of awards not implemented		No. of cases in which prosecution against management has been made or con- templated for non-im- plementation of awards
	Under Sec. 10	Under Sec. 10-A	Under Sec. 33-A	Under Sec. 36-A	Under Sec. 6(1) of the I.D. Act (Banking Cos.) Decision Act, 1955				Due to order of stayal by the appellate court	Due to the failure of the manage- ment to respect its obli- gations	
1959-60	24	N.A.	—	1	N.A.	25	13	5	7	—	—
1960-61	27	1	7	—	1	36	27	3	6	—	—
1961	43	—	33	—	1	77	65	8	3	—	1 (award did not require implemen- tation)
1962	16	1	11	—	—	28	22	1	5	—	—
1963	18	—	8	—	—	26	20	2	3	1	1
1964	38	—	5	—	—	43	27	6	4	—	6 (Did not require implemen- tation)
1965	28	—	1	6	—	35	28	5	2	—	—

N.A.—Not available.

Source : Annual General Report on the working of the C.I.R.M.

TABLE II

Implementation of Settlements and Mutual Settlements in Banks During 1959-65

Year	No. of settlements registered with the I.R.M. (including those pending implementation from the previous year)	No. of settlements fully implemented	No. of settlements still in the course of implementation	No. of Mutual settlements registered with the I.R.M. (including those pending implementation from the previous year)	No. of Mutual Settlements fully implemented	No. of Mutual settlements still in the course of implementation
1959-60	160	137	23	13	12	1
1960-61	136	131	5	10	10	—
1961	89	87	2	14	14	—
1962	89	88	1	31	30	1
1963	119	111	8	80	75	5
1964	80	75	5	27	27	—
1965	85	72	13	72	62	—

Source : Annual General Report on the working of C.I.R.M.

4.11 However, considerable unrest still prevails in the industry on various issues. Such unrest has taken various forms and has on occasions interfered with the smooth and expeditious disposal of work. Banks have complained that in certain cases employees were found to be excusing themselves from their duties on the pretext of doing union work in spite of the fact that as a matter of long-standing practice, some union officials have been given facilities for union work by the managements.

4.12 It has been pointed out that some of the forms of unrest border on individual indiscipline and consequently called for disciplinary action. The absence of agreed procedures for resolving disputes and unwillingness on the part of either the employers or employees to accept the consequences of the agreed procedures have contributed to these problems. The question arises whether the problems can be dealt with by legislation. In our view, where there is lack of understanding between the parties, legislation by itself may be of little help. It is the understanding between the parties that would offer a real solution to problems of this nature. For this there should be a proper machinery to facilitate joint consultation on the various issues. We refer elsewhere to (paragraph 4.16) the role of joint consultation in creating a proper atmosphere for the resolution of problems arising from the lack of understanding between managements and unions.

4.13 The problem of unrest in the industry is thus, in our view, amenable to correction only through certain basic changes in the approach to industrial relations. To the extent that managements and unions are encouraged to settle matters through mutual negotiations, which may at times even result in industrial conflicts, and have regard for their mutual rights and obligations, there will emerge a more responsible attitude in both the parties and a search for developing skills in dealing with problems in a constructive manner. The suggestions made by the majority of the Study Group regarding the recognition of unions and methods for resolving disputes are guided by this approach.

4.14 **The Machinery of Industrial Relations :** The stress on compulsory adjudication, absence of legislation to resolve inter-union and intra-union disputes, paucity of direct negotiation and joint consultation in the industry, and excessive

reliance on legislation have not contributed to a healthy industrial relationship.

4.15 Industrial relations in the industry have been dominated by an unduly legalistic approach. It takes much time to get a final decision on an industrial dispute from the stage of conciliation to that of Supreme Court. The resort to lawyers and law courts has prevented the growth of healthy trade unionism and mutuality of interests between labour and management. The legalistic approach has also encouraged multiplicity of trade unions. These, in turn, have been major factors in preventing healthy relations in the industry. It is encouraging to note that there has been a change of attitude on the part of both employees and employers and efforts are being made now to settle disputes (whether in individual banks or the industry) through negotiations rather than by recourse to legal procedures and in the recent past, a number of issues have been settled through negotiations.

4.16 Collective bargaining provides a sound basis for decision-making in industrial relations since it aims at voluntary acceptance of obligations by both employers and employees. It tends to introduce regularity and orderliness into union-employer relationship. Government should encourage the employees and employers to evolve agreed procedures of collective bargaining through mutual negotiations for laying down the methods of settlement of disputes. Such agreements should be made binding by law on all employees and employers concerned as if they are awards by tribunals.

4.17 All disputes should, to the extent possible, be settled through collective bargaining. If at all a matter of dispute is required to be referred to a third party, it should be for voluntary arbitration. Adjudication on any issue should be avoided as far as possible.

4.18. With orderly and voluntary arrangements for interpretation and application of existing awards and agreements and the revision of awards or agreements on their due termination, a convention should grow where employer and employees have reached agreement upon a collective bargaining procedure, it will be incumbent upon the parties to avoid recourse to agitational approaches, until all the remedies set out in such bargain agreement are exhausted.

4.19 We are encouraged to note that there are already some signs of change for the better in some of the banks in these matters. In the State Bank, for instance, the attitudes of the union and the management are said to be undergoing significant changes. With schemes of joint consultation and bipartite discussions, the old atmosphere of distrust is said to have disappeared to a large extent and efforts are being made to achieve working harmony. Between 1964 and 1967, several agreements were concluded between the State Bank of India and the All-India State Bank Staff Federation on many major issues and service conditions without the intervention of any Governmental machinery.

4.20 Bipartite consultations can be more effective only if steps are taken simultaneously for changing the attitudes of the parties concerned by proper training and education. There is scope for improving and widening the present communication methods between the representatives of the two sides. However, arrangements for joint consultation should always be such as to win the confidence of the unions in the collective bargaining units concerned at all tiers.

4.21 The management personnel have to be educated in analysing incidents in a dispassionate manner and approaching industrial relations problems in the proper perspective. Proper guidance should be given by each side to its constituent units in a frank and straightforward manner, keeping in mind the objective of planned economic growth and the prosperity of the organisation concerned. Individual disputes should be settled expeditiously so that the climate in the organisation concerned is not vitiated by avoidable friction.

4.22 In some banks, Personnel Departments have been recently organised. This should also encourage more delegation of authority to local managements to dispose of grievances instead of referring matters in all cases to Headquarters, since such references make for delays and dissatisfactions. Personnel management procedure to be followed should be suited to the changed needs of the present day and the management personnel at various levels must make themselves attuned to the necessities and tempo of labour relations in industry.

4.23 We note in this context that some banks are already making some contributions to the general welfare of their employees through encouragement of co-operative housing schemes and provision of facilities for recreational,

social and cultural activities, by making financial grants and providing the necessary organisational support, etc. We feel that such welfare activities would contribute to the creation of a proper atmosphere of trust and confidence and would generally be conducive to increased efficiency. These activities could receive a sense of guidance and be fruitful if there are well organised Personnel Departments in the banks.

4.24 A proper grievance procedure should also be considered as an essential part of the improved industrial relations machinery. It is a truism, nevertheless an important truism, that neglected grievances of individual employees lead to collective grievances of groups of employees. In the State Bank of India, an agreed grievance procedure has been instituted more or less on the lines of the Model Grievance Procedure. We recommend that through agreements with employees, banks generally should adopt systematic procedures for the redressal of individual grievances in a speedy and fair manner. We give as an Appendix to this section, the Grievance Procedure instituted in the State Bank of India recently.

4.25 The improved arrangements for collective bargaining, settlement of grievances and personnel relations cannot of course be treated as ends in themselves. They are only means to achieve better performance of work in the industry. For this, the employers and the employees as well as their respective organizations should consider the improvement of productivity, maintenance of high standards of discipline and harmonious relations as matters of common concern. The Bipartite Agreement of October 1966 with the commercial banks had recognised these objectives and the parties to the agreement had pledged to work for the fulfilment of the same. However, in actual practice, these objectives have not been fully realized and much remains to be done to create the right atmosphere for peaceful relations between the management and the staff. There is need for continued and effective co-operation between the managements and unions to deal with situations where workers resort to agitations without fully exhausting any procedure which may have been agreed upon with the management for settlement of disputes. In exceptional cases where the joint efforts of employers and union leaders are ineffective in dealing with such situations and the working of the industry is seriously hampered as a consequence, the matter should be taken up

at the tripartite level with a view to evolving truly effective measures to restore normalcy.

4.26. A problem in the matter of industrial relations in banking, which has come up of late, is as regards the demands of certain sections of Bank officers to be treated as workmen and given the protection of industrial relations legislation. We note that the question of definition of the term "workmen" for the relevant purposes is engaging the attention of the Study Group on Labour Legislation constituted by the National Commission on Labour. We feel that there is substance in the demand for including certain sections of supervisory staff in the category of workmen and we recommend that suitable amendment to the definition of "workmen" be considered after the Study Group on Labour Legislation has examined the question.

Appendix to Chapter IV
STATE BANK OF INDIA
GRIEVANCE PROCEDURE*

In accordance with the requirement in Clause II (viii) of the Code of Discipline in industry the following Procedure has been evolved for settlement of grievances of the various categories of the Award Staff in the Bank.

(a) **Nature of grievances that should be covered by the procedure.**

The grievances that should be processed and redressed under this procedure should be defined by the Central Consultative Committee from time to time. To begin with, the following should be deemed to be the grievances so defined :

- (i) Complaints relating to unfair treatment or wrongful exaction on the part of any superior official.
- (ii) Complaints affecting one or more individual workers regarding wage payments, overtime, leave, orders of transfer, seniority, work assignment, working conditions and rights and privileges of the employees under the prescribed terms and conditions of service. In drawing up the above definition of grievances it has been clearly understood that :
 - (i) Grievances in respect of orders of transfer can be sought to be redressed under this procedure only if the orders are complained against on grounds of victimisation, perversity or malafides of superior officials but not on grounds of rejection of requests for deferment or cancellation of transfers on grounds of compassion or individual or family convenience alone.
 - (ii) "Work assignment" under this procedure shall mean the assignment of duties to various categories of staff and shall not include allocation of duties to individual employees.

*A note prepared by the Personnel Department of the State Bank of India.

(iii) (a) Disciplinary action taken in accordance with the terms and conditions governing the employee's service shall not constitute a grievance to be processed under this Procedure ; and

(b) this procedure should not be resorted to in respect of any action or decision taken by the management, (in matters such as promotion) under rules, regulations, awards, agreements, settled procedures, etc.,

unless such action or decision relating to either (a) or (b) above is disputed on grounds of favouritism, nepotism, victimisation, or patent perversity.

(b) Disposal of grievances at the immediate higher level

Initially a complaint in respect of a grievance should be made in writing on the prescribed form by the concerned employee and put up to the Initial Authority in respect of the department or section or branch in which the employee is working either directly or through the recognised Union. An Initial Authority for this purpose should be defined by the Local Head Office at every Circle (after consultation at the Circle Consultative Committee) having regard to the nature or size of the office where the employee is working. The Local Head Office should also specify (after similar consultation at the Circle Consultative Committee) such Authority in cases where the complaint is against the Initial Authority specified for that department or section or branch. The Initial Authority should investigate into the matter giving fair opportunity to the complainant to adduce evidence and establish his case and give decision in writing on the complaint within seven working days of its receipt.

(c) Appeal against the disposal of the Initial Authority

If the Initial Authority should fail to give a decision within the prescribed time or if the concerned employee is not satisfied with the decision, the employee should have a right of appeal to an Appellate Authority to be designated by the

Local Head Office (after consultation at the Circle Consultative Committee). The appeal should be preferred within thirty working days and the decision of the Appellate Authority should be given within fourteen working days of the receipt of the appeal.

(d) Grievance Committee at the Local Head Office

If no decision is given by the Appellate Authority within the prescribed time or if the concerned employee is not satisfied with the decision of the Appellate Authority, it should be open to the concerned employees to refer the complaint to a Grievance Committee, which should be constituted at every Local Head Office. However, decisions of the Initial or, if appealed against, that of the Appellate Authority on grievances which are of a minor nature should not be taken to the Grievance Committee unless the Committee on a representation by the employee, decides that the matter is not of a minor nature. Where a grievance is considered by the Appellate Authority to be of a minor nature, it should state so while disposing of the appeal.

(e) Constitution of Grievance Committee

The Grievance Committee at the Local Head Office should consist of the following :—

- (i) Two representatives of the Bank, preferably the Staff Superintendent and a Senior Officer nominated by the Secretary & Treasurer,
- (ii) three representatives of the staff nominated by the recognised union, and
- (iii) the Dy. Secretary & Treasurer, who should be the Chairman of the Committee.

(f) Disposal of matters by the Grievance Committee

The request of the concerned employee for reference of his grievance to the Grievance Committee should be addressed to the Chairman of the Committee, who should arrange for the matter to be considered and disposed of by the Committee within thirty working days of the receipt of the request. The decision of the Grievance Committee

should be communicated to the employee within seven working days of its disposal by the Committee.

(g) Disposal of grievances of Central Office Staff

In regard to the staff working in Central Office and in its Departments, the Initial and Appellate Authorities should be designated by Central Office (after consultation at the Central Consultative Committee). The Grievance Committee of the Calcutta Local Head Office would function as the Committee in respect of the Central Accounts Office and the Foreign Department. As regards the staff in Central Office, Bombay, the Committee should consist of the following, namely :—

- (i) Two representatives of the Bank nominated by the Managing Director,
- (ii) three representatives of the staff nominated by the recognised Union, and
- (iii) the Chief Officer (Administration) who should be the *Chairman of the Committee*.

The Procedure for disposal of grievances of Central Office staff should also be on the lines indicated in clauses (b), (c), (d) and (f) above.

(h) Union to represent the employee

In all proceedings under this procedure the employee concerned may appear himself or have his case represented by the recognised union. If, however, any employee states that he is not a *member of the recognised union*, he may appear himself or be represented by any other employee of the Bank provided that employee is from the same station.

(i) Disposal of grievances on failure of Committee to come to conclusions

In the event of a disagreement in the Grievance Committee in disposal of a grievance, the grievances if so desired either by the management or the recognised union, shall be settled in the manner set out in clause II (iv) of the Code of Discipline.

(j) Procedure not in supersession of existing rights

- (i) This Procedure shall not affect the rights available to the union under the existing practice to approach the Bank authorities at the various levels to have grievances of even individual employee settled.**
- (ii) Nor will the procedure be in supersession of the rights of an employee for redressal of grievances in terms of paragraph 517 of the Sastry Award.**

CHAPTER V

RECOGNITION OF UNIONS

We have already referred to the various employees' organisations operating in the banking industry. In this situation of multiplicity of trade unions, a major question which arises is whether an arrangement under which a single union is recognised as the bargaining agent in a collective bargaining unit would be more conducive to industrial peace than one under which more than one union are so recognised.

I. Historical Background

5.2 Before we attempt to provide an answer to this question, a brief reference to the historical background of this problem in the industry will be helpful.

5.3 The question of recognition of trade unions in the industry has in the past received the attention of adjudicators although in a different context. The situation then was that although there were unions with a fairly representative character in the industry, many banks had refused to deal with such unions. In this context, the All-India Bank Employees' Association had raised before the Sastry Tribunal the question of according to the Association and/or its constituent units, recognition for purposes of collective bargaining and the Tribunal dealt with this question in paragraphs 582-589 of its award. The Sastry Tribunal took the view that a dispute about recognition of a union was an industrial dispute and as such came within the purview of its jurisdiction.

5.4 The banks had contended before the Tribunal that in view of the then proposed Indian Trade Union (Amendment) Act of 1947 which laid down conditions regarding recognition of trade unions, it would be inappropriate for the Tribunal to compel the banks to recognise the unions and thus confer on them the rights as under the proposed Act, without at the same time making them liable to carry out their obligations and to satisfy the conditions pre-requisite for recognition as set out in the Act.

5.5 The Sastry Tribunal, however, directed that all banks other than the Imperial Bank of India (where staff associations were already accorded recognition) should recognise the All-India Bank Employees' Association subject to certain conditions and that such recognition should carry with it the right of negotiation, correspondence and interviews on the lines laid down in the Trade Union Amendment Act. It also further directed that such recognition may be withdrawn at the bank's discretion if the executives or members of the trade union commit any unfair practices of the kind mentioned in the Act or if the union should cease to be representative of the workmen in any substantial degree. The Tribunal also observed that membership to the extent of 25 per cent of the employees is adequate for a union to claim recognition.

5.6 In concluding its observations on this question, the Sastry Tribunal said: "We give directions as regards recognition of unions other than these (A.I.B.E.A. and its constituent unions) as the dispute is confined only to the recognition of All-India Bank Employees' Association and/or its constituent unions. We think, however, that it will be right on the part of banks to adopt the same policy wherever possible with reference to the other unions as well. We have ourselves not investigated whether or not any of the constituent unions of the All-India Bank Employees' Association has complied with the necessary conditions for recognition as sufficient materials were not placed before us. We have, therefore, given only general directions to be implemented in the light of facts relating to each such constituent union of the Association".

5.7 The banks appealed against this decision of the Sastry Tribunal and the matter came up for decision before the Labour Appellate Tribunal. The Appellate Tribunal dealt with this question in paragraphs 333-346 of its decision. According to this decision, although the question of recognition of a union may well constitute an industrial dispute, such a dispute cannot be resolved by a direction under the Industrial Disputes Act. The L.A.T. decision set out in detail the complex problems which would arise if a Tribunal constituted under the Industrial Disputes Act attempted to give any direction regarding recognition of unions and held that there would be an inherent danger to industrial peace arising from such direction. The Appellate Tribunal concluded that "the general question of the recognition of unions is not a

subject which is amenable to decision under the Industrial Disputes Act, and it seems obvious that because of these difficulties, the legislature has deliberately enacted the Indian Trade Unions (Amendment) Act of 1947 which deals with the recognition of trade unions as a separate subject, and provides the necessary legal machinery for the various incidents which arise in or about the subject of the recognition of unions".

5.8 According to the Labour Appellate Tribunal, the Indian Trade Unions Act, with the amendments proposed in 1947, provided a comprehensive code regarding the registration and recognition of trade unions and the relationships between the management and unions as well as between unions. It felt that in the absence of the machinery of the Registrar and the Labour Court as provided in the Act for ensuring compliance with the law, a mere directive seeking to apply the principles of the Act and leaving the rest to chance was likely to have undesirable repercussions. The Tribunal accordingly set aside the direction given in the Sastry Award on this matter.

5.9 In the absence of a code as envisaged in the Indian Trade Unions Act of 1947 (as a result of the amendment not being given effect to), the problem of multiplicity of trade unions has continued to present difficulties in the banking industry as in many other industries in India. The Code of Discipline adopted on a voluntary basis in May 1958 by the Tripartite Labour Conference sought to resolve some of the problems regarding multiplicity of unions by laying down certain criteria for recognition of unions. However, the Code of Discipline has not yet been adopted in the banking industry (excluding the Reserve Bank of India and the State Bank of India). The All-India Bank Employees' Association has adopted the Code since 1959 but the bankers (other than the Reserve Bank and the State Bank) wanted certain modifications in the Code (though such modifications did not relate to the criteria for recognition). The All-India Bank Employees' Federation accepted the Code subject to the question of recognition of trade unions being decided in the banking industry in terms of Clause No. 7* of the Code

* Clause 7 reads as under: "In the case of trade union federations which are not affiliated to any of the four central organisations of labour, the question of recognition would have to be dealt with separately".

and fixation of criteria in the case of trade union federations which are not affiliated to central trade union organisations.

II Multiplicity of Unions : Arguments For and Against

5.10. The merits and demerits of continuing the system of multiplicity of trade unions have been discussed in great detail in many quarters over a period of years and different points of view have emerged. Arguments both in favour of and against multiplicity of unions (more than one union) which have emerged from these controversies are summarised below :

(i) One view is that multiplicity of unions and of bargaining agents is a major factor in prejudicing the relations in the banking industry. Multiplicity of unions not only makes it difficult to settle disputes, but also creates disputes. Negotiations or agreements, to be truly fruitful and to result in industrial peace, must be with an organisation which can implement them. On this ground it has been urged that the majority union should be the sole recognised bargaining agent on the side of the labour in an industry. An arrangement under which a single bargaining agent in a collective bargaining unit functions, could facilitate the settlement of disputes, make such settlement more enduring and help prevent the emergence of a number of disputes which arise from inter-union rivalries.

(ii) As opposed to this view, it has been argued that multiplicity of trade unions need not necessarily militate against the development of collective bargaining. In fact, in the banking industry, circumstances have compelled the rival unions to come together to conclude a bipartite agreement. Another argument favouring the continuance of the present pattern of trade unionism in the country is that the stage of development of trade unions in the country has not reached a level of maturity at which political and ideological considerations would give way to considerations of pure economic interests. It is argued that where unions are guided by ideological and political considerations, the granting of exclusive recognition to a politically-motivated union would lead to a large intrusion of political considerations in industrial relations. It has been brought to the notice of the Study Group, in this connection, that in the banking industry, the All-India Bank Employees' Federation

has actually functioned as a bargaining agent in addition to the other organisations. It has been a party to all bipartite and tripartite negotiations since 1958 and to all disputes of all-India nature. In view of the existing position and in view of the fact that there are thus two "recognised" collective bargaining agents in the banking industry, the best solution, in order to maintain the harmony of industrial relations, would be to recognise both the unions at the industry level as well as at the unit level and thus leave the *de facto* situation undisturbed. This second school of thought also holds that in principle, multiplicity of trade unions should be discouraged and accordingly, where there are already two unions, no more unions should be recognised, but that both the existing unions should continue to enjoy recognition as collective bargaining agents.

5.11 In their Memoranda to the National Commission on Labour, both the All-India Bank Employees' Association and the State Bank of India have stressed the dangers to industrial peace arising from the functioning of multiplicity of trade unions. The AIBEA has observed in its Memorandum that the multiplicity of trade unions is the greatest danger to industrial peace and, therefore, the existing legislation should be suitably changed so as to discourage the multiplicity of unions and provide for recognition of only the majority union. The AIBEA has observed that it has been their experience that multiplicity of unions all the time created difficulties in maintaining better relations in the banking industry. The AIBEA is of the view that some organisations have been formed under the patronage of the management and some have been pampered by the party in power. It has sometimes happened that an agreement by a majority union has been challenged by the minority union and the Government, without going into the matter, has referred the matter to the Tribunal. This has been the case in National and Grindlays Bank, where all the employees in the Bank filed applications before the Tribunal informing that they have not raised this dispute and ultimately the party had to withdraw the reference. It has also been their experience that in spite of the best efforts of the majority union, no reference could be obtained from the Government. Under their advice the employees were asked to join the other union and immediately the reference was obtained from the Government. After the reference was obtained, the

employees again came back to the majority union and the AIBEA represented them before the Tribunal. Allowing recognition to more than one union will automatically complicate the situation and it will not solve the dispute but will perpetuate the dispute. As at present, in spite of the existence of the other union, the AIBEA has claimed that they enjoy the *de jure* or *de facto* recognition* of 46 banks besides recognition in so many one-State banks and banks in the co-operative sector. The AIBEA claims that they are recognised by the Exchange banks and by a number of major Indian banks ; besides their affiliate in the Reserve Bank is recognised by the Reserve Bank authorities. The majority of the unions in the industry have been recognised and the principle of recognition of the majority union *de jure* or *de facto* has been accepted. The industry has attuned to this principle for a long time. Therefore, according to the AIBEA, the question of altering this procedure does not arise. The recognition of the majority union is a pre-condition for establishing better industrial relations. This will help for fixing the responsibility, stop fissiparous tendencies and opportunism. After the recognition the Government should refrain from encouraging minority unions.

5.12 On the question of recognition of union, the Indian Banks' Association has made the following submissions. While recognition of a majority union would be an academic ideal, actual conditions in banks make it necessary to devise a scheme which would ensure that agreements reached at the all-India level are not repudiated by minority unions. There are numerous instances in the industry where agreements reached with the majority unions on matters such as bonus, promotion policy, etc. have been challenged by the minority union. Experience has also shown that the majority union is not always in a position to deliver the goods.

The Indian Banks Association has pointed out the special features of trade union organisation in the banking industry which have given rise to these problems. The majority union in a particular bank can be a minority union or affiliate of a minority union at the industry level and it would not be in a position to deal with matters which are not purely domestic. On the other hand, a union which is in a majority

The banks which the AIBEA claims as having given *de jure* or *de facto* recognition account for 58 per cent of total deposits of all commercial banks, excluding the State Bank of India.

at the all-India level will find it difficult to carry out its commitments in banks/regions/branches/departments, etc. where it is in a minority. In certain banks, the situation is further aggravated because the minority unions have not only a majority in certain regions but they have complete control of entire departments of branches in certain key centres.

In conclusion, the Indian Banks' Association has submitted that it is essential in order to promote harmonious industrial relations, greater efficiency and productivity and to subserve the larger interests of the nation, that all the labour organisations functioning in the industry should be associated with the process of collective bargaining. It is in this context that the Indian Banks' Association has suggested the setting up of joint representative labour councils in each bank composed of the representatives of the various unions in proportion to the votes secured by the latter in branchwise elections. Based on the same principle, all-India labour councils for the industry as a whole could be formed.

5.13 The All-India Bank Employees Federation has expressed a different view. This organisation is of the opinion that the present arrangement whereby two all-India unions negotiate wages and service conditions with the employers as in the case of Railways, Defence, Banking, etc. should continue undisturbed. The Organisation has further observed that in view of the existing position, pattern and experience in industrial relations in the banking industry, it will not be practicable to have one union or one bargaining agent, specially when there are already two bargaining agents, recognized *de facto*. Any departure from the already agreed forums and depriving any union from its already achieved status will create industrial unrest, disharmony and agitations including strikes, resulting in dislocation of work in this vital sector of the economy. The Federation is also of the view that the existing rights and privileges enjoyed by various unions should be safeguarded. The Federation has also stressed a further point that only unions believing in democratic principles and functions—which will be evident from their willingness to observe the provisions of the Code of Discipline—should be made eligible to claim recognition and the observance of the provisions of the Code and its obligations for a period of one year before applying or making a claim for recognition. The union claiming recognition must honour the provisions of the Code both in letter and spirit

and then only the question of recognition of that union should be considered. If a union has been found to be violating the provisions of the Code and its obligations and still wants to utilise the very same Code for the purpose of recognition, such a claim will be against and in violation of the Code. Even after a union has been recognized, any violation by it of the Code or its obligations should entail de-recognition. The Federation has also pointed out in spite of one majority union having been recognised in some institutions like the Reserve Bank of India and the Syndicate Bank, there have been serious disturbances in industrial relations necessitating reference to Courts. The AIBEF contradicted the allegations and disputed the statement made by the AIBEA referred to in paragraph 5-11. In the case quoted in the National & Grindlays Bank Ltd, the facts as mentioned were incorrect. The case was withdrawn from the Tribunal with a view to settling it mutually. When the Bank did not agree, the dispute again came before the Tribunal, where parties filed a mutual settlement on the basis of which the Tribunal gave its award.

III. Alternatives Identified by the Study Group

5.14. After a careful consideration of all the arguments placed before the Study Group, we were able to identify the following alternatives in relation to the question of recognition of unions in a collective bargaining unit :

(1) A single union should be the sole bargaining agent in a collective bargaining unit. Since banking is an all-India industry with uniform service conditions, the majority union should be determined on an all-India basis. For collective bargaining purposes, the banking industry could be divided into 3 collective bargaining units, viz the Reserve Bank of India, the State Bank of India and the rest of the commercial banks including the subsidiaries of the State Bank.

(2) A second alternative which is a slight variant of alternative (1) is that a majority union in an individual undertaking may either negotiate itself or may authorise the all-India federation with which it is affiliated, to negotiate on its behalf.

(3) Industry-wise negotiations should be conducted with the two major all-India organizations, viz., the AIBEA and the AIBEF and allowing representation also to those

unions having substantial membership in individual banks and which are not affiliated to either of those two organisations (viz. the Bank of Baroda and the Indian Overseas Bank). Similarly, in each bank, representation at different levels (branch/region/all-India) may also be given to unions on the basis of verified membership in the bank.

As an alternative, the Indian Banks' Association has suggested the following method of negotiation which would dispense with the necessity of recognising either one or more than one union for the purpose of collective bargaining. The major labour organisations functioning in the banking industry at present should be associated with the process of collective bargaining at all stages. Banks should set up Standing Central Labour Councils in each bank composed of representatives of the various unions in that bank in proportion to the votes cast by secret ballot in branch-wise elections in favour of those unions by the permanent employees of the bank. On the same basis, industry-wise council could be formed.

IV. Study Group's Conclusions :*

5 15. The Study Group has given careful consideration to the divergent points of view on this important aspect of industrial relations. The Study Group finds itself in favour of alternative (2) in the preceding paragraph. The Study Group feels that while the ultimate adoption of a comprehensive code as envisaged in the Trade Union Amendment Act of 1947 would have helped in resolving the problem of recognition, there are still certain steps which could be taken in this regard, so far as the banking industry is concerned, even in the absence of such a code. As the banking industry consists of educated white-collar employees who are in a position to exercise their rights, some of the factors making for multiplicity of loyalties in other kinds of industries are not present in this industry. Secondly, the conclusion of a voluntary bipartite agreement between banks and the workmen in 1966 has created a healthy precedent, of which the industry can take full advantage only if the problem of recognition of bargaining agents is resolved. In earlier periods when recourse was generally made to adjudication, several

*The expression "Study Group" in the remaining paragraphs of this section on 'Recognition of Unions' refers to the majority of the Study Group since some of the members have expressed divergent views in notes attached to the Report.

unions could be included as parties before Tribunals and uniformity of conditions of service in the industry could be expected to follow from the fact that the awards resulting from adjudication applied to the whole of the industry. With the growing reliance on collective bargaining, it is desirable that in each collective bargaining unit, negotiations should take place with only one union and that this union should be the majority union, since the majority union alone can be expected to carry out any agreement that may be reached. Negotiations or agreements, to be truly fruitful and result in industrial peace, must be with the organisation which can implement them.

5.16. The Study Group is of the view that concurrent negotiations with more than one union on the same issue involve a duplication of effort and would ordinarily make it more difficult to reach agreement. In an atmosphere of inter-union rivalry, there is every possibility of each union wanting to improve on any concession which the other union may have secured from the management; in these circumstances, the management could be expected to offer its maximum concessions only to the majority union, in which case, it is difficult to see what useful role a minority union can play. The Study Group finds it difficult to believe that two rival organisations would collaborate in formulating a common charter of demands; this pre-supposes a degree of co-operation which seems well nigh impossible in the present state of inter-union rivalry, though it is not uncommon that once a charter of demands is formulated, several unions subscribe to it and want to participate in the negotiations. Having a common charter of demands, however, does not mean having a common approach to the negotiations; if it were so, it is difficult to see why the minority unions should not leave the negotiations to be conducted by the majority union only. In the absence of a common approach to the negotiations, the fact that there is a common charter of demands does not lessen the difficulties involved in having to negotiate with several unions on the same issues. The Study Group believes that an orderly conduct of negotiations becomes difficult when more than one union are recognised as bargaining agents. Inter-union rivalry is not an insignificant obstacle in the way of building up satisfactory industrial relations, and if more than one union is recognised as bargaining agents, this would only accentuate inter-union rivalry

instead of lessening it. The Study Group, therefore, believes that to ensure orderly conduct of negotiations as well as in the long term interests of industrial peace, it is essential that only the majority union should be recognised as the bargaining agent in a collective bargaining unit.

5.17 Whereas in the State Bank of India the fact that only one union has been recognised as the bargaining agent has helped the adoption of the Code of Discipline, in other commercial banks, lack of agreement on the question of recognition has stood in the way of the Code of Discipline being adopted. The Study Group believes that a decision to recognise only one union as the bargaining agent will not only pave the way for the adoption of the Code of Discipline, but will also help to ensure its observance by placing the responsibility for its implementation, so far as workers are concerned, on the shoulders of a single union instead of dividing it between two unions. The Study Group feels that it is essential for the peace and orderly development of the banking industry that conditions should be created for the adoption of the Code of Discipline as early as possible.

5.18 The existing position in the banking industry is that in each of the following three collective bargaining units, one union is in a clear majority; viz. (1) the Reserve Bank of India, (2) the State Bank of India and (3) all other commercial banks, including the subsidiaries of the State Bank of India. Taking individual banks also (excluding the State Bank of India), the majority union concerned enjoys a clear majority in most of the regions and offices of the banks concerned with three major exceptions, viz, the Central Bank of India, the Punjab National Bank and the United Commercial Bank, where unions which are in a minority in the Bank as a whole, have a majority in particular areas, or in particular branches or in certain key departments like the cash department. It has been stated that in the case of these banks, unless such organisation (which is in a minority over the system as a whole, but commands a strong majority in particular branches or in certain departments) is made a party to an all-India agreement, it can, if it wishes to, obstruct the working of the branches or departments where it is in majority and thereby create difficulties for the system as a whole. The Study Group does not find this argument convincing nor does it believe that a system of

multiple bargaining agents is the proper solution for this difficulty. Banking is an all-India industry and agreements on major issues like wages and conditions of service have to be negotiated on an all-India basis for large sectors of the industry. Once an agreement has been reached with the majority union on wages or service conditions and is accepted by the majority of workers on an all-India basis, it is difficult to see how any demand from a minority union in a particular sector for better wages or better service conditions can be regarded as reasonable, whether such demand is made for a particular sector or for particular areas or departments where such union may be in a majority. If a minority union agitates for better wages or service conditions than those accepted by the majority of workers, it will be taking an unreasonable attitude, which should be resisted. It is not likely that a responsible union will resort to such tactics, since in the long run, it will thereby spoil its own image and thus further weaken, instead of strengthening, its position. In any case, no system of industrial relations can provide a guarantee against unreasonable actions on the part of either the management or a union.

5.19 The Study Group is unable to see any conflict between this approach and the constitutional principle of freedom of association. The right to join any union of one's choice does not mean that a minority should have the right to obstruct the wishes of the majority. In adjudication proceedings, all unions, whether they represent a minority or the majority, are given the right to be heard, and while this is appropriate, the analogy should not apply to collective bargaining. Adjudication takes place when the parties have failed to reach agreement and in deciding the terms of his award the adjudicator has to go by his own judgement of what is fair, by listening to all points of view, whether they represent a minority or the majority, and there is no question at that stage of bringing about an agreement between the management and staff. Collective bargaining, on the other hand, to be successful, must take place under conditions which help and not hinder, agreement. In the opinion of this Study Group, if managements have to negotiate concurrently with more than one union on the same issues, they will find it more difficult to reach agreement, than if they negotiate with only one union. This would be so because of the natural desire of each participating union to make its distinc-

tive contribution to the negotiations. If it is agreed that industrial relations would develop on healthier lines if differences were resolved by collective bargaining rather than by adjudication, the choice should be in favour of recognising a single union as a bargaining agent, as the alternative of multiple bargaining agents would make agreement more difficult and thereby prejudice the success of collective bargaining.

5.20 The All-India Bank Employees' Federation has claimed that it has actually been functioning as a bargaining agent side by side with the All India Bank Employees' Association in all negotiations since 1964, that it is a party along with other all-India organisations, to the Bipartite settlement of October 1966, and that since concurrent negotiations with two bargaining agents have, in fact, yielded good results in the banking industry, as well as in certain other industries like railways and defence, it would not be desirable to disturb the existing situation. The Study Group has carefully considered this argument. In the first place, the Study Group feels that the state of industrial relations in the banking industry, although less unsatisfactory than in certain other industries, is yet not so assuring that no further efforts can be said to be necessary to improve it. In fact, inter-union rivalry has been not an insignificant obstacle to improving industrial relations in the banking industry. In making its recommendations for the future, therefore, the Study Group feels that it should not allow itself to be unduly influenced by the consideration of not disturbing the existing situation. Secondly, the data given earlier in this Report about the relative strength of the rival organisations leave no doubt as to which of them can really be expected to secure the implementation of any agreement, and it is this consideration which should decide the choice of bargaining agent in any system of collective negotiations. The task of reconciling the points of view of the management and the majority union which is already difficult should not be made more difficult by adding to the process of negotiations the further task of reconciling the divergent standpoints of the majority and the minority unions, if the intention really is to settle differences by negotiations. Thirdly, once an agreement has been reached with the majority union on major issues, the minority unions should be expected to subscribe to it and participation by the minority unions in the negotiations

(which the Study Group fears will prejudice the success of the negotiations themselves) should not become a condition for such unions subscribing to the agreement. Fourthly, the minority unions will have the right to take up grievances of their individual members. Moreover, a union having a minority status today may aspire to become the majority union in course of time.

5.21 It has been contended that if politically-motivated union is recognised as the sole bargaining agent, industrial relations may tend to be prejudiced by particular ideology to the exclusion of some other which might exercise a moderating influence. The Study Group is well aware of this danger but is unable to see how the so-called moderating influence of a minority union can alter the course of negotiations which, to be successful, must aim at reaching agreement with the majority union.

5.22 The Indian Banks' Association has suggested that collective bargaining should take place through a central labour council composed of representatives of unions in proportion to the votes cast by secret ballot in branch-wise elections in favour of different unions by permanent employees. The Study Group is not aware of any precedent for this particular form of collective bargaining whether in banking or in any other industry. The proposal would not solve the difficulties which arise when negotiations have to be conducted concurrently with more than one union. On the other hand, it will upset the present position in banks which have granted recognition to a single union. The Study Group feels that the system proposed by the IBA will not be conducive to a healthy growth of trade unionism in the country.

5.23 Since banking is an all-India industry with uniform service conditions, the majority union in any collective bargaining unit should be determined on an all-India basis.

5.24 In the scheme of collective bargaining as envisaged by us, the majority union in each bank will have the option to negotiate for itself or leave the negotiations on major issues to be conducted by the all-India body to which it is affiliated. The Study Group considers it desirable that on major issues negotiations should as far as possible take place for large sectors of the industry, thereby promoting.

maximum uniformity in wages and other major service conditions.

5.25 We turn now to a consideration of the implications of applying the principle of recognition of a single union as the sole bargaining agent in a collective bargaining unit. How should the majority status of a union be determined? What are the rights and obligations of the recognised union? What should be the role of the minority unions? What should be the machinery for implementing the accepted rules regarding recognition, changes in recognition and de-recognition of unions?

5.26 In view of the existing patterns of unionisation and union membership in the industry, the determination of majority status of unions in the banking industry is not expected to cause any practical difficulty. In case there are any changes in the situation necessitating an ascertainment of membership and majority status, there could be a machinery for resolving the problem through a secret ballot. Since the employees in the industry are educated white-collar workers and there is a high degree of unionisation, a verification of membership through the process laid down in the Code of Discipline should be adequate.

5.27 The rights and obligations of a recognised union should include, broadly, in addition to the right to be the sole bargaining agent on all conditions of service such as, wages, allowances, etc., the ones which are laid down in the Code of Discipline.

5.28 Recognising the majority-recognised union to be the sole bargaining agent would mean that once a settlement is reached in a collective bargaining unit by negotiations with that union, no minority union should be allowed to upset it. The Study Group recommends that Government should take appropriate measures including legislation to this end.

CHAPTER VI

WORKING CONDITIONS, HOURS OF WORK AND OVERTIME

6.1 In the context of the need for effective implementation of the provisions of the all-India agreements in the banking industry relating to such matters as hours of work, overtime, leave, etc., the Study Group considered certain anomalies created by the operation of the State Shops and Establishments Acts and rules framed under them in various States. The all-India awards and agreements do try to take into account local conditions obtaining in various areas but nevertheless there have been occasions of conflict. In such cases, the parties to the agreement should approach the State Governments to remove these conflicts. The Study Group recommends that the State Governments, in the interest of industrial peace in the country, should ensure that no conflicts arise in the implementation of such agreements as a result of the operation of the provisions of Shops and Establishments Acts.

6.2 Matters relating to working hours, overtime, leave, etc. have so far been dealt with by awards and bipartite agreements and can be expected to be settled in future also through similar procedures. By and large, the conditions of work are satisfactory in metropolitan and urban centres although in smaller places as well as in the congested areas of big cities, there is need to have improved conditions of work. In such places, banks should seek to improve conditions as quickly as possible and when new branches are established, care should be taken to provide satisfactory conditions of work.

RECRUITMENT AND PROMOTIONS

7.1 While the award of the Sastry Tribunal and the subsequent awards and decisions relating to banking industry have laid down the main principles which should govern these and related aspects of employer-employee relations in the industry, the attempt of the Group has been to review arrangements in these matters in the light of the actual problems being faced and to lay down agreed principles which would be conducive to efficient working of the industry and healthy industrial relations. While methods of recruitment and promotion cannot be standardised, efforts should be made to evolve an adequate procedure for ensuring objectivity in recruitment and promotion policies by mutual agreement between employers and employees. What was important is that the method of dealing with these questions should be systematised and be such as to inspire confidence of the employees concerned and their organisations. Moreover, once such principles and procedures are accepted and laid down, the employees or their unions should not interfere with individual decisions of the management unless the agreed principles and procedures have not been followed.

7.2 In the matter of promotion, the Sastry tribunal had noted the observations of Justice Divatia that "the demand that the officers' and higher posts shall be filled in by promotion from among the senior clerks cannot be granted because this Court has no power to make any Award about the selection of men to the officers' and higher posts and the dispute is confined to clerks and low paid employees". The Sastry tribunal had further observed, "Without going into the legal position, we are of opinion, that it is neither necessary nor desirable to impose any such restrictions on the banks. Surely when a new bank is started or when it opens new branches, it needs staff for different types of duties, viz., clerical, supervisory and administrative. It is, therefore, impossible to run a bank if it is not allowed to recruit directly supervisory and administrative staff".

7.3 We feel that the basic objective should be to

provide employees with maximum opportunities for advancement while ensuring at the same time that the organization secures the right man for any given job. To achieve this, there should firstly be a system of job rotation and adequate training arrangements. The managements and the unions should co-operate in evolving and implementing such a system. Most banks already provide facilities to their clerical staff to prepare and appear for the examinations conducted by the Indian Institute of Bankers and the system of payment of an honorarium and/or increments by banks to members of their staff who qualify for the certificate of the Institute has served as an incentive to candidates. In addition, many of the larger banks are running training colleges for the benefit of various categories of their clerical and supervisory staff. We understand that on many of these matters there are satisfactory arrangements already existing as a result of understanding between the managements and the staff.

7.4 We have attempted to formulate certain guidelines. Firstly, we recommend that normally all promotion posts upto the junior-most level of the supervisory cadre should be filled only by promotions and that there should normally be no direct recruitment to such posts except for a reasonable proportion at the junior-most level of the supervisory cadre which should be agreed with the unions concerned. Taking into account the educational and other requirements for such posts and the number of persons available from amongst whom selections can be made for the higher posts, we feel that this is a requirement which would not hamper the efficiency of the banks. In making this recommendation, it is not the intention of the Study Group that the existing agreements between the managements and the unions should be disturbed.

7.5 But there is then the further problem of identifying the junior-most level of the supervisory cadre in the case of particular banks because there is no uniformity in the nomenclature of various jobs as between banks. There should be agreement between the managements and the unions concerned as to which is the junior-most job in the supervisory cadre in the case of particular banks or groups of banks. There is also the problem of overlapping of functions which is very much a feature of the banking industry. But the general principle is that persons selected

to do mainly routine jobs ordinarily done by clerical staff cannot be considered as in the supervisory cadre.

7.6 We have said that normally all promotion posts upto the junior-most level of the supervisory cadre should be filled by internal promotions except for a reasonable proportion at the junior-most level of the supervisory cadre which should be agreed with the unions concerned. Just below the junior-most supervisory cadre, in most of the banks, there are certain nomenclatures like Head Clerks and Special Assistants, etc. But these posts really form part of the clerical staff and fall under the award category. In terms of the Bipartite settlement of October 19, 1966, the expression "special assistant" includes all employees performing the duties and responsibilities agreed to for special assistants irrespective of their emoluments, designation or nomenclature. Banks should accordingly be expected to readjust the status of the employees, not so much with reference to the nomenclature but with specific reference to the job content, which should be done by taking into account the job carried out by the majority of the employees in a cadre. Staff doing routine jobs should not be treated as supervisory if the effect is to restrict opportunities for promotions for persons engaged in clerical cadres. As it is, promotions to this category are made entirely from within and generally on the basis of seniority and in the absence of any adverse service record. In most recent years, many banks have instituted or strengthened a category of Junior Officers who are above the clerical grade and are distinct from Head-Clerks and Special Assistants. The junior-most level of the supervisory cadre we have in mind is the one corresponding to these posts of Junior Officers. Since there is no uniformity between banks in the nomenclature of various jobs, there should be, as mentioned earlier, agreement between the management and the union concerned as to which is the junior-most job in the supervisory cadre in particular banks or groups of banks. We also recommend that the Indian Banks' Association should be requested to bring about a greater degree of uniformity in job nomenclature between banks. One set of nomenclature for the Reserve Bank of India, one for the State Bank of India, one for the subsidiaries of the State Bank of India, and a fourth for the rest of the commercial banks would appear to be adequate.

7.7 The criteria for promotion upto the junior-most level, as indicated above, should be seniority determined on

the basis of length of service, with some weightage being given to educational qualifications and merit assessed objectively through service records and, if necessary, also through tests.

7.8 We further recommend that in the case of appointments to jobs higher than the junior-most category of supervisory staff, every effort should be made to promote suitable persons available from within and suitable age relaxations should be made where necessary. It goes without saying that internal candidates should be given the benefit of suitable age relaxations in any direct recruitment.

7.9 However, direct recruitment would be necessary at the higher management level and for certain technical and specialised jobs (legal, engineering, accountancy, research, etc.) as well as to enrich the quality of bank personnel through attracting a certain proportion of talented and qualified personnel from outside. These requirements have to be specially kept in mind in view of the new responsibilities to be shouldered by the banking industry.

7.10. With greater mutual understanding among the bank managements and unions, the procedures outlined above should work smoothly, for often what comes in the way is the lack of trust between the parties.

Sd/- B. N. Adarkar	Chairman
Sd/- S. K. Datta	Member
Sd/- Prabhat Kar	Member
Sd/- M.L. Majumder	Member
Sd/- *V. C. Patel	Member
Sd/- *George Savage	Member
Sd/- *V. N. Sekhri	Member
Sd- A. Raman	Member-Secretary

BOMBAY,
July 2, 1968.

* Subject to a note attached.

A N N E X U R E 'A'

Re : Recognition of Unions

(Note submitted by Shri V.C. Patel and Mr George Savage, Representatives, Indian Banks' Association, on the Study Group for Banking Industry appointed by the National Commission on Labour).

The question of recognition of unions has been receiving the attention of the bank managements for several years. With a view to resolve the matter, the Government of India referred it to the Tuli Committee in 1965 and the Trikha Committee in 1967, but as no meeting ground could be found amongst the parties, a failure report was submitted to the Government.

2. The Banking industry which is primarily a service-industry is unlike a manufacturing industry. Banks function through over 6,000 offices scattered all over the country (and their number is bound to increase in coming years). Due to historical reasons, different unions exist at various branches and the all-India pattern presented by such unions on account of their affiliations with the Central organizations of their choice is that in some cases, the all-India majority union of a bank is a minority union at branches in certain States and *vice versa*. Consequently, several local unions have acquired patronage and powers to such an extent that they disown agreements reached by all-India unions, particularly if they owe allegiance to a rival camp, and disrupt work. The experience of banks has been that settlements, unless they are agreed to by the major constituent units, are difficult to be enforced with the units at the branch level. This problem is very acute in those banks, where, at big centres, unions owing allegiance to rival organizations, control different banking departments in a large office.

3. The main reason for recognition of unions is for bringing about collective bargaining. The experience of banks about collective bargaining has been one of frustration and failure, because even in those institutions where a union is recognised, neither the Code of Discipline has been observed nor efficiency or productivity increased, but actually banks are faced with the serious problem of falling profitability.

Even the Reserve Bank, which holds a pre-eminent position, and has been dealing with a recognised union for the last 15 years, has had to seek the protection of the Calcutta High Court as they could not persuade the union to follow the constitutional approach as agreed to under the Code of Discipline. The examples of banks being faced with precipitate action by recognised unions, despite their professions of agreeing to the Code of Discipline, could be multiplied. The number of disputes is ever increasing. It is in this background that a scheme as given in the Enclosure to this note has been evolved and this also has the approval of the Indian Banks' Association. The basic approach of the scheme is to associate employees starting from the smallest branch level. In turn, the respective strength of the unions will be reflected at various stages. It will be for the latter to accept responsibility for enforcing settlements arrived at with the managements.

4. Bipartite Settlement signed on October 19, 1966, was an exercise in collective bargaining, though not strictly with the majority union, but all major organizations were a party to it. In so far as the technique of collective bargaining is concerned, it had its full play. High hopes were raised that it would lead to increased efficiency and productivity. In actual practice, the results have been greatly disappointing because the central leadership of unions could not carry the units with them. Collective bargaining presupposes a certain stage of maturity on the part of union leadership at all levels which recognises their duties and responsibilities. In the absence of such awareness, the Bipartite Settlement merely resulted in employees getting higher wages and more benefits, without any improvement in discipline, productivity or service to the customers.

5. In addition, there are peculiar features characteristic of banking and the unions functioning in them. In banking, collective bargaining has failed because of the large dispersal of offices and inability of the Central unions to exercise control over their own units, intense rivalry, jealousies and utter disregard on the part of local leadership of the basic duty of employees and managements to render continuous, courteous and efficient service to the public. Therefore, in the present context of things, ignoring the minority, particularly when it is the experience of banks that wherever minority groups are well concentrated, they create difficulties.

and disrupt smooth functioning, will be a dangerous experiment fraught with grave risks.

6. It should be realised that the problems of banking are not merely a decline in efficiency and productivity, but gross indiscipline and open defiance of established authority which cause obstruction to smooth working and confer immunity on a habitual offender. There is considerable opposition even to the exercise of well-recognised managerial functions relating to recruitment, training, job rotation, promotion, transfers, etc., necessary for the growth and efficiency of banking. On matters like promotion, a fundamentally narrow attitude of insistence, mostly on seniority, has been adopted by the unions to preserve their strength among their members and weaken the administrative capacity of managements while the pressing needs of Social Control and requirements of training and building up a strong cadre of professional bankers has been felt for a long time and has recently been rightly stressed by the Study Group on Training Facilities for Higher Banking Personnel under the Chairmanship of Shri B. N. Adarkar. In this background, there is an over-riding urgency for effecting promotions on merit and bringing in fresh blood through direct recruitment of persons with outstanding academic and banking background. The only alternative open to bank managements, therefore, is to associate the various unions according to their respective strength with the settlement of disputes at different stages, rather than drive the hostile units into opposite camps, leading to a further aggravation of the present unreasonable attitudes adopted by the unions.

7. What commends the scheme presented by banks is its practical and pragmatic approach and, particularly, the recognition of the fact that the smooth functioning of a bank depends upon the co-ordinated working of the various branches and departments. From this pattern can flow a representative set up of labour organisations to negotiate issues at the industry level. It is an additional merit of the scheme that while it takes note of the existing labour organisations of bank employees, it rules out further multiplicity of unions. Acceptance of the scheme will require necessary changes in legislation which is also a feature common to the recommendations of the Study Group. It is the considered view of the banks that a system which has not succeeded, viewed from the objective of harmonious labour relations

and increased productivity should not be further perpetuated, but an alternative should be given a trial.

8. Undue emphasis seems to have been placed by the Study Group on the subject of recognition of majority unions and the approach has not sufficiently touched the core of the problem, which is of enforcing discipline, increasing productivity, efficiency and improving customer service. This divergence in the approach has been the main reason for this separate Note.

V. C. Patel*

* Mr. George Savage, who is out of India, is in agreement with this note.

(Enclosure to the Note submitted by Shri V.C. Patel and
Mr. George Savage, on Recognition of Unions)

PRELIMINARY

The Scheme is intended to apply bank-wise only. The discussions will be confined only to domestic issues which concern the particular bank and which have no repercussions on industry-wise issues. Industry-wise issues would be those relating to the terms and conditions of service at present covered by the Bipartite Settlement. At no stage of the scheme would the representatives of the employees be entitled to discuss the terms and conditions of service of employees relating to the industry as a whole.

BROAD OUTLINE OF THE PROPOSAL

Representation of employees to be in 3-tier, viz.,
(1) Branch level representation, (2) regional level representation, and (3) all-India level representation.

BRANCH COMMITTEE (Branch-level representation)

At the branch level, Registered Trade Unions of employees of the bank will nominate representatives in proportion to their following after voting takes place in the manner detailed below. The number of representatives will be 4 provided that where the number of employees in the branch is less than 25, the number of representatives will be 2. The representatives at the branches will be authorised to take up only such local problems which are directly connected with that particular branch only.

REGIONAL COUNCIL (Regional level representation)

The Registered Trade Unions of employees of the Bank will, at the regional level, nominate representatives in proportion to their following after voting takes place in the manner detailed below. The number of representatives will be 10.

The Regional Council will be authorised to negotiate on regional matters, e.g. domestic issues common to all the branches in the region only as well as on matters not settled at the branch level and the mutually agreed decisions arrived

thereat will be binding on the management and the workmen in the bank in the region.

CENTRAL COUNCIL (All-India level representation)

The Registered Trade Unions of employees of the Bank will nominate representatives in proportion to their following after voting takes place in the manner detailed below. The number of representatives at the all-India level will be 10 to 15 according to the number of employees of the bank.

The Central Council will deal with the last stages of negotiations and grievances and with matters common to more than one region and the mutually agreed decisions arrived thereat will be binding on the management and all workmen of the bank.

ELIGIBILITY AND THE PROCEDURE OF VOTING

The following are the broad outlines of eligibility and procedure of voting at all levels—branch, region and all-India.

- (1) Every permanent workman would be entitled to vote for a Registered Trade Union and only a permanent workman of the bank concerned will be entitled to be nominated by a Registered Trade Union.
- (2) Every permanent workman will have one vote to be exercised in favour of any of the Registered Trade Unions operating in the bank at the branch level, at the regional level and the all-India level. The Unions will nominate the number of representatives in proportion to the votes cast in their favour.
- (3) The election of the representatives at all levels will be by a secret ballot and the election at the branch, region and all-India level respectively, will be held simultaneously at various offices/branches of the concerned bank. The procedure for elections will be as is mutually agreed upon.
- (4) In case of any dispute pertaining to the elections, the good offices of the Regional Labour Commissioner concerned may be used.

GENERAL

- (1) Agreements reached between the Managements and

the Committees/Councils at various levels will be binding on the Managements and all workmen of the bank at the respective levels.

- (2) No outsiders will be permitted to participate in the discussions at the various Committee/Council levels.
- (3) 'Region' would mean the functional region of a bank for the time being. A bank will have the right to change the existing regions, enlarge, reduce, merge, or abolish them in its sole discretion, but in such an event, fresh elections shall be held to the Regional Council. The opening or closing of a branch (es) within a region will not necessitate fresh elections.
- (4) Due provision be also made requiring employees of banks not to create disruptions in the industry for a period of 2 years after the first election so as to give a fair trial to the above scheme.
- (5) The representatives nominated in the above manner will function for 2 years.

ANNEXURE 'B'

Note of dissent by Shri V. N. Sekhri
on Chapter V—Recognition of Unions

I regret to append the minute of dissent to the majority view on the subject of recognition of unions in the banking industry.

2. Industrial relations in a particular country depend on various factors, such as political and economic set-up, trade union development (its independence, democracy, character and behaviour), State policy and labour legislation, standard of living, wage level, job security, social security, etc. Recognition of unions is an important factor for the healthy industrial relations. Success depends on the conduct of the parties, proper understanding and honest efforts on each side to adhere to their respective rights and obligations.

3. The best system in this respect is to have one national trade union centre and one union in an industry. If this is not possible in a democratic set-up, the alternative is to have one recognised national centre and one recognised union in an industry. Unfortunately, none of the above systems exist in our country due to the present political and trade union set-up. In fact, there are four national centres recognised by the Government, namely, INTUC, AITUC, HMS and UTUC which are represented on all tripartite forums including the highest forum, the Indian Labour Conference and its Standing Labour Committee. With a view to maintain industrial peace, avoid ills of multiplicity of unions and to maintain discipline in the industry, a voluntary code was evolved in the 15th Session of the Indian Labour Conference in 1957. Multiplicity of national centres instead of being reduced has increased by the formation of three more centres, viz., Bharatiya Mazdoor Sangh (B.M.S.), Hind Mazdoor Panchayat (H.M.P.), and Federation of Independent Trade Unions. When certain new organisations asked for recognition as the national centres, the question came up for consideration in the 24th Session of the Standing Labour Committee in 1966 and it was agreed to maintain the status quo in the matter. Although many unions belie-

ving in democratic functioning followed the Code in letter and spirit, many unions belonging to a different political outlook did not abide by the provisions and obligations under the Code of Discipline. The efforts on the part of certain unions, however, was to utilise the Code for the purpose of recognition without caring to observe the obligations attached to it for maintaining industrial peace, ensure better discipline etc., and that has been the case in the banking industry as well. Even in the cases where representative/recognised unions were functioning, agitations including go-slow pressure tactics, illegal strikes, gheraos etc., were practised by the unions dominated by a particular political party. Moreover, struggles and agitations were launched with the political interest rather than economic interests in order to achieve the political aim involved.

4. The question of recognition of unions in a particular industry or an undertaking cannot be decided in isolation to the trade union pattern followed in a particular country. If the majority organisation is not recognised as the only national centre, then the recognition of the majority union in an industry or an undertaking will not give the desired results. It is a different matter where under a voluntary agreement, parties concerned bind themselves to adhere to the agreed rights and obligations, code of discipline and code of conduct, etc. and the procedures laid down therein may be followed by their affiliates under overall supervision and guidance of the respective national centres who are themselves recognised and have regular forums at all levels to discuss any problem relating to labour or industry.

5. The majority view of the Study Group (hereinafter referred to as the Study Group) appears to have been based on wishful thinking and theoretical considerations instead of solving this difficult and important problem from the practical point of view in order to find out a satisfactory and workable solution in the context of the realities and situation existing in the banking industry.

6. The Study Group did not take into account the historical background; structure and developments in the banking industry but gave the recommendation on the pattern of the Reserve Bank of India and State Bank of India in which banks, the then existing unions, more than 15 years ago, were recognised. Four out of eight members including the Chairman were from these two banks (Reserve Bank and

State Bank) and had, therefore, a biased view in favour of a particular alternative on the subject, as suggested by the Study Group. Fifth member who was from the A.I.B.E.A. (with which the recognised union in Reserve Bank is affiliated) advocated similar views, as recommended by the majority group.

7. Unless there is uniformity in the basic approach towards democracy, democratic functioning, constitutional approach—opposed to agitational approach, economic approach—opposed to political approach, etc., multiplicity of unions cannot be avoided. If restricted otherwise, it will lead to the formation of groups within the existing union and unrest will follow as a natural consequence. The Study Group failed to consider this aspect and to find out a practical solution to this difficult problem. The Study Group did not go into the reasons that led to the split which occurred in 1956 in the then AIBEA resulting in the formation of the All India Bank Employees' Co-ordination Committee which later on formed the AIBEF.

8. The question of recognition of unions raised before the Sastry Tribunal has been discussed in paragraphs 5.3 to 5.8 in this Chapter. This question was raised by some individual unions prior to the Sastry Award also and the AIBEF too raised this issue before the Desai Tribunal in 1960 which observed as under in paragraph 23.42 of its Award :—

“Various demands have been made under this head. Most of the demands do not fall within the ambit of the terms of reference. Demands have been made in connection with leave to be given to the representatives of the unions who attend some special work in connection with the trade union conferences and committees. The matter has been dealt with by me in the chapter relating to leave rules. Save as otherwise provided in other parts of the award, I give no directions in connection with the demands made under this head.”

Paragraph 9.26 of the Desai Award dealing with the leave rules referred to above is reproduced :—

“Having regard to the fact that workmen in the banking industry have been organised on an all-India basis and there are all-India organisations to which

various unions of workmen employed in banks have been affiliated, I consider it in the interests of the industry that special casual leave should be granted to the office-bearers and Executive Committee members of the organisations hereinafter mentioned in order to enable them to attend meetings and conferences. I accordingly direct that the office bearers and the Executive Committee members of the All India Bank Employees' Association, the All India Bank Employees' Federation and the All India State Bank of India Staff Federation, who are workmen employed in banks governed by the award should be given by the respective banks special casual leave upto 7 days in a calendar year for the purpose of attending meetings and conferences of their respective organisations. The State Bank of India and some other banks are giving special leave to office-bearers and committee members of various unions. It is not intended by this award that these facilities when they are in excess of what is hereby provided should in any way be discontinued or curtailed. In this award, having regard to the limited quantity of evidence available on the subject, facilities only of a limited nature have been directed to be provided."

9. It was necessary to have a probe into the complaints and/or allegations made by the bankers in respect of certain activities and coercive practices, such as illegal strikes, go-slow and work-to-rule movements etc. in order to find out as to which of the unions were responsible for such activities. Since the attitudes and behaviour of the parties play an important part in negotiations and for healthy industrial relations, concrete suggestions should have been made by the Study Group to avoid such complaints in future.

10. It was also necessary to find out as to who was responsible for the complaints made by the bankers as well as the Reserve Bank of India to the Government, due to which Section 36AD was introduced in the proposed Bill for social control of banks (The Banking Laws (Amendment) Bill, 1967) to prohibit certain activities in the banking industry. Since this Section was opposed by all the unions in the banking industry as well as central trade union organisations and has a bearing on industrial relations, concrete steps to avoid such activities were necessary from the Study Group and to suggest some other effective remedy as an alternative

to legislation on this important matter affecting industrial relations and recognition of unions in this industry.

11. Both the members from the State Bank of India in the Study Group representing the management and workers pointed out that they were satisfied with their present arrangements and desired to be treated as a separate bargaining unit in the industry and no study was, therefore, made in this respect. In spite of the fact that there was only one recognised Federation for more than 15 years in the State Bank, the question of wages and service conditions could not be decided through negotiations and dispute went up for adjudication before various tribunals. Sen Tribunal, Sastry Tribunal and Desai Tribunal. As stated in Chapter III, paragraph 3.20 of this Report, the negotiations in this bank resulted in two agreements dated 31st March 1967 and 29th July 1967, the terms entered into being similar to those in the Bipartite Settlement dated 19th October 1966 between the other commercial banks and their workmen (represented by the two organisations).

12. A Study of the actual situation prevailing in some banks where one union enjoys recognition will reveal a state of disturbed relations and complaints of illegal strikes, go-slow tactics and work-to-rule movements etc., a result quite contrary to the expectations and aspirations of the Study Group.

In the case of the Syndicate Bank, where a particular union was recognised, the Code was violated repeatedly and various types of agitations carried out with the result that the Bank moved the Hon'ble High Court for getting injunctions against demonstrations etc. Suspension and dismissals followed and recourse to police intervention and courts was taken.

In the case of Reserve Bank, having a recognised union under the Code of Discipline, there were repeated violations of the Code. Police had to intervene on various occasions at different centres. Agitations also resulted in Court interference. As late as 14th June 1968, the Bank obtained an injunction from the Hon'ble Calcutta High Court against demonstrations etc. Pen-down strikes and mass casual leave agitations were also resorted to and the Bank moved the Court for suitable directions against mass casual leave etc.

13. As regards collective bargaining in the Reserve Bank, in spite of having the recognised union as the sole bargaining agent, negotiations for arriving at a mutual

settlement on wages and service conditions failed in 1959 with the result that the dispute was referred to the National Industrial Tribunal for adjudication in 1960. After the expiry of the Desai Award relating to Reserve Bank employees by the middle of 1965, negotiations started again with the recognised union in this Bank which again failed and the matter was referred for arbitration under Section 10A of the Industrial Disputes Act to Shri T.L. Venkatarama Aiyer, Retired Judge of the Hon'ble Supreme Court. The fact that in the case of Reserve Bank having one recognised union as the bargaining agent, parties could not come to a settlement and had to take recourse to adjudication and/or arbitration under the Industrial Disputes Act as against a successful collective Bipartite Settlement dated 19th October 1966 in the banking industry with the two bargaining agents, will reveal that in the present set-up recommendations of the Study Group will not only be impracticable but will upset the existing arrangements of collective bargaining.

14. It will not be out of place to reproduce an extract from letter No. 79/Y/1366 dated the 13th June 1968 addressed by the Indian Banks' Association to the Hon'ble Union Minister for Labour, Employment and Rehabilitation and quoted by a member of the Study Group representing the Indian Banks' Association, while giving his views on the subject :

“The Indian Banks' Association, of which most of the scheduled banks are members, has in all 57 members exclusive of the State Bank of India but inclusive of its 7 subsidiaries. The present position regarding recognition of unions in the majority of member banks is that no union has been formally recognised but discussions are held with the unions as and when necessary.

“It will be seen that the banks concerned have been able to arrive at working arrangements with their respective unions during the last several years. Any alteration in the position which would lead to a strife would, in the view of the Association, be unwise. Nothing can and should be left to chance where interests not only of banks but of the Nation as a whole are concerned.

“It would be pertinent to note that certain major banking institutions, viz. the Central Bank of India Ltd., the Punjab National Bank Ltd., the Bank of Baroda.

Ltd., the United Commercial Bank Ltd. and the Indian Overseas Bank Ltd., in which more than one unions have been given *de facto* recognition account between themselves for Rs. 1,275 crores of deposits out of a total of Rs. 2,800 crores and 1,700 bank offices out of a total of 5,350 bank offices for commercial banks other than the State Bank of India at the end of December 1967. These banks, in the light of the above statistics, may be said to form the core of the banking industry."

The Study Group failed to appreciate the developments and efforts made to bring out a change of outlook towards collective bargaining in the banking industry as opposed to the climate of litigation and adjudication which existed for more than 18 years prior to 1964, while basing its recommendations.

15. The Study Group failed to appreciate that in spite of two separate Charter of Demands put by the AIBEF and AIBEA, Bipartite Settlement was made, preceded by 7 industry-wise settlements between 47 banks and the two all-India organisations between August 1964 and October 1966. No valid reasons for disturbing the collective negotiation arrangements brought as a result of continued efforts from both sides in arriving at the Bipartite Settlement have been given. Bipartite Settlement applicable to the entire industry was the first of its kind in India. In view of the above, any contrary suggestion based on ideal conditions, opposed to the realities would not only be impracticable but may create bitterness, disharmony, lack of understanding, unrest and re-opening of the past arena of struggles and strikes, multiplicity of individual, local, regional and central disputes etc., which will not only hamper the industrial relations but will retard the progress in this key industry of banking which is the backbone of economic life and prosperity of the country.

16 The main difficulty faced in connection with the Bipartite Settlement dated 19th October, 1966 was that the two unions, namely, All India Bank of Baroda Employees' Federation and All India Overseas Bank Employees' Union having majority of workers in their respective banks and not affiliated to any of the two bargaining agents, the AIBEF and the AIBEA were not represented during the bipartite negotiations. These two banks had, therefore, to sign separate settlements with these organisations later on,

which was the only practical and workable solution to solve the dispute covering wages and service conditions regarding these two banks. In case representatives of these two unions would have been associated in the collective negotiations, difficulties experienced after the Bipartite Settlement would not have arisen.

17. The effect of the recommendations made, if put into practice, will not only disturb the present workable satisfactory arrangement but will be contrary to the expectations and hopes of the Study Group. Whereas in the Reserve Bank and State Bank the present arrangement will continue undisturbed, but in other banks which are parties to the Bipartite Settlement on industry level, the effect will be that representatives of the majority union in each bank will negotiate itself or may authorise the all-India Federation with which it is affiliated. This will result either in having more than one bargaining agent associated with the industry-wise negotiations or negotiations will have to be carried out individually in many banks. For example, in the case of Bank of Baroda and Indian Overseas Bank, the majority union being not affiliated to any of the two all-India organisations, will have to be associated in the industry-wise negotiations or separate negotiations carried out with the respective unions only in these banks, thereby keeping these banks out of the industry-wise negotiations. Similarly, the majority unions in other banks affiliated to either of the two all-India organisations may decide to negotiate themselves individually with their banks or authorise their all-India organisation to represent on their behalf. In both the cases, rival unions are bound to be associated in the negotiations and, therefore, recommendations made by the Study Group are not only unworkable but will create more complications and difficulties in collective bargaining.

18. The Study Group failed to appreciate that the system of associating more than one union in the negotiations has not been practised in the banking industry alone but in other key industries as well, such as defence and railways, where two all-India Federations and their affiliated unions have been recognised. There are instances in other countries also where due to peculiar circumstances, negotiations are made with more than one union.

19. In Britain, in negotiations in the engineering and ship-building industry, many unions participate. In I.C.I.,

~~there are~~ 4 unions, out of which some will sit together for negotiations but others will not, and agreements reached with different groups must be carefully co-ordinated to see that there are no discrepancies. In France, there is a problem of multiplicity of trade unions which has in some industries been solved by persuading more than one union to take part in joint negotiations. In West Germany, in some of the industries, negotiations with two organisations, D.G.B. and D.A.G. take place, in spite of there being one recognised national centre. (Reference : *Problems in Labour Relations* by Selekman, Fuller, Kennedy and Baitzell (3rd Edition) and *Collective Bargaining* by Mary Sur, 1965).

20. In view of the above, I respectfully disagree with the conclusions drawn and recommendations made by the Study Group. I am of the opinion that both the all-India organisations (AIBEF and AIBEA) be recognised and conduct negotiations allowing representation also to those unaffiliated unions in individual banks having a substantial membership.

V.N. Sekhri
Member
Study Group on Banking Industry
17-7-1968