



## CHAPTER-XI

### Industry Enters the Era of Bipartite Settlements

A new era of negotiated settlements dawned in the Banking Industry following powerful agitations demanding settlement of employees' issues through discussions sitting across the table with employees' organizations. Developments leading to the signing of the First Bipartite Settlement were as follows :

AIBEA held its 11th Conference in Hyderabad in April, 1960, 12th in Calcutta in September, 1962, 13th in Trivandrum in February, 1964. In all these Conferences emphasis was given for conducting massive campaign on two vital issues, viz. nationalization of banking industry and Industry level direct negotiations between Bankers and Workmen for settlement of demands. The employees responded to the call magnificently and raised their voice unequivocally centering round those two very important demands.

In the meantime Desai Award was due to expire on 31.12.1962. But the Government extended it for one year upto 31.12.1963. AIBEA formulated its wage demand in Trivandrum Conference in February 1964. This time no detailed charter of demands was framed. Departing from the previous approach of need-based minimum wage, fair wage and living wage as per decision of the 15th Indian Labour Conference, this time demand for wage increase @ 20% was submitted to the Banks seeking negotiation across the table for settlement. But the Government again extended the term of Desai Award for another year upto 31.12.1964. This created acute resentment among the employees. At the call of AIBEA they, for the first time in banking industry, resorted to Work-to-rule and non-cooperation movement throughout the country on and from 20th July, 1964, demanding bipartite settlement.

Under the impact of the movement the entire banking operations in the country came to a standstill and its pressure was felt by both the Government and the bankers. As a consequence through the intervention of Chief Labour Commissioner (Central) a tripartite meeting was convened and a Memorandum of Settlement was signed on 18th August 1964 between the AIBEA and the IBA (Indian Banks Association) and EBA (Exchange Banks Association), conceding an immediate ad-hoc increase of two extra slabs of D.A. and agreeing to start industry-level negotiations for settlement of the workmen's demand. Thus the era of tribunals ended in the banking industry and ensued different rounds of talks between the parties opening a new chapter in the middle class movement of the country.

The talks were actually concluded in May 1966 and the settlement was signed on 19th October 1966 in the presence of Chief Labour Commissioner (Central). Before signing the settlement the gist of the draft agreement was placed before and approved by the 14th Conference held in Delhi from 26th June to 1st July 1966, ignoring critical concern voiced by some comrades about inclusion of the management's issue of 'mechanisation' in the settlement as a package deal.

The settlement was also signed on the dotted lines with INTUC-affiliated All India Bank Employees Federation. A further negotiation and settlement on wages and service conditions of the bank employees with the Northern India Bank's Association was signed in 1967.

#### FIRST BIPARTITE SETTLEMENT IN THE INDUSTRY

It was no doubt a matter of great pride and achievement for the bankmen that though it took almost two years to reach conclusive stage, the first ever Industry level Settlement through direct negotiations was arrived at, bidding adieu to the era of Awards by Tribunals nominated by the Government, and often manoeuvred by Bankers out of class bias, as illustrated in

Sastry Tribunal case, This new era has since been in existence for nearly full five decades and has also started in other industries.

**The broad features of the 1st Settlement were as follows :**

In the first Clause i.e.1.1 of the Settlement it was mentioned that the provisions of both the Sastry Award and those of the Desai Award 'shall govern the service conditions therein covered except to the extent that the same have been modified in this Settlement.' The same provisions continue to govern the service conditions of the workmen also in the subsequent Settlements; i.e. unmodified provisions of the Awards and the Settlements simultaneously remain operative even today.

**Classification of Banks :**

Banks were grouped into three Classes as A, B and C (on the basis of working funds as per Desai Award)

Classification of areas :

The country was categorized into three Areas on the basis of population-

**Area I -**

- (i) BOMBAY            Comprising the areas within the limits of Bombay Municipal Corporation (Greater Bombay), Domvibli, Kalyan and Thana Municipalities.
- (ii) CALCUTTA        Comprising the municipal areas under the following groups :
  - Group I :            City of Calcutta (including Behala, Alipore, Cossipur, Tollygunge), Howrah, Barrackpore (including N. Barrackpore), Garden Reach, Baranagore, South Suburban Municipal Area and Dum Dum (including South Dum Dum).

Group II :            Kamarhati, Panihati, Khardah, Titagarh, Garulia, Bhatpara and Naihati.

Group III :            Bally, Uttarpara, Konnagar, Rishra, Serampore, Baidyabati, Champdani. Bhadreswar, Chandannagar and Hooghly, Chinsura.

(iii) DELHI            Comprising of New Delhi, Old Delhi, Delhi Shahdara, Delhi Cantonment and Loni.

(iv) MADRAS            Comprising of the following Postal Districts under Madras G.P.O. 1. Chennai G.P.O., 2. Mount Road, 3. Park Town, 4. Mylapore, 5. Triplicane, 6. Cathedral, 7. Vepery, 8. Egmore, 9. Fort St. George, 10. Kilpauk. 11. Perambur, 12. Perambur Barracks, 13. Royapuram, 14. Royapettah, 15. Saidapet, 16. St. Thomas Mount, 17. Thyagarayanagar, 18. Teynampet, 19. Thiruvettiyur, 20. Adyar, 21. Washemanpet, 22. Ayanavaram, 23. Kodambakkam, 24. Engineering College, 25. Vadapalani, 26. Madras Air Port, 27. Raja Annamalaipuram, 28. Aminjikalai, 29. Shenoyanagar, 30. Chetpet, 31. Industrial Estate, 32. West Mambalam, 33. Nugambakkam, 34. Nandanam, 35. Indian Institute of Technology, 36. Thiruvanmiyur, 37. Chromepet, 38. Tambaram, 39. Tambaram I.A.F., 40. Tambaram Sanatorium, 41. Villivakkam, 42. Ambattur, 43. Poonamalle.

- (v) AHMEDABAD Comprising of the City of Ahmedabad, Naroda, Bapunagar, Sardarnagar and Valva.
- (vi) HYDERABAD Comprising areas falling within the Hyderabad Municipal Corporation Limits, Secunderabad, Secunderabad Cantonment and outlying urban units being University Area, Malkajgiri, Alwal, Zamistapur, Attapur, Fatehnagar, Bowenpalli, Lalaguda, Kandikal and Machabaliram. Also Rajendranagar with effect from 1.7.1966.
- (vii) BANGALORE Comprising areas falling within the Bangalore Corporation limits and area notified under the Bangalore Improvement Trust Board Act but excluding satellite townships and satellite towns within the Trust Board area.
- (viii) KANPUR Comprising the areas falling within the Kanpur Municipal Corporation Limits and Kanpur Cantonment.
- (ix) BUDGE BUDGE
- (x) BARUIPUR
- (xi) FARIDABAD
- (xii) GHAZIABAD
- (xiii) MOHANNAGAR, and
- (xiv) All other places with a population of more than 12 lacs.

**(B) Area II will comprise :**

All cities other than those included in Area I which have a population of 1 lac or more, AND

1. Bhiwandi
2. Chandigarh
3. Cochin
4. Ferozepur City and Cantt.
5. Kakinada
6. Nasik and Nasik Road
7. Pimpri
8. Pondicherry
9. Raipure
10. Shillong
11. Tirunelveli Palayamkottai Melapalayam
12. Tuticorin
13. Ballabgarh
14. Simla
15. Gurgaon
16. Dhanbad, Jharia, Sindri
17. Yamunanagar
18. Muzaffarnagar
19. Ferozabad
20. Aurangabad Jagadhari (incl. Cantonment)
21. Gulbarga
22. Quilon
23. Agartala
24. Imphal
25. Rohtak
26. Farrukabad
27. Singanallur
28. Dhulia
29. Sangli-Miraj.

**(C) Area III will comprise :** All places not included in Area I and Area II.

**Three separate pay-scales** for both Clerical and Subordinate Staff for the Banks in the Areas classified were introduced, base year applied 1949 (=100).

## CLERICAL STAFF

## A CLASS BANKS : (in Rupees)

- Area I - 154-6-166-7-201-12-309-15-324-EB-15-354-20-414-23-460
- Area II - 142-6-166-7-201-12-297-EB-12-309-15-354-20-414
- Area III - 132-5-142-6-166-7-201-12-273-EB-12-309-15-354-20-374

## B CLASS BANKS :

- Area I - 142-6-166-7-201-12-297-EB-12-309-15-354-20-414
- Area II - 132-5-142-6-166-7-201-12-273-EB-12-309-15-354-20-374
- Area III - 122-5-142-6-166-7-201-12-249-EB-12-309-15-339

## C CLASS BANKS :

- Area I - 132-5-142-6-166-7-201-12-273-EB-12-309-15-354-20-374
- Area II - 122-5-142-6-166-7-201-12-249-EB-12-309-15-339
- Area III - 112-5-142-6-166-7-201-12-225-EB-12-309

## SUBORDINATE STAFF A CLASS BANKS

- Area I - 92-2-126-EB-2-130-3-145
- Area II - 86-2-120-EB-2-130-3-136
- Area III - 80-2-114-EB-2-128

## B CLASS BANKS :

- Area I - 86-2-120-EB-2-130-3-136
- Area II - 80-2-114-EB-2-128

Area III - 74-2-108-EB-2-122

## C CLASS BANKS :

- Area I - 80-2-114-EB-2-128
- Area II - 74-2-108-EB-2-122
- Area III - 68-2-102-EB-2-116

**So, nine pay-scales each for Clerical and Subordinate Staff** ran simultaneously in the country. Naturally the combined running scales for Clerical and Subordinate Staff respectively were :

112-5-142-6-166-7-201-12-309-15-354-20-414-23-460 (for clerical Staff) and 68-2-130-3-145 (for subordinate staff)

**Rate of neutralization** in the case of DA was the same as Desai Award, i.e. 100% for subordinate staff and 75% for clerical staff. As a result of calculation of D.A. on the above basis at 54% for clerical staff and 72% for Subordinate Staff, employees got increase over Desai Award in the ranges of Rs. 27.56 to Rs. 89.70 and Rs. 16.76 to Rs. 61.76 respectively. Overall load was 8% increase.

**Uniform spans** of both the Scales of Pay for Clerical and Subordinate Staff ran **for 25 years** in all the Areas of all the Classes of banks.

Another significant feature of the Settlement was that the designation of '**Supervisor**' as per the Industrial Tribunal Awards was **changed as 'Special Assistant'** and for the first time Standardisation of Duties for Special Allowance carrying posts was established in the industry.

Categories of **Special Allowance bearing posts** for Workmen : Clerical :

There were twenty categories of posts carrying Special Allowance in the clerical cadre, e.g., Telephone Operators, Relieving Tel. Operators, Audit Clerks, Comptists, Telex

Operators, Tellers, Punch Card Operators, Accounting Machine Operators, IBM, ICT Machine Operators, Stenographers, Head Clerks, Asst. Head Cashiers with two sub-categories, Cashier-in-charge of Cash in Pay Offices or Branches, Head Cashiers of five categories e.g., A,B,C,D and E; Category 'A' further sub-divided into two categories for each of the three Classes of banks and 'B' Category into two for A and B Class banks, and Special Assistants - these were the nineteen categories with the lowest allowances of Rs. 6/- for Telephone Operators in C Class banks and highest allowances of Rs. 75/- for Special Assistants of A Class banks. These apart, another Category bracketed together were Credit Investigators, Opinion Compilers, Bazar Clerks, Munshis, Translators and Supplementary/Ledger Callers, - their Allowances were not quantified in the Settlement but a provision was incorporated instead to 'maintain status quo' for the posts in the respective banks.

#### Subordinate Staff :

Thirteen categories of Special Allowances Carrying posts were created e.g. Cyclostyle Machine Operators, Liftmen, Relieving Liftmen, Cash Peons, Watchmen/Watchmen-cum-Peon, Armed Guards, Bill Collectors, Daftaries, Head Peons, Air-conditioning Plant Helpers, Electricians and Drivers; these were twelve with monthly Allowances ranging between Rs.4/- for Cyclostyle Machine Operators in C Class banks and Rs 40/- at the highest for Drivers in A Class banks. One more category in the nomenclature of Head Messengers was recognised without specifying the quantum of allowances but Banks were advised 'to maintain status-quo' wherever such duties were being performed by Sub-staff.

**Categorisation of Banks and Areas, Scales of Pay, Method of Adjustment, D.A, Medical Aid, P.F and Gratuity/ Pension were given effect from January 1,1966.**

**Special Allowances, H.R.A, Washing Allowance, Hill and**

**Fuel Allowances, Project Area Compensatory Allowance, Split Duty Allowance and Water Scarcity Allowance became effective from July 1,1966.**

**All other matters remaining were to be effective one month after the Settlement.**

#### Part-time workmen - Cl. 4.5

Part-time workmen were classified into different groups according to working hours and became entitled to proportionate increments in pay-scales according to their working hours.

Non-Subordinate Staff - one-third of pay and allowances with total working hours not exceeding 12 hours a week and one-third of annual increments payable to full-time staff.

Subordinate Staff - Quantum and Scales as provided with stipulations of weekly working hours :

|                                |  |
|--------------------------------|--|
| Upto 3 hours                   | At Bank's discretion                                 |
| More than 3 hours to 6 hours   | At Bank's discretion but Minimum Rs. 15.0 per month. |
| More than 6 hours to 13 hours  | 1/3rd of scale wages with proportionate increment.   |
| More than 13 hours to 19 hours | 1/2 of scale wages with proportionate increment.     |
| More than 19 hours to 29 hours | 3/4th of scale wages with proportionate increment.   |
| Beyond 29 hours                | Full scale wages.                                    |

#### Efficiency Bar - Cl. 4.6 :

The bar was imposed on all categories of workmen at the end of 18th year stage in respective scales of pay. Although it was provided that it will be applied sparingly, choice was left

to the management to measure the efficiency of a workman to decide whether to hold up or release the increment after the 18th stage without any protection to the workman concerned.

#### **Method of Adjustment - Cl.4.7 :**

Workmen joining in Banks' service before 1.1.1966 were to be fitted in the new scales of pay on a stage-to-stage basis. There were many more provisions of adjustments depending on differences of varying degrees.

#### **Mechanisation :**

Cl. 6.1 Sub clauses i) and ii) dealt with brands of machines that could be pressed into service for specified jobs and sub cl. iii) spelt out that "there will be no retrenchment on the introduction of the machines as in (i) and (ii) above and the displacement of staff in a particular department or office/branch where such machines are introduced will be kept at the minimum possible level".

Cl. 6.2 : "The workmen or their representatives will not object to the introduction of machines, as mentioned above and to the consequent reorganization"

Cl. 6.3 : "The question whether the scope of utilisation of the machines referred to above can be extended or not, will be considered afresh as early as possible after 31.12.1968".

So mechanization and consequent reorganization entered the industry not because of third party imposition by Awards etc but by choice of mutual agreement. That machines could drive the workmen with displacements even outside the branch or office was principally accepted in the industry.

#### **Leave fare concession :**

Cl. 10.1 provided for the facility to the workmen once in every three year with a stipulation for minimum 15 days' leave.

Subsequent clauses dealt with :

Entitlements - For non-Subordinate staff Second Class fare ( First Class, - if the Train has no provision for Second class) on a maximum distance of 800 km. in A Class Banks and 500 km. in B Class Banks.

For Subordinate Staff working in A Class Banks 1000 km. and 500 km. in B Class Banks with Third Class Train fare.

#### **Provident Fund :**

Contributions by all categories of workmen to the Fund for A and B Class Banks - 8-1/3rd per cent and for C Class Banks - 6-1/4 per cent of monthly pay.

#### **Medical Aid and Expenses :**

Cl.15.1 - Annual limits for workmen and their families in a year were prescribed as -

A Class Banks : Rs. 135, Rs. 90 and Rs. 75 in Areas I, II and III respectively.

B Class Banks : Rs. 113, Rs. 75 and Rs. 60 in Areas in the above order.

C Class Banks : Rs. 80, Rs. 54 and Rs. 40 in the order as above.

Family defined -

Workman and members of his family consisting of wife, children wholly dependent and dependent widowed mother.

**Age of Retirement** - Cl. 18.1 : Although normal age of retirement for a workman was accepted as 60 it was also provided that a workman could be retired at the age Of 57 if his efficiency found by the management to have been impaired by serving him with a mere two months notice to the effect.

### **Disciplinary Action and Procedure therefor :**

Chapter XIX Clause 19 sub-clauses 1 to 16 elaborately dealt with Disciplinary measures against Award staff in the industry. It was on exact reproduction of the provisions made in the Tribunal Awards without any change or even any attempt to change some provisions which could be grossly misused by the management without any protection to the workman concerned.

“Misconduct’ was divided into two categories. Cl.19.5 defined ‘gross misconduct’ and Cl.19.6 prescribed punishment to be inflicted on the workmen concerned found guilty ranging between condoning, warning, stoppage of increment with or without cumulative effect, discharge or dismissal without notice. Cl 19.7 deals with ‘minor misconduct’ and punishment on the workmen concerned found guilty has been prescribed from warning or censorship at the minimum to stoppage of increment upto a maximum period of six months. Misconduct - gross and minor - has been described into 12 categories each. There are misconducts as defined and incorporated where management got exhaustive authority to resort to discrimination, personal vendetta and highhandedness , a few such instances - ‘doing any act prejudicial to the interest of the bank or gross negligence or negligence involving or likely to involve the bank in serious loss’ (cl.19.5 j), or ‘holding or attempting to hold or attending any meeting on the premises of the bank without the previous permission of the management or except in accordance with the provisions of any rule or law for the time being in force’ (cl.19.7 h) or “canvassing for union membership or collection of union dues or subscription within the premises of the bank without the previous permission of the management or except in accordance with the provisions of any rule or law for the time being in force’ (cl.19.7 i) etc.

**Para 522(1) of Sastry Award providing for termination of service not by way of disciplinary action but simply by**

**giving 3 months’ notice or 3 months’ emoluments in lieu of notice without assigning reason whatsoever was retained intact.**

### **Special Provisions for Some Banks - Ch.XXI :**

One additional increment provided for workmen falling short of point-to-point adjustment as on April 1,1966 by two or more increments with effect from January 1,1967 in the Karnataka Bank Ltd, The Vijaya Bank Ltd, The Nedungadi Bank Ltd, The Pungal Nayak Bank Ltd, and The Vysya Bank Ltd.

The Bank of Rajasthan and The South Indian Bank Ltd. stood upgraded from C Class to B Class Banks from January 1, 1966 and January 1, 1967 respectively. As a result all eventual benefits of the Settlement were extended to the workmen in the Bank of Rajasthan in two stages e.g. from July 1, 1966 and January 1, 1967. Benefits were extended to the workmen of the South Indian Bank Ltd from July 1,1967 only since upgradation of the Bank was deemed to have been from that day only.

The Andhra Bank Ltd was to be upgraded from January 1, 1967 from B to A Class Bank and hence question of any relief available to the workmen in the Bank was to be discussed and decided between the Signatory parties before December 15,1966.

For workmen in The Bank of India Ltd Separate pay- scales with 20 years’ span and some special provisions were incorporated in the Settlement - Cl 21.6 and Appendix F; as they were previously being governed by Bank’s own scales of pay with 17 years’ span before Tribunal Awards came into operation. The following pay-scales with reference to the base year 1949 were applicable to the workmen other than the Sub-staff :

Area I 154- 8-170 -10 - 210 -15 - 270 - 20 - 310 - 25 - 410  
- 30 - 500

Area II 142- 8-158- 9-185 -10 - 225 -15 - 270 - 20 - 330  
- 25 - 380 - 30 -440

Area III 132-7-146-8- 170-10-230-15-260-20-300-25-400

Subordinate Staff :

Area I 98-2-100-3-121-4-165

Area II 92-2-100-3-118-4-154

Area III 86-2-100-3-109-4-145

Special Allowances for Graduates and CAIB/CAIIB  
Diploma Holders :

1st to 6th year of service : Graduates Rs. 16 CAIB/CAIIB  
PART I Rs. 8 CAIB/CAIIB PART II Rs. 16 From 7th year  
onwards :               Rs. 20               Rs. 10               Rs. 20

NOBW (National Organisation of Bank Workers, a new  
organization formed under the aegis of BMS) signed the  
Settlement separately with the Bankers on 9th November, 1966.

#### **List of Parties to the Settlement :**

Exchange Banks represented by the Bombay Exchange  
Banks Association -

1. Algemene Bank Nederland N V
2. The American Express Co. Inc.
3. The Bank of Tokyo
4. Banque Nationale de Paris
5. The Chartered Bank
6. The Eastern Bank Ltd
7. First National City Bank
8. The Hongkong and Shanghai Banking corporation
9. Mercantile Bank Ltd
10. National and Grindlays bank Ltd

Indian Banks represented by the Indian Banks Association -A  
Class Banks -

1. The Allahabad Bank Ltd.
2. The Bank of Baroda Ltd.
3. The Bank of India Ltd.
4. The Bank of Maharashtra Ltd.
5. The Canara bank Ltd.
6. The Central Bank of India Ltd.
7. The Dena Bank Ltd.
8. The Indian Bank Ltd.
9. The Punjab National Bank Ltd.
10. State Bank of Bikaner & Jaipur
11. State Bank of Hyderabad
12. State Bank of Mysore
13. The Syndicate Bank Ltd.
14. The Union Bank of India Ltd.
15. The United bank of India Ltd.
16. The United Commercial Bank Ltd.

B Class Banks -

1. The Andhra Bank Ltd.
2. The Bank of Behar Ltd.
3. The Bank of Rajasthan Ltd.
4. The Canara Banking Corporation Ltd.
5. The Hindustan Commercial Bank Ltd.
6. State Bank of Indore
7. State Bank of Patiala
8. State Bank of Saurashtra
9. State bank of Travancore

## C Class Banks -

1. The Hindustan Mercantile Bank Ltd.
2. The Karnataka Bank Ltd.
3. The Krishnaram Baldeo Bank (Private) Ltd.
4. The Miraj State Bank Ltd.
5. The Nedungadi Bank Ltd.
6. The Pangal Nayak Bank Ltd.
7. The Sangli Bank Ltd.
8. The South Indian Bank Ltd.
9. The Vijaya Bank Ltd.
10. The Vysya Bank Ltd.

And Workmen represented by the All India Bank Employees Association and the All India Bank Employees Federation.

**The Settlement was to remain operative for a period of three years from 1st January, 1966 to 31st December, 1968.**

**Reserve Bank of India :**

A settlement covering Reserve Bank Class IV employee all over India with the Reserve Bank management was reached on 7th February 1967. But the talks in respect of wages and service conditions of Class-III & Class-11 employees in Reserve Bank with the All India Reserve Bank Employees Association failed resulting in reference of the issues to an arbitrator Venkataraman Iyer.

**Payment of Bonus Act 1965 :**

Recommendations of the Bonus Commission with some modifications were introduced as a Bill in the Parliament by the Government of India. Both the Houses of the Parliament passed the Bill in 1965. The concept that bonus is a deferred wage, payable not on profit-sharing basis alone, was given cognizance in the Payment of Bonus Act 1965 with the provision of a minimum Bonus payable @ 8-1/3rd of gross

annual wages comprising pay and DA, even by loss-making concerns. The upper limit of bonus payable out of allocable surplus (to be calculated according to the formula provided in the Act) from profit was fixed at 20% of wages.

A determined fight against the **obnoxious Social Control Bill**, particularly against Sections -36AD & 54AA, was launched by the bank employees in the country. In 1968. It was a retrograde bill brought out by the then Finance Minister Morarji Desai in order to divert attention of the nation from growing demand for nationalization of the banking sector. Two notorious provisions were incorporated in the Bill - 36 AD which was meant to restrict, curb and also take away Trade Union rights and privileges of the employees, impose punishment for contravention of the clauses amounting to imprisonment for over 6 months with a fine of Rs.1000/-. Another provision - 54AA was mainly targeted at the RBI employees. This clause authorized the management of the RBI to transfer employees even to other financial institutions for infringement.

A weeklong programme for "Defense of Trade Union Rights" was observed from 8th to 13th April, 1968. 102 MPs covering most of the political parties, including Congress, submitted a Memorandum to the Prime Minister demanding deletion of both the sections. A mass petition carrying signatures of 7.50.000 citizens was submitted to the Lok Sabha Speaker on May 2 on the same issue. Bank employees' issues registered further support and strength from a deputation and submission of a memorandum by 100 MPs to the Prime Minister on July 31, 1968. The Government, instead of listening to logic and reason passed the Social Control Bill by a majority votes in the Lok Sabha on August 6th. In protest thereagainst a strike was observed on the subsequent two days i.e. August 7 & 8. The Bill was, however, sent to the Rajya Sabha and was passed there also against stiff opposition. A two hours strike on November 21 in protest against the action of the Government

was observed. The Government, without any sign of reconciliation, introduced Essential Services Maintenance Bill banning the right to strike. A 3-day protest action on November 28, 29 and 30 was participated in by the bank employees throughout the country.

### **Political Scenario :**

Let us have a cursory look at the political scenario of the country during the period. Political turmoil tended to raise its head in the country soon after the death of Jawaharlal Nehru, the first Prime Minister, in May 1964. Nehru was undoubtedly a towering personality during the post-independence era in the country. But after his death an argument was advanced by the then Congress President Kamraj for a group leadership to fill the gap left by Nehru on the argument that none of his remaining compatriots could match his charisma. Two names came on the surface for the post of Prime Minister and the ruling party had to choose either of them. They were Morarji Desai and Lal Bahadur Shastri. The coterie that wanted to play the decisive say chose Lal Bahadur as he appeared to be a moderate man and imbued with the ideals of Nehru, but Morarji Desai was a rightist and a difficult person to be handled. However, within a period of two years Lal Bahadur met his tragic death at Tashkent in the Soviet Russia in 1966. This time again Morarji was sidetracked by the coterie in the Congress party and Indira Gandhi was the choice. The coterie presumed that Smt Gandhi would be a soft person to be managed and controlled and that she was chosen only as a stop gap measure till the Lok Sabha Elections were held in the country. A compromise was made with Indira Gandhi as Prime Minister and Morarji Desai as Dy. Prime Minister. But all calculations were soon proved wrong. A split in the ruling Congress Party between two groups known as 'Indicate' and 'Syndicate' became inevitable and Indira Gandhi rose with more assertions and aggression. Desperate to grab control of

the party and to project her progressive image to drag people to rally around her, she adopted some people-friendly economic measures. The overall scenario also partly added some facilitating ingredients for the bank employees' movement also. Industry level first bipartite negotiations and settlement proved possible.

### **Nationalisation of Banks :**

Three years thence followed another epoch making incident in Nationalization of the 14 largest Indian private banks in the country. Long drawn movement built over two decades opened up a glorious chapter in the annals of the working class movement in the country. Morarji Desai was divested of the Finance portfolio which was taken over by Mrs. Gandhi herself. Immediately thereafter on 19.07.1969 she announced nationalisation of 14 major banks having deposits of over Rs.50 crores through an Ordinance. May be, she did this to overcome her delicate position within the congress Party which was virtually controlled by a coterie of leaders known as "Syndicate" and also to project her progressive image before the people of the country.; yet it is significant victory of the people and bank employees long-drawn movement as well. As on that date total number of branches of these banks were 4134, deposits Rs. 2627 crores and advances Rs. 1813 crores. Total number of employees of these banks were 93,000, out of a total of 220000 in the industry. That she did it out of political compulsion is clear from the fact that the rest of the Private Sector and foreign banks, together with a deposit of Rs 616 crores and staff strength of 30.000, were not touched and kept outside the purview of the nationalization effort. Nevertheless it was a bold step to boost up national economy and massive expansion of banking industry to help amelioration of the conditions of the lower strata of the society.

In justification of nationalization, **the then P.M. Indira Gandhi told in her broadcast to the nation :**

“An Institution such as the banking system, which touches and should touch the lives of millions has necessarily to be inspired by a larger social purpose and has to sub-serve national priorities and objectives. That is why there has been a widespread demand that major banks should be not only socially controlled, but also publicly owned. This step, now taken, is a continuation of the process which has been underway. It is my earnest hope that it will make a new and more vigorous phase in the implementation of avowed plans and policies.” She further said that bank deposits are nothing but common people’s money kept in Banks and hence, these are national resources which should be utilized for national purposes like eradication of poverty and solution of unemployment problem. She did try to fulfil the above objectives to some extent by introducing priority sector for disbursement of bank loans to the agriculturists and the poorer sections of the people at lower interest rates. However, she could not overcome her class bias as she left the foreign banks untouched and some small Indian banks untouched.

However, the Ordinance was challenged in the Supreme Court by R. C. Cooper, Director, Central Bank representing the interest of share holders and depositors. He was supported by business tycoons, many senior executives in the industry, Federation of Chamber of Commerce etc. and MPs like M.R. Masani of Swatantra Party and Balraj Madhok of Jan Sangh (at present BJP) On the other side,. A.K. Gopalan, M.P., CPI (M), and Sushila Gopalan, veteran T.U. leader of CPI (M) moved petition of intervention on 22.07.1969 in defense of the Ordinance. The Supreme Court granted interim stay on the following conditions:

- i) That the Government will not appoint any boards of advisers.
- ii) That the Union of India will not remove the chairmen of the various banks and

- iii) That the Union of India will not give any directions contrary to the provisions of the Banking Laws Act.

The bank employees expressed their jubilation by holding demonstration, processions and sending congratulatory messages to the Prime Minister for her bold initiative. In the face of the reactionary forces’ conspiracy to undo the Prime Minister’s effort, they held protest demonstrations all over the country and observed “Bank Nationalisation and Save Democracy Day” on 27.10.1969.

The Supreme Court after hearing the petitions struck down the Ordinance on 10.02.1970. But the Government was finally successful by promulgating another Ordinance on 14.02.1970. Thus the impediments sought to be created by the vested interests against nationalization of the industry were apparently removed and the industry was nationalized. **The 14 nationalized Banks, with deposits in crores in brackets were :**

Central Bank of India (433), Bank of India (395), Punjab National Bank (356), Bank of Baroda (314), United Commercial Bank (241), Canara Bank (146), United Bank of India (144), Dena Bank (122), Union Bank of India (113), Allahabad Bank (113), Syndicate Bank (112), Indian Overseas Bank (93), Indian Bank (85) and Bank of Maharashtra (73).

Six more banks with deposits of Rs. 200 crores and above were further nationalized on 15.04.1980. At the time of their being taken over their total branch spread were 2686, deposits-Rs. 2110 crores and advances-Rs. 1375 crores. From the very day of nationalization the Public Sector Banks have been shouldering ever expanding multifarious responsibilities towards rebuilding the nation. Since nationalization 33 mergers have taken place : 25 with Public Sector Banks and 8 among Private Sector Banks (Indian Banker Vol. 5, No. 8 August 2010).

### **General Insurance companies nationalized :**

The entire general insurance business in India was nationalised by the Government of India in 1972. 55 Indian insurance companies and 52 general insurance operations of other companies were taken over to form The General Insurance Corporation of India (GIC). After a process of mergers and consolidation, GIC was re-organized with four fully owned subsidiary companies : National Insurance Company Limited, New India Assurance Company Limited, Oriental Insurance Company Limited and United India Insurance Company Limited.

### **Workmen Directors on Board of the Banks :**

The Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970 (thereafter again in 1980) provided for procedures for verification of membership of the unions by Central Labour Commissioner and appointment of Workmen Directors. In 1972, Workmen Directors, for the first time were included in the Banks' Boards. Some of the directors included in the first boards of the banks were Santi Bardhan from Union Bank, Bhupesh Sarkar from Allahabad Bank, B.C. Dasgupta from Dena Bank, Tarakeswar Chakraborty from Central Bank. D.P. Chadda from PNB, Tara Das from United Bank, V.M. Chitnis from Bank of India etc.

### **2nd Bipartite Settlement :**

2nd Bipartite Settlement was concluded in 1970. Against the employees' demand of wage increase of 15%, the overall load of the banks resulting from the settlement only 8%. The bright side of the settlement was - area wise classification of banks abolished, whereas classification of Banks viz., A, B & C Class bank remained, span of scale reduced from 25 to 20 years, hospitalization facility introduced for the first time, DA neutralization of 75% for clerical and 100% for sub-staff continued. But there was bad side also, because the normal

expectation of the employees for standardization of pay scale at the highest level was not fulfilled. Actually the new pay-scales were fixed at the level of area II pay-scales resulting in introduction of two new components like City Compensatory Allowance to protect the existing emoluments of Area I employees and also Temporary Adjustable Allowance in many cases. As 25 years' span was reduced to 20 years' span, it led to clubbing of two or more stages together, resulting in serious anomalies which were overlooked before signing the settlement. In the circumstances AIBEA approached IBA for rectification of the anomalies. IBA refused. AIBEA leaders were forced to launch an agitation for removal of anomalies, though they avoided it earlier while negotiating on the main demand. They did not feel the need of it to strengthen the bargaining power of the negotiating team for a better deal. However, as a result of the movement the anomalies were somehow rectified. This time the settlement was signed on 12.10.1970 and were to remain operative from 01.01.1970 to 31.12.1973 i.e. for a period of four years, as against 3 years in the 1966 settlement. The settlement was signed by AIBEA alone on behalf of the workmen and so it claimed to be "Sole bargaining body". However, no retrospective effect of the revised pay structure and other facilities was given and the bankers got a one year holiday of pay increase and the employees were deprived of their legitimate dues for one year.

**A supplementary settlement on "other issues"** (which were not settled along with the main settlement) was also signed on 8th November, 1973, barely less than two month before the expiry of the settlement. The reason for this extraordinary delay was not explained. By this supplementary settlement the following issues were resolved:

- (a) some areas were upgraded either to area I or Area II;
- (b) House Rent Allowance of some areas was raised due to rise in population in those places;

- (c) some areas were treated as either Project Area A or Project Area B with appropriate compensatory and house rent allowance as applicable;
- (d) The rates of Washing Allowance and Cycle Allowance of subordinate staff were raised;
- (e) The rates of Hill Allowance and Fuel Allowance payable in hill stations were raised.
- (f) The rates of Water Scarcity Allowance were raised.
- (g) Provision for payment of officiating allowance payable to Non-subordinate staff for officiating in higher position was modified, (h) Halting Allowance rates were revised upward, (i) Overtime allowance to drivers provided, (j) Paradip Port Allowance introduced, (k) Distance of travel on leave fare concession raised. (l) Leave rules improved to some extent, (m) Holidays for Watch & Ward Staff defined.
- (n) Medical Aid limits raised.
- (o) Provision made for Re-imburement of Hospitalisation charges upto 75% for self and 50% for family members for treatment of (1) Cancer, (2) Tuberculosis, (3) Paralysis, (4) Cardiac Ailments, (5) Brain Tumor and (6) Major Accidents requiring hospitalization.

In the meantime some important developments both at the national as well as organizational level took place. **Internal Emergency was clamped in June 1975 by Mrs. Gandhi** and all democratic rights were snatched away. All the leading opposition leaders were arrested. The faction of the Communist Party of India led by S.A. Dange supported the Emergency, while the left-wing members opposed it. Service in RBI was declared "Essential" under Defense of India Rule. Maintenance of Internal Security Act was introduced. NUBE (National Union of Bank Employees) joined INTUC-affiliated INBEC in search of an umbrella during Emergency, and after the Emergency

was over it became NCBE (National Confederation of Bank Employees of which State Bank of India Employees' organization became a part).

Although all democratic rights, demonstrations and trade union activities were banned, all publications including even posters were subjected to censorship, and also payment of bonus was stopped by the Government, AIBEA came out with open support of the Emergency to the utter consternation of every body concerned. As an explanation for this extraordinary action, members were given to understand that right-wing fascists under the leadership of Morarji Desai, Atal Behari Bajpai, Charan Singh etc. were trying to take over power. Hence Emergency was necessary to foil their attempt. They conveniently forgot that it was Mrs. Gandhi who needed Emergency to remain P.M. after she lost the election suit in Allahabad High Court with consequent loss of her membership of Parliament with immediate effect and loss of Prime Minister's position within 6 months. By imposing Emergency and keeping the opposition MPs in prison, he got the relevant act amended appropriately to prevent loss of her membership of Lok Sabha and to retain her Premiership. In consequence, the worst sufferers were the common men - workers, peasants, etc. who were deprived of all opportunities for movement, the only weapon in their hands to protect their interest.

Incidentally, it may not be out of place to mention here how Com. Prabhat Kar, General Secretary of AIBEA, dealt with the subject in Amritsar Conference held at Amritsar in 1975. Knowing that some comrades from West Bengal are likely to criticize promulgation of Emergency in their deliberations, he advised them not to do so, as the police are very active. Nevertheless comrades voiced their opposition to Emergency and AIBEA's support to it. In reply to the debate, Com. Kar repeated his argument that without Emergency the country would have been taken over by right-wing fascists. He even said that he could not imagine a situation with Shri

Morarji Desai as Prime Minister, Shri Atal Behari Bajpai as Home Minister and Shri Charan Singh as Foreign Minister, because if they came to power, people's lives would be in danger. However, as soon as Smt Indira Gandhi and her party lost in the next elections in 1977 and Shri Moraraji Desai became Prime Minister, Com. Prabhat Kar lost no time to write to him congratulating him and requesting him for taking necessary steps for expeditious settlement of the 3rd Bipartite Settlement which had been pending since expiry of the 2nd Settlement in 1973.

### **3rd Bipartite Settlement :**

Although the previous settlement expired on 31.12.1973, there was inordinate delay in signing the 3rd settlement, because everything including wage negotiations remained suspended during the political turmoil leading to imposition of internal Emergency in 1975. After the Emergency was lifted and the new Janata Party Government with Morarji Desai was installed in power after 1977 elections, the General Council of AiBEA met in Bhopal to consider the situation and decided to launch an agitation and a programme of demonstration was adopted and carried out. In the meantime the new Government made of an offer of Rs. 30 crores as a package leaving the allocation under different heads to the Unions and IBA. This time AIBEA was not the sole bargaining Union and NCBE was a partner in negotiation. The offer of Rs. 30 crores was accepted to be distributed under different heads among 3,50,000 workmen. In this way load factor was introduced in the negotiation henceforward.

Making necessary allocation to do justice to different heads proved difficult within Rs. 30 crores. Ultimately, however, a negotiated settlement was arrived at on 1.8.79 to be operative prospectively from 1.9.1979 for 4 years. As a result, further holiday on workmen's legitimate dues for a period of 4 years and 8 months was rewarded to the bankers.

To keep the cost within the overall limit of Rs. 30 crores D.A. was merged with 90% neutralization in framing pay-scales of clerical staff at 200 point of cost of living index figure. Thus a permanent erosion was ingrained in the basic pay structure the adverse effect of which continued in all future settlements. This further created an anomaly in D.A. rate for clerical staff which was kept at 1.5%, disregarding the fact that merger of DA with 90% neutralization made it imperative to keep the DA rate 1.58%, to protect the actual amount of DA per slab which the employees were getting previously. But this anomaly was either undetected or ignored by the negotiating team, resulting in lower rate of DA, may be, due to over sight or casual approach, whichever it may be. But it created lot of murmur among the employees who openly criticised the settlement.

However, after All India Reserve Bank Employees Association (AIRBEA) had later signed their agreement with RBI management with DA rate of 1.58%, AIBEA approached the bankers for the same rate of DA in the commercial banks as well for the sake of parity and IBA obliged in the settlement of other issues signed on 31.10.1979. Thus bank employees' interest was protected in the matter because of AIRBEA leaders' keenness of approach for protection of members' interest in negotiation with RBI management.

Another anti-employee feature of the settlement was consolidation of Special Allowances of clerical staff with the then existing amount of DA, doing away with any future rise. Anti employee provision in the name "Restrictive Practices" was also introduced, creating a handle for the management to harass the employees. But a bright side of the settlement was that H.R.A. this time was linked with percentage to Basic Pay. Signatories to this settlement rose to four organizations including NOBW and INBEC, in addition to AIBEA and NCBE.

A new approach heralded the bank employees' movement in the country from 1981 onwards with emergence of Bank Employees Federation of India, but that is a separate chapter to be dealt later.

### **Banking Scenario :**

Let us now take a look at the overall banking scenario of the country. By December 1980 bank deposits recorded a sharp increase to Rs. 40,200 crores, Advances to about Rs. 27,000 crores and bank branches to 34,500 of which 16,744 branches or 48.4% were in rural areas. Within a span of seven years between 1972 and 1979 the average deposits per employee increased to Rs. 6.26 lacs from Rs. 2 lacs i.e. more than 3 times. No. of deposit accounts per head went up to 234 from 182 and advance accounts from 14 to 33 i.e. a rise of one-and-a-half and two-and-a-half times respectively/What did the bankmen get amidst all round prosperity of the industry which could be possible only for the co-operation of the employees? It is most interesting to note that establishment expenditure per employee has increased from Rs. 9,300/- in 1972 to Rs. 16,700/- in 1979, but making an allowance for price rise apart from other factors the question is to what extent the real wages of bank workmen have actually increased. "Simply considering the merger at 200 points of CPI in Basic Pay with 90% neutralization in 3rd Bipartite Settlement and the 75% neutralization in DA of consumer price index (CPI 1960=100 points) on every 4 point rise or fall. 26% (approx) erosion of wage has already taken place on account of D.A. in the clerical cadre during 1978 to June 1982". (Subinoy Roy).

The above cited statistical data proves beyond doubt that productivity of employees gradually went high whereby banks' progress and development were registered. But vilification of employees on the plea of discipline and customer service let loose by Government-bankers combine continued unabated. Process of collective bargaining remained shelved for some

time. In order to terrorize employees from raising voice of protests and exercising their democratic rights banking services were brought under the purview of ESMA (Essential Services Maintenance Act) and NSA (National Security Act) and also sought to be kept outside the domain of the Industrial Disputes Act. On the other side bankers seemed to remain least bothered in writing off a huge amount (in the perspective of those days) of Rs. 75 crores annually on an average as bad and doubtful debts. This drainage of public money was the creation of the authorities but no question of inefficiency or indiscipline against the managements was ever raised by the authorities concerned. In the meantime BPE (Bureau of Public Enterprises) issued some directives throwing spanner in the impending wage talks in the industry, which may be summarized as under :

- (i) No wage rise will be allowed at the existing level of productivity. All future wage increase must be linked with corresponding rise in productivity.
- (ii) There will be no retrospective effect in future wage agreements.
- (iii) Not more than 10% of the wages will be increased as a result of the agreement.

This interference of the Bureaucracy to scuttle negotiations with ore-determined conditions was totally uncalled for and was frowned upon by the employees as an undue infringement on their democratic right of free and fair collective bargaining.

### **4th Bipartite Settlement :**

4th Bipartite Settlement was signed on 17.09.1984 within the overall package of 120 crores, a load of 14.5%, for 5,45,000 employees. There were some bright aspects of the settlement - 2 stagnation increments at a gap of 5 years each was introduced for the first time. However, the stagnation increments were not new concepts as the employees of Reserve Bank of India and Life Insurance Corporation had been

enjoying this facility since long. H.R.A. was extended to all the places of the country. Date of annual increment was preponed on the 1st of the month and retirement on the last date of the month was introduced. But further extension of mechanization and computerization was accepted. This settlement was valid for a period of 4 years till 30.06.1987. So this time the pay holiday was for 10 months. This time signatories were three workmen's organizations, AIBEA, NCBE and INBEC.

In the settlements already signed there were many lacunae and anti employee provisions - AIBEA had already accepted mechanization in the very first Bipartite even for allowing the management doing simple types of bank work which could well be managed manually. Disciplinary measure entailing, inter-alia, dismissal without holding any domestic enquiry and/or without proving or substantiating the allegation in domestic enquiry. The policy of wage freeze was virtually implemented through acceptance of ceiling on D.A. formula. This merger of D.A. without full neutralization was imposed in the successive Bipartite Settlements as a quid pro quo. AIBEA leaders, in an anxiety to avoid bitter confrontation with the management always endeavoured to prepare the charter in such a "realistic and realizable" manner, after reading the mind of the management, so as to be acceptable in all likelihood to the bankers. And usually they decried the charter prepared by BEFI as fantastic and unrealizable. But on careful analysis of the charter of AIBEA it revealed that out of 10 demands no quantification on 5 most vital items like basic pay and D.A., house rent allowance, C.C.A., special allowances and provident fund. The charter was also silent as regards demands of bonus, clear inter-branch transfer policy, promotion policy of the sub-staff etc. "The exclusion of guaranteed minimum bonus in demand charter is very much significant as everybody knows that unless bonus is guaranteed, a good number of employees will go out of the purview of the bonus act because o/the

increase of salary to take place and thereby, their wage increase due to the revision of pay and allowance will be counter-balancecf and become almost a nullity. Equal/y important demand relating to inter-branch transfer which in the/7 situation was being used as one of the weapons by the bankers to attack the employees in a bid to cripple the unions and to brow beat the employees to submission in the background of rising tide of struggle, has not found place in their charter, despite their purported loud protest against the mass transfer in the bank."

"This tactics of raising vague and unquantified demands coupled with non inclusion of vital demands affecting life and living of the employees have been adopted by AIBEA to leave enough scope for making black and humiliating deal with bankers keeping the general members in dark and to tailor the demands which ultimately suit the policy of Government-Bankers combine and to sail the said obnoxious accord as great achievement amongst the employees who are not made aware of the exact nature of demands placed against what have been achieved through surrender." (Subinoy Roy).

In view of the anti employee dictum of the BPE, BEFI in tune with their conscious efforts to face the challenges wrote to leaders of AIBEA and NCBE requesting them to fight jointly and defeat the guidelines of BPE in the matter of wage negotiation. But true to their character AIBEA took recourse to golden silence.

BEFI formulated the charter of demands in their foundation conference and submitted the same to IBA on 15th November 1982. AIBEA and NCBE jointly submitted their charter on 3rd January 1983 i.e. well after the expiry of 3rd Bipartite Settlement; however, some residual items of the 3rd Bipartite were still pending for finalization.