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No.7(29)/67-NCL(C)
Government of India
National Commission on Labour
D-27, South Extension, Part II



New Delhi-3, dated the 22nd Aug.,1968

Handwritten signature/initials

To

The Chairman and Members of the
National Commission on Labour.

Sub:- INDIAN BANKS ASSOCIATION - NOTE FROM:

Sir,

I am directed to forward a copy of a note
'Acceptance of the Code of Discipline and the Criteria
for Recognition of Unions' received from the Indian
Banks Association.

Yours faithfully,

Handwritten signature of P. D. Gaiha

(P. D. Gaiha)
Director

CENTRE OF LABOUR
DOCUMENTATION
V.V. GIRI N.L.I.
NOIDA

ACC. No
DATE

L-202

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INDIAN BANKS' ASSOCIATION

Labour Department

N O T E

ACC. No.
DATE

MINISTRY OF LABOUR
DOCUMENTATION
V.V. GIRI N.L.L.
NOIDA

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Acceptance of the Code of Discipline and the Criteria
for Recognition of Unions.

The question of acceptance of the Code of Discipline and Criteria for Recognition of Unions in the banking industry was considered at several meetings called by the Ministry of Labour, Government of India. The last of such meetings was held on 18th February, 1965. At that meeting efforts were made, inter alia, to reach an agreement in regard to the criteria for recognition of unions in the banking industry, but unfortunately no agreement could be reached. It was then decided that the matter should be discussed further by a Sub-Committee consisting of the representatives of banks and the employees. Mr. R.L. Tuli, the then General Manager of the Punjab National Bank Limited, was named the Chairman of that Sub-Committee. The Tuli Sub-Committee was not able to make any progress and eventually in November, 1965 Mr. Tuli informed the Ministry of Labour that there was a wide difference of opinion between the All India Bank Employees' Association and the All India Bank Employees' Federation and as such, no meeting ground could be found. He requested the Ministry to treat his letter as a failure report and take up the thread at a tripartite discussion from the point of the appointment of the Committee or take such other steps as the Ministry might think fit to achieve the objective.

2. At an informal meeting of the representatives of the Indian Banks' Association, the All India Bank Employees' Association and the All India Bank Employees' Federation convened by the Union Labour Minister on 6th October, 1967 it was decided that the question of acceptance of the Code of Discipline in the banking industry, with particular reference to the criteria for recognition of unions, should be referred to a Sub-Committee. Accordingly, this matter was taken up by a Sub-Committee under the Chairmanship of Mr. S.C. Trikha, Chairman of the Punjab National Bank Ltd. Mr. Trikha has submitted a failure report to the Ministry of Labour, in view of unbridgeable differences between the

INDIAN BANKS' ASSOCIATION

Labour Department

-2-

representatives of the two employees' organisations. It is necessary to mention here that before the first meeting of the Sub-Committee on 19th April, 1968 the National Organisation of Bank Workers (which is one of the parties to the Bipartite Settlement) informed the Sub-Committee that unless it too was associated with the deliberations, any conclusions arrived at by the Sub-Committee will not be binding on it.

3. It will be useful, at this stage, to clarify that service conditions of employees of the member banks are governed by the Award of a National Tribunal as modified by a Bipartite Settlement on an industry-wise basis. It will also be useful to set out briefly the pattern of unions in this industry. As is known, the trade unions of bank employees are controlled by five major organisations, viz.

- (i) the All India Bank Employees' Association,
- (ii) the All India Bank Employees' Federation,
- (iii) the National Organisation of Bank Workers,
- (iv) the Bank of Baroda Employees' Federation and
- (v) the Indian Overseas Bank Employees' Union.

Amongst the five organisations mentioned above, the first three are all-India organisations and the last two are what may be called 'house Unions'. The All India Bank Employees' Association has been claiming that it represents a substantial majority of bank employees and by virtue of that position it claims recognition as the sole bargaining agent in the banking industry. The All India Bank Employees Federation, while not challenging the claim of the A.I.B.E.A. as a majority union, contests its claim for being recognised as the sole bargaining agent. The stand of the National Organisation of Bank Workers is that it is a party to the Bipartite Settlement and hence it cannot be ignored. The position of the Bank of Baroda Employees' Federation and the Indian Overseas Bank Employees' Union is somewhat peculiar. Although they do not claim an all-India character, each of them represents a very substantial majority of employees of the concerned bank and can be said to be the only unions in these banks which can deliver

INDIAN BANKS' ASSOCIATION

Labour Department

-3-

the goods at least in a majority of branches of these banks. In the circumstances, the Bank of Baroda Ltd. and the Indian Overseas Bank Ltd. had to enter into separate agreements with their respective unions on the lines of the Bipartite Settlement. This is the position of the unions in the banking industry in a nut-shell.

4. 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.

5. 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.

6. 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 deposit 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.

7. Having regard to the conditions as they exist and the special features of the banking industry, any fresh solution must take note of the peculiarities and must be based on practical considerations and not merely on ideological grounds or theoretical considerations. It should be beneficial in the totality of its effect and must be an improvement on the existing position. The bank managements are mainly

INDIAN BANKS' ASSOCIATION

Labour Department

-4-

concerned with being able to discharge their legal and customary obligations to their clientele as well as to the Nation at large. The over-riding consideration, therefore, is that the banks must be in a position to render continuous efficient service at all their offices and be in a position to subserve the social objectives of mobilising deposits and channelling credit. The recent social control over banks has increased the responsibility on the managements of banks. It, therefore, becomes correspondingly necessary to ensure that conditions are created at all levels where the bank managements are given a fair and full opportunity and adequate assistance to shoulder and discharge the additional responsibilities imposed upon them and to enable them to give a good account of themselves as envisaged under the Social Control Scheme.

8. With this end in view the Indian Banks' Association has evolved a scheme which envisages the election by employees of representatives on a three-tier basis, viz. branch council, regional council and all-India council for each bank. The representatives are to be directly elected by the employees, the election being for a particular union at all the three levels referred to above. The details of the proposal are given in the Annexure hereto. This was the final proposal made by the representatives of banks on the Trikha Sub-Committee to the representatives of the All India Bank Employees' Association and the All India Bank Employees' Federation. The proposal was not, however, acceptable to the representatives of the All India Bank Employees' Association and the All India Bank Employees' Federation.

9. The Indian Banks' Association feels that political affiliations have assumed an over-riding character and, therefore, it would be an impossible task for the managements of banks to evolve a common platform for the labour representatives owing allegiance to such widely divergent ideologies. This is a task which can only be initiated by the Government. What the Indian Banks' Association suggests is that the various unions in the industry be first brought together at a common table where a central organisation should be evolved consisting of representatives of different central organisations of bank employees. When such a body is formed,

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INDIAN BANKS' ASSOCIATION

Labour Department

-5-

it can arrive at a minimum common programme, the basic objectives being the welfare of the workers and the smooth functioning of the industry. It is only thereafter that a common code of conduct can be evolved between this representative committee and the banks and from this will flow a satisfactory organisational set-up for collective bargaining and furthering the genuine interest of the bank employees. In the opinion of the Indian Banks' Association this will be the only method of ensuring for the future, a genuine and healthy trade union movement of the bank employees, representative in character and free from inter-union rivalries and politics.

encl: ANNEXURE

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ANNEXURE

(Enclosure to letter No. 79/Y/1366 dated June 13, 1968 to the Hon'ble Minister for Labour, Employment and Rehabilitation, Government of India, New-Delhi, regarding Acceptance of the Code of Discipline and Criteria for Recognition of Union.)

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 representative 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 there at will be binding on the management and all 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

INDIAN BANKS' ASSOCIATION
Labour Department

-2-

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 there at 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 Union 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 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

INDIAN BANKS' ASSOCIATION

Labour Department.

-3-

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.

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