

[Shri Laskar]

Scheduled Castes and Scheduled Tribes. He has mentioned in his report, elaborately and without any hesitation, about the true conditions of the Scheduled Castes and Scheduled Tribes.

Mr. Chairman: The hon. Member may continue tomorrow.

GOVERNMENT ORDER MODIFYING
DECISION OF LABOUR APPELLATE
TRIBUNAL ON BANK DIS-
PUTES

Mr. Chairman: Let us proceed to discussion on Government Order modifying the decision of the Labour Appellate Tribunal on bank disputes.

I would just bring to the notice of the House that we have got 2½ hours at our disposal and the number of those who want to take part in this debate consists of more than 10 Members. Even if we allow each Member to speak for, say, 10 to 15 minutes, it would not be physically possible to allow more than 10 Members to take part in it. I would, therefore, request all hon. Members, who take part in this debate, to kindly take only the minimum time they possibly can. I hope that the ordinary time taken will not exceed fifteen minutes, but in special cases, it may be extended to twenty minutes. I think this will satisfy all hon. Members who propose to take part in the debate.

Shri H. N. Mukerjee (Calcutta—North-East): I hope I have an allotment of twenty minutes.

We have sponsored this discussion in order to secure, if we can, the reopening by Government of the question of its modification of the Labour Appellate Tribunal's Bank Award and also to warn that, if it is not done, very serious consequences might rightfully and inevitably follow. On this issue, many Members of the Government Party are with us. I hope that my friend, Shri K. P. Tripathi, will speak in this discussion, because only this morning I found from a

contribution, which he has made to a local journal, a very important series of points which would help a real understanding of the problem that we are discussing.

We have heard of differences inside the Cabinet, but as far as I am concerned, I have no illusion on that point. I am sure if Mr. Giri, for example, speaks, he will say some honeyed words reminding me at any rate of the lines of Lewis Carroll;

"I weep for you" the Warlus said.

"I deeply sympathise";

With sobs and tears he sorted out
Those of the largest size; Holding
his pocket-handkerchief Before his
streaming eyes.

We have had a spate of such demonstrations and I have no illusions. The Cabinet is united, with granite-like determination, in order to implement the decision which they have announced. Anyhow, the worst fears that were entertained by bank employees when some three months ago, Government extended, by ordinance, the time given to it under the Industrial Disputes Act to consider the award, have been confirmed by the latest order. Government has changed a bad award for one which is very much worse. Government has drastically cut the dearness allowance and other emoluments awarded to bank employees by the Labour Appellate Tribunal. Government has totally exempted banks situated in areas with a population of less than 30,000 in Part B and certain Part C States from the operation of this award, even as modified by Government, and it has also exempted, for somewhat mysterious reasons, an institution called the United Bank of India in the same day. The tycoons of Indian banking have been showing their teeth and venting their wrath at the insolence of the employees fighting for their bread and fighting for their rights, and Government has listened very dutifully to their 'Master's Voice'. I have not got the time to go into the details regarding

the way in which it happened. On the 7th April, 1954, the toxin was sounded by the Chairman of the United Commercial Bank, Mr. G. D. Birla, and then we found in *The Banker* an article by the General Manager of the Bank, Mr. B. D. Thakur, about whom certain allegations were made by the Inspection Committee of the Reserve Bank of India in 1951—allegations which were so serious that they should be gone into very earnestly by the Government of the day. Mr. B. D. Thakur protested saying that bank employees should be taken out of the purview of the industrial legislation. I have got a whole series of publications, including *The Eastern Economist*, in particular, which show how the wind was blowing in the capitalist camp. At one time, *The Eastern Economist* remarked that there are certain obiter dicta in the Tribunal's award regarding disclosures which were bound to make bank managements "anxious". Of course, they would be "anxious" because the disclosures would show how the bank tycoons have been behaving.

Then, again, we find that there is a process of inflating the figures regarding the operational costs of the banks. In the beginning it was bruited about in the Shroff Committee Report—it was a banker's report all the same—that 10 per cent. was going to be the increase in the actual cost. Then *The Eastern Economist* comes forward with other articles which suggest that it is going to be 17 per cent.—this was on the 18th June. This was pursued by the bank magnates to produce an atmosphere in which the Government would be intimidated into taking a step against the interests of the employers. On the 28th May, *The Eastern Economist* said that the task of the Government of India in whittling down the award either permanently or temporarily "is not going to be easy." Even then, they had an idea that it was "not going to be easy", but later—I do not know what happened and I do not know what influences were brought to bear upon

the Treasury Benches—the tone of the capitalist Press changed altogether, and we find the result of it in the publication of the decision which the Government has given to us. Employees, anticipating danger, were in consternation and they eagerly went about trying to put their case before the country, and then they decided on seeing the Prime Minister. The Prime Minister reprimanded them for their demonstrations of unity and militancy and so on and so forth, and offered them, as usual, words of very equivocal encouragement regarding their prospects. Perhaps they expected the healing effect of what is supposed to be the 'Nehru touch' in regard to things in this country and abroad, but on this occasion, at any rate, the 'Nehru touch' was a touch that produced the most deleterious effects, not only on the minds of the bank employees, but also on their living conditions. The 'Nehru touch' has produced a situation where the bank employees are now facing a most desperate and most drastic effect on their living conditions—all their hopes are gone, torn to the minutest shreds and they are in a desperate situation, of which the Government has got to take note.

Government has come out with reasons for the unusual step of tampering with the award, not for social justice, as at any rate Mr. Jagjivan Ram had said in 1950 or 1951 that Government could change the awards but only for the sake of "social justice." On this occasion, it was not for the purpose of social justice, but it was against the fundamental principles of social justice that Government came to this decision. That is why I say that this document, in which Government gives the reasons for modifying the decisions of the Appellate Tribunal, is a shameful document, which will deceive nobody. It starts with the bogey of bank failures. We know very well about bank failures between 1947 and 1951. There were nearly 180 failures of banks, and Rs. 93 crores were lost by depositors. I come from the State of West Bengal, where 86 banks went

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into liquidation, but who was responsible for it and who suffered on account of such failures?—the depositors and the poor bank employees. The Deputy Finance Minister, who sits there, knows very well that the poor bank employees of the liquidated banks have been in the most distressful, imaginable situation. In regard to this liquidation, the Banking Companies Liquidation Proceedings Committee had said that this disaster was due to "the bankers' bid to get the control of non-banking companies by acquiring their shares at inflated price, the interlocking of share between, banks and other companies, the grant of large loans to persons connected with the management of banks without adequate security, extensive window-dressing at the time of preparing balance-sheets and, in general, a tendency to utilise the banks' funds to the detriment of the interests of the depositors". This is what they have done, and I ask the Finance Minister to go and find out the inspection reports of the Reserve Bank of India in regard to the United Commercial Bank, in particular, for 1951, where it has been said that directors and their relatives and others are getting all the advantages out of the banking transactions performed by that company. It is only one instance of the many which shows how immoral, and how utterly unscrupulous is Big Business at its topmost layers and how these things have got to be counteracted if we are going to have a plan of any description for amelioration in the condition of our people.

The depositors' case has been brought up in order to prejudice the case of the bank employees but Government chooses to forget that it is bank and administrators who gamble with depositors' money, that they have highly paid officials even in backward areas. Even in those areas where Government wants the award to be inoperative, they have secret reserves of such dimension as nobody can find out anything about.

In regard to secret reserves, the Labour Appellate Tribunal has made some very caustic remarks. It says that it is only fair for the banks to come forward with some idea of such reserves, because the banks' capacity to pay could not otherwise be correctly ascertained. In paragraph 85, the Tribunal says:

"Neither before Sastry nor before us have the banks shown their undisclosed reserves or the profits without these deductions.. Banks feel that they now have the form of the Banking Companies Act to shield themselves against an enquiry on this subject."

I say that there must be an enquiry into the subject of these secret reserves. What are these secret reserves? I find the Finance Minister taking very serious notes of this point. I am not a financial expert. But here is a book called *Advanced Accounting* by Jamshed R. Batliboi. I quote from its fourteenth edition, 1950. At page 631 it says:

"Where there is a Secret Reserve, the financial position of the concern is, no doubt, better than as appearing from the Balance Sheet.

Secret Reserves are usually formed in several ways as follows:—

- (a) By making an excessive provision for bad and doubtful debts.
- (b) By over-depreciating assets.
- (c) By under-valuation of stock.
- (d) By an incorrect allocation of expenditure between capital and revenue, it being a common practice to charge everything possible against revenue when such reserves are desired.
- (e) By the retention of appreciating assets at cost price.
- (f) By making a provision for contingencies for beyond what is really required.

Secret Reserves are technically improper, yet within certain limits,

they are not only justifiable on the ground of expediency, but also of prudence."

Then it says:

"The objections raised against the practice of creating Secret Reserves are:

The system of secret reserves might be abused by unduly suppressing the net profits to such an extent that those behind the scenes might be in a position to purchase shares below their real value; or again by recourse to an internal reserve already established, the market value of the shares of a failing business could be maintained until unloading by those in management has taken place."

Here is an essay in fraudulence, here is a wonderful example of capitalistic probity in financial matters. This reminds me of what was said long ago by Karl Marx:

"If money, according to Augier, (a French writer) comes to the world with a congenital blood-stain on its cheek, when capital comes it drips with blood and dirt from every pore."

If this is the way in which capitalism functions, if this is the way in which, by keeping back the facts regarding secret reserves the living conditions of our bank employees are sought to be attacked, then God help those who are trying to shield these people, who are behaving in this particular manner.

Government says in its statement of reasons that reduction of establishment costs is absolutely necessary. Why? Every time all these tribunals have said that there is no necessity for it. Why does Government behave as if it is more royalist than the King? When the bankers appeared before the Appellate Tribunal, they asked for what? They asked for certain concession; they said they were incapable of paying anything beyond what the Sastry Tribunal had given. I have not the time to go into it further. My friend,

Mr. Asoka Mehta, I hope, will give details of it. They did not want anything more than that. But Government now brings about a situation where even the Sastry Tribunal is out-Heroded by the Herodian kind of activity which the Government have shown. The Government have brought up four categories exempting or excluding certain banks in rural areas. The reason is, expansion of credit facilities. In regard to this, there are observations made by the Appellate Tribunal.

11 A.M.

In paragraphs 94 and 104, the Tribunal has said:

"The contention of the small banks that we would altogether exclude from consideration the employees of those banks, whose exclusion has been recommended by the Rural Banking Enquiry Committee, is untenable. We have given careful thought to the subject and agree with the Sastry Tribunal that such exclusion would not be right."

Now, I ask the Government: do not allow the bank barons to blackmail the country; do not allow these tycoons to hold a pistol against the heart of the country and ask for their pound of flesh. But this is what they are trying to do.

What about the expansion of credit facilities? Do you expect these bank lords, with their eye only on profits, to open branches just because they would benefit the country? Are they in business for the good of their soul, for salvation and for amelioration of the conditions of the people of this country? They are in business for hard gain; for nothing else. There is no doubt about it. Maximum profit in their *mantram*. That is "the only motto which they have got. It is for Government to come forward with a plan which would operate in such a way that these backward areas could be developed.

What is the Bank's record in regard to the financing of agriculture and marketing? The Reserve Bank of India

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publication in regard to the trends and progress of banking in India, for 1953, says that the percentage of total bank advances to agriculture was two per cent. in 1953, four per cent. in 1952, and two per cent. in 1951. That is the kind of picture that you get, and you expect these people to go and open branches. Their only purpose is to make much more profit than they are now having. How do they behave? Even in those backward areas, the Travancore Bank, Ltd., for example which has got 45 officers give them a total salary of Rs. 2,22,500, while 350 employees get Rs. 2,52,798. I have so many figures but I do not have the time to get into details. How about the behaviour of the great big banks about which we are supposed to be proud? The Central Bank of India: the first ten employees in this bank get an annual salary of Rs. 5,44,700. The Bank of Baroda, with which some of our hon. Members here are closely associated, paid its first ten officers Rs. 4,20,300. The United Commercial Bank, Ltd., pays its first ten officers Rs. 3,77,600. I can give you so many other figures, but I have not got the time. The Managing Director of the Imperial Bank of India gets Rs. 21,834 per mensem—much more than what the Rastrapati is getting over here! The General Manager of the Bank of India is getting Rs. 15,750. The Managing Director of the Central Bank of India gets Rs. 10,667. A clerk in a A class area in the Central Bank of India would get under the modified award of the Labour Appellate Tribunal Rs. 126 per mensem, and a peon would get Rs. 81 per mensem. This is the picture of your welfare State. This is how you are going to operate, and naturally, the bank employees do not wish to be the scapegoats. Government gives an annexure here to show how the bank employees are going to get a very good deal. But it is a fake. It is a fake, because it is calculated on the principal that, starting from here, for 25 years you get certain increments. The whole scale is calcu-

lated in that way. Nobody is going to get that kind of increment, because nobody is entitled to get more than four increments, and most of those who are in employment have already got their four increments. Present employees cannot expect to get anywhere in this category. This is a case of statistics not being one among three brands of lies the others being lies and damned lies, but statistics is in this case a damned lie altogether.

I find also an exemption in regard to the United Bank of India. What about it? I say this is a very serious matter. This United Bank of India had for its Chairman of the Board of Directors, a former member of the Government of India who is very influential in Government circles even now.

I make a charge here and now that there are people associated with the administration of this country—there is a Deputy Finance Minister here, there is a Chief Minister of West Bengal—who are personal guarantors according to my information, for enormous sums of money lent out under the auspices of the United Bank of India. I make a charge, I make this assertion, that four Directors of the United Bank of India who are still sitting there and collecting their fees and whatever allowances and honoraria they are entitled to—I would not mention their names, if the Finance Minister is particular I shall pass it on to him—took a gratuity without retiring from the Board of Rs. 1,40,000, Rs. 50,000, Rs. 60,000 and Rs. 50,000 respectively. These four gentlemen took this gratuity for retiring from the four old banks. The four banks combined to form an A class Bank. For that, special concessions were given by the tribunal up to the Labour Appellate stage. Now Government says: "You get out of the clutches of labour legislation altogether; we give you complete unalloyed exemption." I make this charge seriously. I say there are instances of people high up in Government circles, even

inside the Government as it is today, who are connected with this Bank—I know this Bank, I am a customer of theirs—and who have been behaving in a manner which does not redound to the cause of honesty and scrupulousness in financial administration.

Sir, I shall conclude. I say, Sir, that Government like the bosses of the Reserve Bank of India, imagine that when there is an impingement into the pockets of the tycoons the interests of the country suffer but the people of this country will not allow it. The people of this country will not allow it, because their mills may grind slowly, but Sir, when they grind, they grind exceedingly small. The line between hunger and anger is so thin that you do not know what is going to happen. You have chosen a bunch of people for deprivation because they belong to the middle classes. You think these middle class people cannot go on strike, they cannot demonstrate in the streets of Calcutta or Bombay, that unlike the factory coolie they have to keep up their respectability, that they cannot strike to protect their interests. That is your calculation. If you think that by this means you are going to drive a wedge into the trade union movement of this country, you are living in a particular paradise and the sooner you quit it the better for you.

Shri Asoka Mehta (Bhandara): Mr. Chairman, Sir, my hon. friend Prof. Hiren Mukerjee has made certain observations. I would like to go into details of the modifications that have been made by the Government in the recent order. But before I go into those modifications, I would like to make two preliminary observations.

Sir, I believe, though legally Government are justified, in modifying the award, it has been a very unwise step. It is a matter of the deepest regret to me, that the bank employees should have considered it worthwhile to approach the Government with suggestions for modification of the award. Sir, this parti-

cular decision has been given by the highest appellate tribunal in the country. If the decisions of the Labour Appellate Tribunal are to be modified by the executive order, I do not think, any self-respecting judge would be willing to work on these tribunals: I do not think, any self-respecting worker, any self-respecting employee would want to come before these tribunals.

Then, again, we are committed—at least some of us are committed—to a democratic way of life and the independence and the prestige of the judiciary are of paramount importance.

Shri S. S. More (Sholapur): For opposition only, not for Government!

Sri Asoka Mehta: It is a matter of deep regret to me that by a wanton act, by a deliberate act, the independence and the prestige of the judiciary have been seriously undermined. May I invite the attention of the House to the history of this dispute? If we look at the eight-year-old dispute what do we find? The very first dispute between the bankers and the employees, with which my hon. friend Shri Abid Ali was intimately associated, in the Bank of India in Bombay, a settlement by mutual agreement was arrived at. Mr. Justice Divatia came in only to confirm, or pass a consent award. This bank, the Bank of India, has today the best labour productivity among all the banks. Why is that so? Because in 1946 this bank was prepared to reach an agreement, which was the first agreement. After thirty years of service an employee of the Bank of India, would earn Rs. 1,00,500 in the course of his thirty years service. Under the Sastri Award, he would get only Rs. 93,54,000. As early as 1946, the Bank of India had thought it worthwhile to reach an agreement, and over this a consent award was given.

In the United Provinces the Conciliation Board was able to reach certain decisions by agreement, by mutual agreement between the employers and the employees. But the

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Government of India intervened and took over exclusive jurisdiction of bank disputes. Sir, may I point out that in the last eight years there have been seven tribunals; there have been seven provincial awards and their interpretations. There have been four all India tribunals. This is not the way in which this question can be settled. The history of this dispute teaches us that the only way in which this question can be settled is either by mutual agreement among the employers and the employees or by tripartite negotiations and deliberations.

Sir, of the seven modifications that have been made may I point out that the very first modification is to exclude a large number of banks in areas with less than 30,000 population. The Government of India in their explanatory note tell us that when the application was made by the Government to the Labour Appellate Tribunal, the application was dismissed on technical grounds. That is not a fact. Sir, the Labour Appellate Tribunal in the course of their order say:

"We have, therefore, the position that out of 129 banks, all except one raised no ground of appeal concerning the matters which the Central Government is now pressing by its application."

The Banks did not ask for this exclusion. The Government of India on their own went and demanded exclusion. Secondly, Sir, it has been conceded before us by Jamshedjee Kanga, who represented the Government there, that the Central Government has no power to compel the banks to open branches anywhere. Thirdly, Sir, none of the banks at the hearing had contended that they would have to close down branches because of the Sastry Tribunal's refusal to adopt the view of the Rural Banking Enquiry Committee. We asked Jamshedjee Kanga whether it was the contention of the Central Government that we should allow the

operation of the law of supply and demand to prevail even where the wages which were being paid by the employers would be below subsistence level and we received a reply that the wages could be well below the subsistence level as it was in the public interest that it should be so. I would like to know, Sir, from the Government, from the Benches opposite, whether it is the policy of this Government to permit wages to remain the emoluments of the Indian workers to fall below even the subsistence level whether Kanga was justified in saying what he said. After all, by issuing the order that you have issued, you have only confirmed what Mr. C. Kanga was arguing there.

The Sastry Tribunal had refused all the arguments that had been put forward. The Labour Appellate Tribunal also has turned down the suggestions made by the Rural Banking Enquiry Committee. In spite of it, in spite of such a thorough judicial review, in spite of the fact that no bank had asked for a review of this question, in spite of the fact that the bankers gave an assurance that they were not thinking of closing a single branch, the Government have deliberately modified this aspect of the award.

I wish now to say a few words about the United Bank of India. I need not repeat what has been already said by my hon. friend Prof. Hiren Mukerjee; but may I point out that a considerable amount of solicitude was shown to this Bank by the Sastry Tribunal as well as by the Labour Appellate Tribunal. In this case four banks have amalgamated. Three of them would have been included in B category. What was suggested by the Sastry Award was that the amalgamated bank be treated as a B class bank, till 31st December 1954. The Appellate Tribunal extended the period by one year. Government have excluded the bank even from being treated as a B class bank. It is surprising that after amalgamation, the bank should have been put in class A category. There are

about 3500 to 4000 employees and Government have no reason whatsoever for removing the bank from the purview of this award.

When we come to the question of classification of the scales of pay, we find that the Sen Tribunal had classified the banks into three classes and mapped out the country into three areas. There were thus nine categories in the industry. The Sastry Tribunal divided the banks into four groups and mapped out the country into three areas. There were then twelve categories. Government have today divided the banks into four classes and divided the map of the country into four areas creating sixteen categories. We have a veritable jungle of various scales of wages and various scales of salaries as far as bank employees are concerned. I would like to point out that three-fourths of them are to be found in areas 1 and 2. I would like to confine my observations to some of these bigger areas. I believe that the award has been modified on the advice of the Reserve Bank. May I point out that the rawest recruit in the Reserve Bank is given Rs. 142-8-0 per month? What the Reserve Bank is prepared to do for its employees, it is not prepared to concede to the employees of other banks. Government have suggested to us to make a comparison of the salaries that are paid to the government servants with the scales of pay that have been recommended for the bank employees. May, I, in this connection, point out that the Labour Appellate Tribunal have categorically declared that it is their view that the clerk in A class bank in class I area should receive as his starting total emoluments something between what the Central Government gives to its clerks and the wages of the higher commercial firms. I have before me a list of the salaries that are paid by the higher commercial firms. What do we find? After twenty-five years of work an employee in the Tatas gets Rs. 1,17,840, an employee of the ACC gets Rs. 1,08,860, an employee

in the New India Assurance Company would get Rs. 1,07,136, while a bank employee would get Rs. 77,064. Of all the ten concerns that I have before me, the banks come the last. Government seem to be very solicitous about banks but what do the bankers think about Government? What have they to say about this—about this comparison that the Government have tried to make between government servants and the bank employees? This is what my friend, the General Manager of the Reserve Bank of India, has to say:

"It may be emphasised the Central Pay Commission was dealing with public services; not with busy commercial institutions and undertakings. The competitive elements involved speed in carrying out a trading transaction. Otherwise credit suffers as customers of the bank become unsatisfied. In Government offices it is not of vital concern whether the person whom the Government servant serves is satisfied or dissatisfied with the speed with which a particular Government transaction is transacted. This Bank ventures to say, if it was, most, Governments would fall immediately."

The nature of the work in a bank is basically and fundamentally different from the nature of the work in Government offices. In spite of this fact Government have thought it fit to institute a comparison between the salaries and emoluments given for the government servants and the salaries and emoluments suggested for the bank employees. As a result of this modification, in the State of Bihar, out of about 4,000 bank employees, about 3800 stand to lose; only 200 stand to gain. In my bank—the bank with which I am connected in the trade union movement, the Bank of India—95 per cent. of the bank employees will suffer severe cuts in their basic salary as well as in their total emoluments. As my hon. friend already pointed, 51 top officials of the five major banks in India, between them, receive annually about Rs. 22,50,000. The relationship

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or ratio of the income of the General Manager of the Bank of India to the income of a clerk in the bank is 100: 1. Do we want such ratios to exist in our country? I do not know if the Government have pondered over this question. They have told us that so many branches are likely to be closed; they are so solicitous. Between 1948 and 1951, 1,013 branches were closed. Government have pointed out that about 680 branches would very adversely be affected if the award is implemented as it stood.

As far as dearness allowance is concerned, may I point out that the allowance that was recommended by the Labour Appellate Tribunal for a D class.....

The Minister of Finance (Shri C. D. Deshmukh): I am sorry to interrupt out how do hon. Members think that at no time did any bank say that they would not close their branches if this award were to be implemented?

Shri Asoka Mehta: I have already laid before you what is given in the order of the Appellate Tribunal.....

Shri C. D. Deshmukh: The banks would know the effect only after the award has been given. How can they say before that?

Shri Asoka Mehta: I have before me all the documents and I can only make out my case on the basis of those. Government will no doubt have an opportunity.

May I point out that the Government by their order have given less dearness allowance to the employees of all the banks than what the Labour Appellate Tribunal has recommended for D class—the smallest class—bank. It is significant to note that this is applicable to all the banks, even the A class banks. I hope the hon. Finance Minister will note this point: the banks themselves had offered to pay a dearness allowance of 35 per cent. against the 33 and one-third per cent. granted by the Government in their order. A

minimum dearness allowance of Rs. 45 per month was offered by the banks themselves as against the earlier dearness allowance of Rs. 35 ordered by the Government in the order that has been issued. May I also point that a similar situation occurred in the past? The banks voluntarily gave higher dearness allowance than what the Divatia award had granted. Let it not be said once again that what the employers are prepared to give but the Government are trying to snatch it away. When the Sen Award was given, a portion of the dearness allowance was incorporated in the basic salary but because the Gadgil Committee report was not before the Sastry Tribunal, no portion of the dearness allowance could be similarly incorporated. I am surprised to find that Government has taken no notice whatsoever of the Gadgil Committee report. Fortunately we have before us Mr. Gadgil himself. It is rather interesting to note that two-thirds of the bank clerks in the Bank of Baroda and in the Central Bank of India were found to be unmarried and about twenty per cent. of the clerks have put in eight years of service. Why is it that the bank clerks are not able to marry? Unless there is some relationship between celibacy and bank employment, the only conclusion that one could arrive at is that the bank employees are so badly paid that they are not in a position to marry.....

Shri Gadgil (Poona—Central): It is due to lack of accommodation in Bombay.

Shri Asoka Mehta: The peons who were getting Rs. 60 as basic salary will get only Rs. 40. In my Bank—the Bank of India—a peon will lose Rs. 100 a year apart from other losses, because he will lose in bonus as his basic salary has been reduced; he will lose in provident fund and ultimately in gratuity. As against a total emolument of Rs. 80 rising to Rs. 115, a person employed in A class bank—Class I—under these Government orders, would

get Rs. 75 as starting salary and will hope to receive Rs. 107 under the adjustments that have been made. It is rather surprising. Under the Sen award a point-to-point adjustment was made. An employee would get so many increments according to the number of years of service that he had put in and he would be adjusted in the new scales of pay and should get the full benefit of his service. Under the Sastry Award, he was entitled to receive only four increments for his past service but he could get or he was to receive two more increments because of the additional service he has put in after the issue was referred to the Tribunal. And it was suggested by the Sastry Tribunal that under no circumstances a bank employee should receive more today than what he would have received in case the adjustment was made on the basis of point-to-point adjustment. The Labour Appellate Tribunal removed that condition and said that he should be entitled to receive additional increments if he is entitled to them for the service put in the last three years. That qualifying clause, that one little concession given by the Labour Appellate Tribunal has been removed by Government. And while the Sastry Award has said that what an employee receives in 1953 should not be higher than what he would get by point to point adjustment, the Government have by their order said—if I have understood the order correctly—that no employee should receive by the end of 1954 anything more than what he would get by the point to point adjustment. That means under the Sastry Award he would have been entitled to get an additional increment for this year, and even that would disappear in case his point to point adjustment was less than what he would be able to get today.

During the war years a number of banks were started and a number of competent men were taken from the older banks. They were given higher promotions because of their experience and efficiency. It is the senior men who are being discriminated against

today. In different banks a large number of these men, on whom the efficiency of our banks in class I and II depends, these men are going to lose between fifty and hundred rupees a month. I would like you to consider the implications of such serious cuts as far as these bank employees are concerned. What will be the effect on the credit institutions? Will the credit institutions function properly if the senior employees there in the clerical grade are frustrated, dissatisfied and are full of anger and anguish?

It is surprising to find that while solicitude is being shown for banks at the lower level, no attempt has been made to improve the award. After all, for a bank to be qualified to be put into A Class, working funds of only Rs. 25 crores are needed. The Imperial Bank has as much as Rs. 250 crores. Why should not higher scales be prescribed for the Imperial Bank and Exchange Banks? The Rural Banking Enquiry Committee said that different Branches must be able to pay their way if they are to be maintained. Surely, the big offices in Bombay, Calcutta and Madras and other places are paying much more than their way. If every branch has to pay its way and if the scales of salaries and dearness allowance are to be fixed on the local profits in the limited area, why should not higher scales be given to people working in the metropolitan areas, particularly banks which are tremendously strong? Why should a modification of the award be to the disadvantage of the employees? Why should there be no modification of the award to the advantage of the employee, may be a section, a small section of the employees.

Then again, if the award was to be modified, I do not know why Hyderabad and Secunderabad have been excluded from the first area.

May I conclude by saying that from the information that we have been receiving from the various organisations of bank employees the tide of their anger, anguish and frustration is rising outside? I hope that we shall

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not have to modify our orders and decisions because the bank employees ultimately resort to direct action, as we had to do more than once in the past. I hope and trust that we shall carefully take into consideration the facts as they have been brought to our attention and that modifications will be made here and now, so that we avert a serious situation and so that we may not let our workers and our trade unions feel that they cannot hope to get justice out of the Government and that they have to resort to direct action.

Shri Gadgil: I propose to deal with this question on the merits of the case, as is the policy of the Government of India with respect to its foreign affairs. What I say today should not be construed as my attitude towards the labour problems as such. We have to consider the modifications made by the Government in the light of certain facts which constitute the background. From 1946 to 1953, 745 banks have closed down. That figure includes the number that closed down in 1950 in West Bengal. From 1948 to 1953, in the rural areas, about 446 branches have closed down. We have to take into consideration the fact that the maintenance of credit in the country is pre-eminently, I should say, exclusively, the responsibility of the Government of the day. Since this responsibility has to be discharged properly, provision was made in the 1950 Act that in certain contingencies, when the Government came to the conclusion that public interests demanded any modification or rejection of any particular award made by any tribunal or even the appellate tribunal, Government could invoke that power and do what it thought best in the circumstances.

It was argued that faith in the judiciary is affected. May I recall the incident in 1951 when the Sen award was declared null and void by the Supreme Court? If Government had not the interests of the workers at their heart, they could have simply

kept quiet and let things to take their own course. Instead of that, Government came with a piece of legislation in 1951 and stated that the position that was prevalent in March, 1951, should be stabilised. Again, the whole question was referred to what has come to be known as the Sastry Tribunal. There is an instance in which the Government has interfered when the award was in favour of the employers and interfered for the benefit of the workers. Therefore, this power is there and we have to see whether it has been properly and justly exercised.

When we take into consideration the background as I have stated a few minutes ago, and also the responsibility of the Government with respect to the implementation of the Five-Year Plan, it is, I think, the duty of the Government to see that the credit in the country, and the facilities of banking and a proper mechanism whereby the Government can mobilise the resources of the country for the implementation of the Plan are perfect. When we know that so many branches in the rural areas have closed down, when there is a specific recommendation of the Rural Banking Enquiry Committee to a certain effect, I think that what the Government did in this matter was perfectly justified. If I had the slightest suspicion that the attitude of the Government was one of prestige, I would be the last man to support the decision. (*An hon. Member: Question*). What I feel and what I know, as a matter of fact, is that the Government feel justified in the circumstances of the case that this is the best decision. I am certain that these things can be reviewed at any time, if the economic circumstances change, if there is a fresh discovery of new facts or if the public interests demand that in that context of circumstances that may be available a few months hence, something else should be done.

Shri Venkataraman (Tanjore): Under what section of the Industrial Disputes Act?

Shri Gadgil: No section is necessary. It is the inherent power of the Government to look after the proper maintenance of public interests. It makes no difference.....

Shri S. S. More: Even for an inherent power, there must be some section or article in the Constitution.

Shri Gadgil: Even Shri S. S. More must be legalistic occasionally but the point is that already before the Government is the report of the Shroff Committee. In that report a recommendation has been made that the entire structure of wages and salaries should be brought on a rational basis and I think this is a matter to which Government should give more attention, and if, as is suggested by my old friend Mr. Asoka Mehta, there have been seven awards and twelve adjudications, that only shows how very complex and difficult is the question of rationalising the wages and salaries structure in this particular industry. All the same, it is a greater reason for the Government to come to some conclusion whereby an enquiry into the whole question can be ordered. That I should like to place as a constructive suggestion before the House and before the Government.

Now, taking the whole thing on merit, my esteemed friend, Mr. Asoka Mehta referred to certain percentages of unmarried people. I have got more details about it. In the Central Bank, in the age group of 24, out of 39 persons, 38 were unmarried; in the age group of 25, out of 53 persons, 40 were unmarried; in the age group of 26, out of 38 persons, 24 persons were unmarried. In the Bank of Baroda, in the age group of 24, out of 17 clerks 16 were unmarried; in the age group of 25, out of 18 clerks, 14 were unmarried; and in the age group of 26, out of 11 persons, 8 remained unmarried.

Shri Syamnandan Sahaya (Muzaffarpur—Central): Have you got any figures about widowers?

Shri Gadgil: I think it much too serious an argument. These figures

are relevant when we consider the two economic circumstances or the two approaches on which the entire basic pay has to be based. The Labour Tribunal has taken into consideration and stated that in the beginning the initial salary should be based on 2.25 consumption units, and the co-efficient should be 1.80. Now this means that at the beginning of the career, i.e., at the age of 24, the man has a wife, or the award people take into consideration a non-existent or a prospective wife, and they fix up the minimum of the subsistence wage at the consumption units of 2.25, although every award, all the three or four awards are agreed....

Shri Asoka Mehta: May I submit that the Labour Appellate Tribunal has gone against that?

Shri Gadgil: I am dealing with everything. I am not concealing any facts.

The point is that at the initial stage this is what is taken into consideration. Now, everybody is agreed that at the eighth year there should be three consumption units to be taken into consideration. Now, there is no logic in it, but all that is speculative—a fact, admitted by the Labour Appellate Tribunal itself. Then, in order to find out what will be the proportion between the cost of living of a workman and the middle class man, the co-efficient fixed is 1.80, the figure that was arrived at by Mr. Rajadhyaksha in one of his awards. The Sastry Tribunal said that owing to the fact that the wages of workmen have increased in the course of the last so many years, the co-efficient should be not 1.80 but 1.66. Therefore, these two figures are there which are of vital importance from the point of view of the fact whether clerks are married at 24, 25, 26 and so on and so forth. The point really is that the Labour Appellate Tribunal has stated that they accept the approach of the Rajadhyaksha Committee because they think at the initial stage they must take 2.25 units into consideration, as also the co-efficient of 1.80, but the

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Rajadhyaksha Committee itself had said:

"The Committee made it clear that an absolute decision in such matters was not possible, and they repeated the caution that the estimates were only for the limited purposes of the inquiry before them, and were not meant to lay down a general living wage for all purposes. In the absence of any other investigation so carefully conducted, we think we could safely take this figure."

After that, seven years have passed, and things have changed. The wages of the labourers have increased. Therefore, the co-efficient was very justifiably put at 1.66 by the Sastry Tribunal. Whatever be the initial salary you give, the point to be considered is what its effect is. Here, we have figures supplied to us by Government, about the total emoluments. You will find that they compare very well with the emoluments of government servants. Somebody said that the Sen Award has not affected the banks. But it is not a question of the Sen Award affecting the banks or otherwise. The question is what would be the result of the Labour Appellate Tribunal's Award. If you see the statement supplied by Government, showing the average of the total emoluments payable to the clerical staff, per employee, per annum, you will find that the figures are as follows:—

| | |
|---|-----------|
| Central Government Posts and Telegraphs clerical staff | Rs. 2,316 |
| 'A' class banks: | |
| Pre-Sen Award period | Rs. 2,517 |
| Sen Award as frozen | Rs. 2,868 |
| Labour Appellate Tribunal's Award | Rs. 3,132 |
| Labour Appellate Tribunal's Award (modified) | Rs. 2,844 |

So, the Labour Appellate Tribunal's Award as modified gives them something equal to the Sastry Award, and

something that is more than what the Government are giving to their employees. In some cases, the Sastry Award gives them even less than what Government are giving. The points that should be taken into consideration here are the capacity of the nation as such, what is available in the country to similar occupations, and also the capacity of the industry itself. The Fair Wages Committee laid down, as a matter of principle, that subsistence or minimum wage must be there, whatever be the capacity of a particular concern. And from that, there should be a progressive realisation, so to say, of the fair wage, depending upon the capacity of the concern to pay. How is that to be done? The solution that is being used at present is the grant of bonus. If a particular concern makes profit, then, surely, the labourers are entitled to it. I agree that fair wages must precede profit. But if there is no profit, then the only obligation on the industry concerned is to pay what is known as the minimum wage.

Now, let us see what the position will be, if the award of the Labour Appellate Tribunal had been implemented as such. I am told that so far as the C class banks are concerned, the increase would have been anything from forty to seventy per cent., and one of the banks, I am told, will have an increase of seventy per cent., namely, the Travancore Forward Bank. I have not got with me the figures of all the banks, in regard to the increase that will result on account of this. But I have got the figures of a certain bank. In its application before the Governor of the Reserve Bank, it has stated that in addition of Rs. 2,00,640 would have to be made. This Bank has not given dividends for the last five years. As a matter of fact, out of 545 banks, 191 banks have not declared dividends in the course of the last five years, and I think many more will be added to this. If this particular bank is asked to implement the original recommendations of the Labour Appellate Tribunal as such, not only will it not

be possible for that bank to fulfil that, but this bank will have to close down. I am told that in the representation made before the Governor of the Reserve Bank by twenty-seven C class banks, it is stated that twenty-five banks will close down. Out of these twenty-seven C class banks, half of them have not declared dividends in the course of the last five years, and out of the remaining, half of them have declared a dividend of less than 6 per cent. and four or five have declared a dividend of a little more than 6 per cent.

I have also figures in respect of another bank, where the net profit came to Rs. 12 lakhs in a particular year. If this award is implemented, Rs. 10 lakhs will be the additional expenditure plus Rs. 2 lakhs as a matter of adjustment. The result will be that the net profit will be completely wiped out.

So in the circumstances in which we find the banking industry, till it is nationalised, as long as we are pleased to allow private enterprise to function in this sphere, the only result will be that they will close down the banks in those areas which we call rural areas, and this will be detrimental from the point of view of the implementation of the Five Year Plan. I therefore humbly suggest that it is not a question of the Sen Award doing the work; the Sen Award is not the rod of comparison. The rod of comparison or the measure of comparison is, what will be the additional expenses if we completely implement the Labour Appellate Tribunal's Award. If that is done, the bigger banks may not suffer. Certain employees of one of the biggest banks saw me yesterday. They complained that their manager was getting Rs. 7000 free of income-tax, a house, this that and the other. I said this was a case in which the Government should be approached to scale down the salary but that this was not a case to say that the Labour Appellate Tribunal's recommendations should be accepted.

The Shroff Committee has recommended rationalisation of the entire wage and salaries scale. The terms of reference should be so wide that in a society in which we want no class distinction at all, if possible, or less class distinction, this variation between the salary of the lowest paid man and the highest paid man should be as little as possible. Therefore, my submission is this.....

Shri Bhagwat Jha Azad (Purnea cum Santal Parganas): Why not scale down the salary of the manager first and then do the other thing?

Shri Gadgil: I hope he understands the implications of what I say. The point is that this is not a question in which we can straightway say that this is correct or this is incorrect, because seven times the question has been gone into with no satisfaction that could be said to be universal. Therefore, in view of this fact, and also the fact that the prices are showing a trend of going down, will it be fair to accept the recommendations *in toto*? So I submit that the decision taken by the Government is wise in the circumstances of the case; they cannot afford to take risks with the credit instrument which is so sensitive. I say Banking is a strategic industry, much more important than the industry of manufacturing arms in this country. Therefore, they should fully realise it. At the same time, I humbly suggest that they should take immediate decision over the recommendations of the Shroff Committee so that this whole question of the wage and salaries structure will be fully gone into and the feeling of frustration—the higher paid clerks may not be frustrated, but whatever it is, I assume that there is frustration—should go.

Shri C. D. Deshmukh: We must be clear, first of all, what exactly it is that we are debating. Is it the question of the wisdom of modifying an award given by a Tribunal? Or is it the details of each pay scale and each concession which is in issue? Or is it the case of each bank or class of banks likely to be affected by the

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award? Now, it seems to me that so far as the first issue is concerned, it has already been debated by the House when powers to modify an award were embodied in the legislation. I do not think that there is anything new to be said on the subject. Speakers were not wanting who drew attention to the unwisdom of embodying such a clause in the law at the time, speakers even on the side of Government, and a reply was given which was finally accepted.

Now, in regard to the other issues, the trouble is that by the time the Labour Appellate Tribunal's award was given, no body had the faintest conception of how in actual working it would affect the operations of each individual unit out of those 400 and odd, whose fortunes were decided by the Tribunal. Now, that must be in the nature of things. It is not as if any tribunal announces a draft award first so that public opinion could be ascertained in regard to its possible effect on employers, employees and the other interests concerned. Every Tribunal has the painful duty of coming to a conclusion, and after it has done so, it becomes *functus officio* so that it is no longer within its power to find out how it is going to affect, if at all, any interests other than the employers and the employees. And, it is for that reason that the power to modify the award has been vested in Government.

The Industrial Disputes Appellate Tribunal Act clearly, therefore, empowers the appropriate Government on public grounds to modify or reject the decision of the Appellate Tribunal; and the power to so modify implies the duty to examine the decisions from this point of view and to exercise the power, if, in the opinion of Government, prejudice is likely to be caused to the public interest.

The first point I would submit to the House is that there is no other authority which can possibly discharge this function and if this func-

tion could be assigned to any one else, that authority would be Government itself. It is a part and parcel of the fabric of Government and therefore that duty is one from which no Government can be absolved.

Reference was made in previous speeches to social justice being the predominant motive which influenced the insertion of this particular provision in the Act. By and large, I think, that is correct; and, by and large, it is the interests of social justice which Government sincerely believes have been served or are likely to be served by the modification of the award that has been made by Government (*Interruption*). I cannot catch the interruptions.

An Hon. Member: Bank lords.

Shri C. D. Deshmukh: I was just coming to bank lords and bank tycoons. These are gibes which any Member of Parliament can fling at anyone else and hon. Members are at perfect liberty to imagine that the action of the members of Government is always influenced by the big capitalists or by tycoons or bank lords or other vested interests (*Interruption*). I can say in retort that hon. Members who speak so are also bound to be influenced by certain other vested interests, and that they cannot be regarding themselves as the guardians of public interests at large. And, that is the point that I wish to develop now.

Let us see who is going to be affected by this award. There are the employers, that is to say, the shareholders. Then there are the employees and, in the case of an industry like banking, apart from the public which is served by the banks, there is one additional interest, the depositors. So far as the Banking Companies Act is concerned, so far as the Reserve Bank is concerned, it is that interest which is sought to be guarded. Not so much the public interest, although in considering whether any modification of an award is called for, Government has to take

into account not only that interest, that is to say, the depositors' interest but also—or in the case of insurance law, the policyholders' interest—the interests of the community at large.

I submit, Sir, that it is on consideration of these two interests that a modification has been made. Now, it needs no argument to prove that the community at large is slightly more important from the point of view of public grounds than even bank employees—valuable members as they are of the community—we are not denying that. But, I say that there is the community at large which is a much more important interest. In addition, as I said, there is the interest of the depositors. Now, here are the numbers: I think about 65,000 employees are affected by this award. We have discovered that there is a ratio of one to ten in the number of employees and the number of shareholders. In other words, if there are 65,000 employees, there are 6.5 lakhs of shareholders. We have also discovered that the same ratio obtains as between shareholders and depositors, and, therefore, there are 6½ million depositors. It is, therefore, the interests of 6½ million depositors that we had in mind in addition to the interests of the community, and it was with very great reluctance that Government entered upon the unpleasant duty of trying to modify the award. Words like 'tampering' and so on are used which, I think, are disrespectful to the House itself because the House has given the power to modify or, if necessary, to reject the award on public grounds. If the charge were to be levelled against every Government which does so, that it has tampered with the award, then, I say, it is really disrespectful to the decision consciously taken by the House.

Shri S. S. More: Can there be any abuse of power?

Shri C. D. Deshmukh: There can be abuse of power as much as there can be abuse of Government. I am trying to prove that there has been no abuse of power here, and the hon. Member

will realise that when I have finished my speech.

Apart from the interests of contending parties, therefore, as I said, there are these other interests. Now, some hon. Members have already referred, I think, to previous modifications. That is a point of no great importance because they have been done by State Governments. I think it was the Travancore-Cochin Government which modified the award in the interest of workers. Then there was the Assam Government which has modified the award recently, I think, in a sense, in the interest of the workers because they were afraid that if the modification was not made then the tea gardens might be prejudicially affected and therewith the employment in these gardens. Then, I think, there was a modification in the United Provinces which, I believe, was against the workers because there was some question of personal wage not being capable of being sustained by the industry concerned. But, as I said, these matters are of no great importance. Even if there was no precedent, I should say that the present is a kind of case where every Government would have had to consider very seriously—no matter what the political complication is—what the likely effects of the award were going to be. I believe this enquiry was unique in many respects. As the hon. Member opposite pointed out, in the old days, these disputes were decided within the sphere of the States. Each State appointed a tribunal. Then, when I happened to be Governor of the Reserve Bank of India, I found that, that led to a tangle of decisions much to the discomfort of employers and employees of companies with branches in more than one State, and it was for that reason that the matter was taken out of the purview of State Governments and the power was vested in the Central Government. Therefore, it is for the Central Government now to consider whether any award can be given which could safely be accepted for the industry as a whole, an

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industry where the failure of even a few institutions might affect the credit structure. Now, I give this out as my personal view that, in future one would have to consider very carefully whether awards of this nature could at all be encouraged; that is to say, matters could be referred in their generality to tribunals of this kind where banking is concerned.

12 Noon

There was some reference to the possibility of modifying the award before the expiry of the minimum period for which it will be in force; that is one year. Strictly speaking, no modification can be made except by reference to a fresh tribunal. I am not relying on any inherent powers here, but I would point out that these powers can be vested by Parliament itself in Government. If it is found desirable that something should be done, it will be possible for this very House to insert such a provision in this law, but I am only drawing attention to the provision which already exists, and that is contained in clause 4 of subsection 19 which, with your permission, I will read out:

"Where the appropriate Government, whether of its own motion or on the application of any party bound by the award, considers that since the award was made, there has been a material change in the circumstances on which it was based, the appropriate Government may refer the award or a part of it to a tribunal for decision whether the period of operation should not, by reason of such change, be shortened and the decision of the tribunal on such reference shall, subject to the provision for appeal, be final."

Therefore, that course is always available, and I believe it was that kind of thing that was in the mind of the Prime Minister when he gave that assurance.

I must, at this stage, also refer to the other suggestion made by the hon. Member, Shri Gadgil, that Government

should accelerate the appointment of an Enquiry Commission or a Court of Enquiry arising out of the recommendations of the Shroff Committee. I have no doubt that after those recommendations have been considered, it will be necessary to appoint some kind of an enquiry committee for going through the whole structure of banking, including its wage structure and if there are other matters that come to notice and if at that time we find that the circumstances are different than what they are today, then there should be no legal bar to any desirable modification in the terms of the award.

I will come to the merits of the award. I have dealt with the first part of the issue. So far as the modifications in respect of exemption in the rural sector is concerned, we followed the alternative procedure of presenting our point of view from public grounds to the Tribunal. The hon. Member opposite has complained that we took it up when the banks themselves did not take it up. That only illustrates the difference in the construction of 'public grounds' that exists in the minds of employers and employees and also in the mind of Government. There is no reason why if banks make reasonable profits they should wish to branch out into rural areas, but the matter was of very great importance so far as Government was concerned, especially when we are trying to develop our economy under the First Five Year Plan to be followed by successive Plans. It is true—although the hon. Member said that it is not a fact—that this was rejected on technical grounds. "Technical grounds means that we can only urge something which was urged by some parties, and we found that it was urged only to a very limited extent by one out of about 130 banks and that bank was not the biggest in the country. Therefore, it was not for us to take up that particular case, that is to say, the desirability of extending the branches of one particular bank. That was, as we understood, the only limited

point that we could have urged and although there might be *obiter dicta* and observations, questions asked and questions answered, they were not necessarily binding as a sort of judicial decision or as a confirmed policy of the Government. Therefore, I need not deal with the question whether we wish that branch-banking should spread in the country with wages at less than subsistence level. People today are subsisting at all kinds of levels. We have just made a beginning with minimum wages, and so on for some industries, and they are not the most important industries in the country. They were somewhat unorganised. They are not regular factory industries, but so far as the general organised industries are concerned, we have yet, to my knowledge, made no attempt to decide what is a minimum wage or a fair wage, what is a subsistence wage, and so on and so forth. There are, and there must be hundreds of thousands of teachers who are living on a salary which is probably half of what the bank clerk is getting or is likely to get in class IV areas or in towns where branches may be started, for populations of less than 30,000. As I said, we could not know, apart from this one point, which was in the Sastry Award, itself, what the other items of the Labour Appellate Award would be. There could be no question of our raising the other points, similarly before the tribunal, prior to its giving their award, even if it is assumed that Government should leave taking up the view on general economic policy to another authority. On that point, I have already made some observations. I do not believe that this is the right way. I do not accept the position that, as far as possible, Government should try to appear in advance before an award is given, because that would amount to nullifying this particular provision to which we, as Government, must attach very great deal of importance, at the same time, denying any desire to use it with any sense of irresponsibility.

Now, there is another point I wish to make and that is, there is a distinction

between industrial tribunals and other judicial courts or tribunals. Much has been said about the sanctity of judicial awards and the highest court in the land, and all that. The procedure is similar to that of law courts. The difference is that they have no substantive law to administer. There is no law. If Parliament had given them a law, comprising principles on which they should act, then it would be very easy. I should then say that an occasion should seldom arise for Government to interfere. That would be so, because Government and the Parliament would have given their thought to defining what these principles should be. That attempt has not so far been made with the result that all kinds of principles are being evolved out of a case law, not based on any general law of the land. There is no clear-cut justiciable issue on which they can adjudicate on questions like minimum wage, subsistence wage, fair wage, whether bonus is part of the wage, whether it is part of pay, whether it should be given out of net profits, etc. It is a complete tangle of individual decisions.

I pose a personal view: that a time must come when Parliament must devote its attention to defining the principles on which Tribunals should act if this system is to be continued. Apart from case law that the tribunals have themselves been evolving, they generally go by the notion of a living wage, which, of course, in the absence of any principle, and so on, is bound to be subjective. Now a view might be held in retrospect that such an All-India Tribunal, in respect of an industry with over 4,000 banking officers all over the country and with more than 400 units to deal with, ranging from extremely large ones, with a working fund of a hundred or a few hundreds of crores of rupees, to the extremely small ones, with a deposit of a few lakhs of rupees or less, was not altogether well-advised. In spite of the attempt to classify the banks into four classes in different

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localities—into three or four areas—I still think that any attempt to force this into a straight-jacket would not be wise, but we have to deal with the situation as we find it. In spite of what the Appellate Tribunal has said—namely, that they have carefully considered the practical effect on the establishment costs, of their award, there is no evidence to show that they had considered the effect of their Award on the establishment cost of any typical units by way of sample. They had no occasion to go into individual cases, for the simple reason that this could be done only after they have given the award. After they give the award, they have no more authority in that case. So, these figures had to be separately and specially collected from the banks and verified by the Reserve Bank during the extended period made available by the ordinance to Government. The point I wish to make is that even if the scales are considered appropriate—I mean the Labour Tribunal rates—to some of the categories, individual banks are bound to suffer disastrously if we merely go on the averages. From the information collected in respect of 12 banks it appeared to us that 241 of their offices involving 2,549 employees would be closed down if the award was implemented as it stood. Now that information must be taken by the House in the absence of any other, that is to say, no report of a tribunal could possibly contain this information.

Shri Sadhan Gupta (Calcutta—South-East): May we know who gave that information?

Shri C. D. Deshmukh: The banks.

I should say that as between the banks and the employees, we must...

Shri T. K. Chaudhuri (Berhampore): May I ask one question? Was any enquiry made from the banks as to why they did not close down after the implementation of the Sen Award

and the freezing of the wages on the basis of the Sen Award?

Shri C. D. Deshmukh: The difficulties of discharging employees while a Tribunal was going on—that is the legal reason. The other reason is that it suited them to pay according to Sen Award, while it does not suit them to pay the higher emoluments.

What I mean is that the hon. Member is trying to find out why they did not close after the Sen Award or the Sastry Award. I say that was something they could bear. But that does not lead to the inference that they would not be forced to close some of the branches if the Labour Appellate Tribunal's Award were to be accepted in toto. The point I am making is that the Labour Appellate Tribunal Award is better from the point of view of the employees than the Sen Award.

Shri T. K. Chaudhuri: The Labour Appellate Tribunal's emoluments are lower than the Sen emoluments.

Shri C. D. Deshmukh: That is not correct: in some cases they are, in very few cases where they have based their dearness allowance on cost of living indices of obscure places like Dehri on Sone and some other places. Otherwise the Labour Appellate Tribunal's Award is more generous to the employees than the Sen Award taken as a whole. Later on I shall give instances. There was one bank where before the Sen Award, their total expenditure on establishment would have been Rs. 1 crore 12 lakhs. With the Sen Award it became about Rs. 1 crore 31 lakhs: with the Sastry Award it would have been Rs. 1 crore 30 lakhs; then with the Labour Appellate Tribunal it would have been Rs. 1.48 crores; and with the award now as modified, that is to say, protecting the existing pay scales which was not in the Sastry Award it will be Rs. 1.40 crores. Therefore, there will be an increase of Rs. 28 lakhs, so far as one particular bank is concerned. I do not

wish to draw inferences from one bank as hon. Members have tried to— one hon. Member quoted his own bank the United Bank; another hon. Member cited the case of his bank, the Bank of India.

Shri H. N. Mukerjee: Are you prepared to implement the Sen Award in that case?

Shri C. D. Deshmukh: I am coming to that point. We have really protected all the increases that have been given by the Sen Award for one year, and since the award is to be in force for one year nobody can possibly suffer a decrease in emoluments. That is the full and complete answer. It is a very curious state of affairs. It has taken us about six years to arrive at a decision, because this dispute started in the "State" fields as an hon. Member pointed out. The award could only be enforced for one year, unless it is extended. But it cannot be extended, as I have said, if circumstances are found to have changed. We might take another decision. Therefore, we may assume that this award will remain in force for one year and if it does so, normally, then no one will suffer a decrease in emoluments. On the other hand, some people are bound to gain. They will gain to the extent to which the banks have calculated that their charges will increase as a result of the operation of the modified award.

An argument has been advanced that we should have allowed the Labour Appellate Tribunal's award—although none of the speakers have spoken about this, it is bound to come up from some other Member that once...

Shri N. C. Chatterjee (Hooghly): May I have one point clarified? Is it correct that no reduction would be effected unless the award is extended beyond one year?

Shri C. D. Deshmukh: Yes. In addition, people will get the benefit of the Sastry Award by and large, although not to the same extent as that of the award of the Labour Appellate

Tribunal. The point at issue is whether the additional burden can be borne by all banks. I might as well say that this is the essence of the matter. We did consider—if I might let out a little secret of our deliberations—whether we could make distinctions between separate banks or separate areas or some banks in A class. We know that some of them may be able to sustain an award of this kind. It must be remembered that such distinction would have been in contradiction to the Sen as well as the subsequent Awards all of which avoided a clarification on the basis of working funds. Therefore, we did consider whether we should make such exceptions but we generally took the view that we should interfere with the award as little as possible and as circumstances compel us. Therefore, we thought that we must take the categories as they stand and should not take the risk of some weak units, even in A class, being affected; or it may be even B class units. There was indeed one example of a unit in B class which ought to have been classed with A; it was a very prosperous one. All the same we did not wish to interfere with that decision. This was according to us the minimum interference with the award. I am free to confess that, if I was to be asked: are there not any banks which could afford to pay their employees according to the Labour Appellate Tribunal Award? I should say: yes; there are banks which I am sure will find it possible to pay but I am equally sure that there are other banks in the same class—not to speak of other classes—which would not have been able to pay.

There is one more point which I want to make. It is all very well for us to describe what is likely to happen and what is not likely to happen. Hon. Members are perfectly entitled to have their view that no banks are going to be affected, that bank failures are not a thing unknown and if 600 banks have failed already, why not allow 200 more to fail? I say that it may not create difficulties for the hon.

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Members unless they are in the labour movement when they are bound to know that many employees will have lost their jobs...

Shri S. S. More: Nobody suggested that way...

Shri C. D. Deshmukh: It was implied...

Shri Sadhan Gupta: No, it was suggested that bank failures were due to the directors' successes...

Shri C. D. Deshmukh: I am sorry it disturbs the thread of my arguments. What was suggested was that many bank failures in the past were due to directors' mis-directions. I am aware of that, having been the Governor of the Reserve Bank for six years; I am also aware that in future you may have similar instances, although—I hope—on a decreasing scale because of the Banking Companies Act and the very close inspection which is maintained by the Reserve Bank. Nevertheless, I say that you should avoid taking any conscious step yourself which will add to these difficulties. Why should you allow another 200 banks to close because 600 had been closed? I do not understand this argument....

Shri S. S. More: Nobody advanced that argument.

Shri C. D. Deshmukh: It was advanced....

Shri H. N. Mukerjee: You try to catch the thief; everything would be better. You try and find out who has been responsible.

Shri C. D. Deshmukh: In this particular case, my view is that we should be responsible for having sent them to be slaughtered, having made up your mind that this cannot be borne by these institutions, mostly B and C class banks.

The point I was developing was that the responsibility for dealing with them will not rest with hon. Members; it will rest with us only and I can tell that it is a very serious res-

ponsibility. I would tell the Hon. Member opposite in particular that there are about Rs. 25 crores in jeopardy today in Bengal on account of the failure of many banks in Bengal spelling ruination on many middle-class families, a far larger class of interests than the bank employees in the United Bank.

Shri H. N. Mukerjee: You are fully prepared to be further blackmailed by these bankers who have fattened on our people's distress?

Shri C. D. Deshmukh: I do not see that depositors are fattening on anybody's interests. I am afraid the hon. Member does not get my point. I say that there is enough distress in the country on account of the failures of banks and that we should not add to it.

Shri S. S. More: Failure of Government too.

Mr. Chairman: No running commentary. This is not the way of argument. Let him proceed in his own way.

Shri C. D. Deshmukh: I say it might have been possible to give these scales as they stand to some of these banks. But we might have been charged with discrimination. As I say, we could not apply them uniformly even to certain classes or areas as such. It only illustrates the difficulty of the decision. This is all I would say in regard to the theory of the matter.

Let us consider next the capacity, which was our main criterion, the capacity of the banking system to deal with the situation that was created by the Labour Appellate Tribunal's award. The two most important items of expenditure of banks are establishment costs and interest on deposits. Interests on deposits are governed by market consideration. They are not chosen, so to speak, or selected by each bank individually. They are more or less helpless followers of a vogue. Apart from these, there are only petty expenses as stationery,

dead stock, rents on buildings, etc. The expenses of Indian scheduled banks, excluding exchange banks, went up from Rs. 9.50 crores in 1948 to Rs. 13.25 crores in 1953. I have a statement here which might be of interest to the House, and that is in regard to thirty banks, which are the important ones, for which we were able to collect information. We found that whereas the number of smaller employees had gone up by 10 per cent—which is the same percentage as for the number of officers—the total emoluments of the lower employees had gone up by 46 per cent—whereas the total emoluments of the officers had gone up by 24 per cent—between 1948 and 1953. On the other hand, the net profits have been steadily falling. That is to say, here you have the establishment charges total going up from Rs. 9.50 crores to Rs. 13.25 crores, an increase of Rs. 4 crores. But the net profits have been steadily falling. The net profits of Indian scheduled banks, exclusive of exchange banks, have fallen from Rs. 8.7 crores in 1948 to Rs. 6.51 crores in 1953. Then as regards deposits they have fallen from Rs. 875 crores in 1948 to Rs. 715 crores in 1952, although they have slightly recovered to Rs. 740 crores in 1953. And that is what I mean when I say that we find circumstances have changed. We do hope that with the increasing tempo of development expenditure, bank deposits also would show an increase. And then I think many of these problems will be solved as if by magic.

There was a point made about officers' salaries. That is the same point as salaries of government servants, salaries in other commercial establishments and so on, the general disparity between the lowest salary and the highest salary in the land. On the general issue one could give a lot of information that these wrong things keep happening even in countries managed under other political systems. But I concern myself with our own circumstances, and particularly those prevailing in the banking world.

The majority of officers are in the lower income groups. Out of a total of 6,101 officers in thirty banks, which are the most important, for which detailed figures were collected by the Reserve Bank, as many as 5,681 were in the income group between Rs. 250 or less and Rs. 1,000 per mensem. That is to say, all but 500; that is 90 per cent. Of the total establishment expenses on officers amounting to Rs. 376 lakhs, in the case of these 30 banks, the expenses on the above 5,681 officers was Rs. 272 lakhs. The number of officers drawing emoluments in excess of Rs. 3,000 in these 30 banks was 40 and the total expenses on them amounted to Rs. 24 lakhs as against the total establishment expenses of Rs. 10.28 crores. Out of these 40 high paid executives, 34 were employed in A Class banks. Whatever one's view may be in regard to the salaries, paid to some of these managing directors and other high executives, I am quite certain that even if we were to induce them to work free, honorarily, and distribute all the pay that they would have got to the bank employees, it would not make very much of a difference.

Then, I come to the question of reserves. The Sastry Tribunal commented on the low reserves of banks as under:

"A not uncommon feature of several Indian Banks is the low level of capital and reserve altogether insignificant for the type of business they are expected to undertake."

I may at this stage say that the Sastry Tribunal contained as one of their members an expert in banking, a participation which was lacking so far as the Labour Appellate Tribunal was concerned. Under the Banking Companies Act of 1949, 20 per cent of the net profits have compulsorily to be credited to the reserves until the reserves equal the paid-up capital of the company. On 31st December, 1953, only 23 out of the 73 Indian scheduled banks had reserves equal to the

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paid-up capital. This is a legal requirement. Taking the scheduled and non-scheduled banks together, only 90 out of 487 banks had reached that stage.

So far as secret reserves are concerned, out of the 33 banks for which figures were collected by the Reserve Bank of India,—to them they are not secret although they are secret to others—only 8 had any secret reserve at all; eight out of 33. The ratio of secret reserves in the case of three A Class banks worked out at 1·67 per cent of the loans advanced, that is to say, this was the provision for bad debts, you might say. In the case of five B, C, and D Class banks, it worked out to ·64 per cent. That is to say, the assumption is that out of every Rs. 100/- only ·64 of a rupee will not be collected and all the rest will be collected. It sounds almost Utopian investment. The percentages of 1·67 and ·64 are of the loans and investments made: that is to say, for the entire liability for bad debts, depreciation and various other things. This is the point about secret reserves. I think that the hon. Member's impression or the employees' impression that there are immense secret reserves, is wrong, as they will find to their painful surprise.

There is another instance. Following the considerable fall in Government securities after November, 1951, the Reserve Bank has had, year after year, to ask the various banks to show in their balance-sheets not the market value of the Government securities, but the average figure prior to the fall or the book value. If the banks were to show the market value of the Government securities, in many cases, their reserves would, I am afraid, be entirely wiped out.

Now, I come to the question of dividends. The Sastry Tribunal which went thoroughly into the matter observed as follows:

"There are many banks in India, far too many, that do not

earn enough to pay even moderate rates of dividend."

Thereafter, it goes on to quote a statement according to which, out of a total of 462 banks of all classes, in 1951, 191 declared no dividends.—191 out of 462—, 132 declared a dividend of 6 per cent and below, which are never regarded as excessive anywhere in the world. That accounts for 323 out of 462. And then, 90 declared dividends of six per cent to 14 per cent; sixteen paid dividends of 14 per cent and above, and figures for 33 banks are not available. And then the Tribunal goes on to say:

"Even among the scheduled banks there is a considerable number that falls in the category of 'no dividend' for 1949, 1950 and 1951. We find a sharp decline in share values during the course of the last three or four years indicative of a decline in the financial strength, whatever may be the reason that has brought it about. The downward fluctuations in the share values of banks are a reflection upon the earning capacity of the banks concerned, and such banks do make up a considerable fraction of the total numerically, though not with reference to total resources or the total strength of workmen employed in the banking industry as a whole."

Now, Sir, even when banks pay what is apparently a high dividend, the present yields on the shares of these banks at current market rate at which 80 to 85 per cent of the shares stand transferred varies from 4 to 5 per cent. Therefore, I think one can conscientiously make the statement that in no bank is an effective rate of dividend paid higher than six per cent. Now, I shall not go into it further. I have got here the figures as to how shares have changed hands in order to reinforce my statement.

Now, as I said, we took a great deal of time for considering this matter, and that is why we extended the period for consideration from thirty days to 120 days, and the Reserve Bank put all its normal inspection staff on verification of figures that have come from the banks, and figures were, as I said, collected from 30 banks of different classes, being a representative and important sample.

Now, on behalf of the employees doubt has been expressed about the accuracy of these figures. At the instance of the Finance Ministry, the Labour Ministry sent a telegram to the All-India Bank Employees' Association on the 13th August, 1954, as under:

"Reference your statement in brochures sent, send full lists if possible office by office showing reductions consequent on Sastri and Appellate Tribunal Awards in the case of 42 per cent of employees."

—which they claim would be affected.

"Please also send figures to show that basic wage of 75 per cent employees will be reduced. Regarding ten cases noted in brochures send immediately break-up of basic pay, dearness allowance and any other allowances. Please send all material immediately by return of post to Delhi."

No reply has been received to this enquiry up to date.

Now, Sir, a few comments on the specific modifications made. I have already referred to the fact that we tried to intervene, but that our application was rejected in regard to the operation of the award in towns with populations of 30,000 or under. Our stand was and is that rural banking is of importance from the public point of view even if both the parties to the industrial disputes are uninterested in it. And here are some figures.

There has been a fall in the number of rural branches from 1956 in 1948 to 1,659 in 1953—at a time when we are trying to expand and two years of the Plan have already elapsed. Even today, only 1,301 places in India have any banking facilities at all. Each fresh branch means Rs. 10 lakhs of idle deposits collected and an equivalent or a smaller or larger sum given out as advance to trade and commerce according to the business of the locality. Here also the scale in the modification made by the Govt. is taken from the Sastry Award itself. This scale was applied in the Sastry Award to Class III area. Rural banking has special significance from the point of view of small scale industries which predominate in rural areas. I might also say that if we find that rural banking has expanded after a year when the term of this award has expired, then there is nothing to stop us from stepping up the emoluments of the people, but in the meanwhile banks will have been enabled to try out, to pioneer, so to speak, in a new field of importance.

Shri T. N. Singh (Banaras Distt.—East): Is it possible under the Act to re-modify the modified order?

Shri C. D. Deshmukh: I am saying after one year. I am supposing for the next three years some banks venture out into rural areas, and find that business is developing, that commerce and industry are developing in those areas, and their figures show profits instead of losses, then, there is nothing to stop us or the bank employees from having a fresh wage, so far as that particular thing is concerned.

An Hon. Member: Only the award, not as modified.

Shri C. D. Deshmukh: The point on which to focus attention is that curiously enough, this award has force only for one year and—as I just pointed out before the Prime Minister came—for that particular year, there is no change.

[Shri C. D. Deshmukh]

So far as the Part B and other States are concerned. I have got heaps of material here, which show that certain States would have been very badly affected, had the tribunal award not been modified. I shall not take the time of the House, I am afraid I have already taken a lot of time, but so far as Travancore-Cochin is concerned, I would challenge any Member from Travancore-Cochin to get up and say that banking in Travancore-Cochin would not have been affected, if the Labour Appellate Tribunal Award had been implemented for that State. I have all the figures of a number of banks. There are about 180 odd banks in Travancore-Cochin, functioning with 624 branch offices. And the Travancore Bankers' Association, Kottayam, has sent a telegram to us. that...

Shri A. M. Thomas (Ernakulam): I have got a copy of that telegram here.

Shri C. D. Deshmukh: I see, that hon. Member also has a copy of the telegram.

I shall now close by referring to one important matter, and that is the United Bank. I must say in plain terms that the charges levelled by the hon. Member opposite, the Deputy Leader of the Communist Party, are entirely unfounded. He finds it so easy to level charges in this place, of lack of *bona fides* against Government and all its actions, now I should like him to repeat the charges outside the House, and maybe those directors whom he charges will be able to take care of themselves. One hon. Member who has been a director here is a member of the Planning Commission. He said that the Deputy Finance Minister was still a director. I do not think so.

The Deputy Minister of Finance (Shri A. C. Guha): I was never a director.

Shri C. D. Deshmukh: He has never been a director.

Shri H. N. Mukerjee: I referred to a former Minister who was Chairman of the Board of Directors till the other day, and I said also that a Deputy Finance Minister and the Chief Minister of West Bengal are personal guarantors for extra large sums of money which are drawn as overdrafts from this particular bank, by methods, which appear on the face of it to be very dubious. And I repeat it.

Shri A. C. Guha: I can say on my behalf that I have never been a guarantor of any loan on any bank, not to speak of the United Bank. Nobody would give any loan on my guarantee.

Shri C. D. Deshmukh: That leaves out one Deputy Finance Minister. There is another sitting here. I do not know about him.

The Deputy Minister of Finance (Shri M. C. Shah): I am not a guarantor in respect of any bank, nor have I got the means to be a guarantor.

Shri C. D. Deshmukh: I wish to say this that neither of the two Deputy Ministers have had any thing to do with the consideration of this matter. They have not contributed a single word. In fact, you can ask the Deputy Finance Minister as to when he saw the file. He saw it after the decisions had been taken, and he complained to me, as a matter of fact, that he had not been kept in the picture. That is a fact.

Shri A. C. Guha: Yes.

Shri C. D. Deshmukh: It is a fact, and I had to pass an office order that any important matters and subjects which were handled by the Deputy Finance Minister should go to him at least on the way back, and that, I hope, will be done in the future.

In regard to this United Bank, both the Sastry and the Appellate Tribunal had recognised the special position of this bank. It was set up by the amalgamation of four separate units

in 1950. Three of these four separate units fall under the 'C' class category, and the fourth one in the 'B' category. Therefore, the hon. Member was wrong when he said that three qualified for B class, and one qualified for 'C' class. That is a mistake.

Three of these four separate units fell into the 'C' class category and the fourth one into the 'B' class category. It has not been possible for the amalgamated bank to reorganise its staff after amalgamation; it is anomalous that merely a combination of four such units brought about for the safety of the banks should now have the effect of it being classified as a class 'A' bank, although up to a certain date it has to be classified as a 'B' class bank. Having regard to this, the two tribunals authorised this bank to be classed as 'B' for a limited period. Therefore, some kind of special regard was paid to the bank. Now, on a detailed investigation of the case—which the tribunal, as I said, could not make because it did not know how exactly this award would affect that bank—with the help of the Reserve Bank, Government were satisfied that this unit would not be able to sustain even such a classification. We, therefore, decided to exclude this bank also and proposed to refer the case of this bank—that is another point—to a fresh tribunal with particular reference to re-organisation of establishment with a view to reduction of costs.

Bengal underwent grave banking crises during the middle and late '40 and to this day funds to the tune of Rs. 25 crores are involved in banks in liquidation or under schemes arranged in Bengal. This, I may say, is the only major banking unit in Bengal with locally raised capital. I would request the hon. Member to study the affairs of this bank and then come to the right conclusion that this bank was excluded for good reasons. That is all I have to say so far as this is concerned.

Shri Tulsidas (Mehsana West): I have been listening to the views which have been expressed here in regard to this question of the bank award. The hon. Finance Minister has replied to certain points, but I would like to mention here, as he just now said, that the modification of the award has not changed the position at least for one year, and that in many cases, particularly where the salaries have not been adjusted on the basis of the Sastry award, they will have to be brought up on the basis of that award and those who have been getting more will not suffer a reduction for one year more.

Then the hon. Finance Minister also said that under section 19 of the Industrial Disputes Act, this can again be referred to the tribunal. Therefore, for all practical purposes, the modification of the award has no effect with regard to the reduction of the salaries of the different categories of staff of the banks. That is what I would like to bring to the notice of this House—that there is no question of reducing the income of the staff by the modification of the award. On the contrary, their income will remain practically the same, at least for a year. Then, if the Government refer the matter again to the Tribunal, it will again be taken up.

I have to bring this to the notice of the Finance Minister that when the Sen Award was published at that time the banks were completely dissatisfied with it. Government thought that if the Sen Award was thrown out by the Supreme Court, it would be rather a hardship on the staff. They had, therefore, implemented the award by way of legislation. Now, even the modification of the award which is now made, as I pointed out, is not going to reduce the expenses of the banks. Therefore, to that extent the hardship of the banks will continue; the onerous conditions which the Sen Award had put in and the other conditions which this award of the Labour Appellate Tribunal has put in will also continue.

[Shri Tulsidas]

Even with regard to the modification, it is in relation to the basic salary and the dearness allowance, while there is no modification with regard to other conditions. As regards the question of bonus, I may point out that that has not yet been modified; the matter is still *sub judice*. The banks have appealed to the Supreme Court and are awaiting judgment. But, as I have just now pointed out the Government have not modified the decision of the Appellate Tribunal with regard to the other conditions.

The Government have given the figures with regard to how the staff under the different classes and different areas compare with the staff of the Government—whether the Central Government or the Bombay Government—or other State Governments. I would like to point out that in this are not included the other emoluments the staff will get. This includes merely the basic salary and the dearness allowance. The other amenities, the bonus, the gratuity, the medical aid and the other expenses are not generally included in the salaries and these are not taken into consideration when comparing the figures. The Finance Minister has pointed out that after seeing the working for one year they may come to certain conclusions as to how the working of the banks should be allowed to continue.

The Finance Minister has given figures to show how the banks' profits have been reduced. There has also been a rather vague impression that there have been large secret profits got by the banks. I would like to point out that the working of the banking system in this country is costly and I do not think that in any other country the banking system has such exorbitant costs. In America, the cost of the banking system is much less than what it is here. In 1952, the establishment expenses of the Indian scheduled banks worked out to 1.8 per cent. of their deposits,

as compared to only .84 per cent. in the American banks. (*Interruption*). Here, we want to increase the deposits so that the turnover of the banks may increase. But, even during the last six or seven years, as the hon. Finance Minister has pointed out, in spite of so much expenditure under the Plan, the deposits of the banks have not increased. That shows that there is a certain amount of lack of confidence amongst the investing public, particularly the banks, because they find that the establishment charges of the banks go higher and higher. (*Interruption*).

As the Finance Minister pointed out, though the big banks have been maintaining their dividends since the last six or seven years, the market prices of their shares have gone down. That again shows the lack of confidence of the investing public. The Imperial Bank shares are supposed to be one of the gilt-edged securities and are placed as trustee securities. In 1947, the share price of the Imperial Bank was Rs. 2,275 at the highest and Rs. 2,144 at the lowest.

In 1954, that is up to 7th of August, it was 1,730.

Mr. Chairman: There are two more hon. Members to speak on the subject and therefore I would request the hon. Member to finish in one or two minutes.

Shri Tulsidas: Sir, I am just trying to give a certain amount of illustration with regard to the working of banks. There seems to be a certain amount of feeling that the banks are bodies which have on the whole certain special interests. Now, the bank staff, in my opinion, is a category of staff which shall have a greater responsibility. As pointed out by the hon. Finance Minister, there are a large number of depositors, with whose money the bank is really playing. The bank's capital is a mere insignificant little thing and the deposits really count. It is this very staff who are responsible to

look after this money and it is this staff to whom the banks look to. I can tell the hon. Members here that there are instances in banks where persons have gone from the rank and file of the banking staff to the position of Manager.

Shri M. S. Gurupadaswamy (My-sore): In how many instances?

Shri Tulsidas: I can cite some instances. There may not be many cases, but there are a number of cases. In one case the person concerned has become the General Manager and in other cases they are Managers. If the bank employees have this sort of attitude of strikes, *morchas* and other threats, these responsible people who are supposed to be the future Managers of their different institutions, how will they be able to function? How will they create confidence amongst the people? In banking institutions deposits come in merely on the confidence which is created in the minds of the public. Therefore, to that extent I would request them to see that it is not like any other industrial worker that the bank employee has to function.

Now, Sir, here is another point which I would like to mention.

Mr. Chairman: May I request the hon. Member to finish now? He goes on adding points after points. As I have already said, I propose to call two more speakers now and we must close the discussion at 1-15. The hon. Minister in charge has not spoken as yet. Therefore, I would request him to close his speech.

Shri Tulsidas: There is only one more point and it has very nicely been put in this magazine. This is what it says:

"Unfortunately, those who sympathise with the employees have forgotten the duty that the employees owe to the unemployed".

That is the most important aspect. We want more and more people to be employed in the banking institutions. We should increase the number of

staff much more and that is a point which I would like to point out.

Shri K. P. Tripathi (Darrang): Sir, I have given the most anxious consideration to this modification of the award and unfortunately I have come to the conclusion that I must pointedly differ with the Government though I belong to the Government party. Sir, the hon. Minister has said that there is power vested in him to modify the award. We humbly submit that the modification of an award is a very unfortunate thing because it is likely to destroy the confidence of the working class in this institution set up by the Government in the country. When this institution was set up, it was set up with a different idea to inspire confidence and it has worked in that way. People expect certain things of it and the main thing which they expect is a finality. This finality is not for all time, but only for one year, but a 'finality' all the same. Therefore, when an award is given it should be permitted to run out its course for the year and then only anything should be done to find out whether it has affected the industry adversely. From that point of view, I feel that the Government by modifying the award have merely taken a hand in destroying the institution which they themselves created. This, I feel, is the most unfortunate thing, and therefore I have taken this course to differ with the Government.

An attempt has been made to prove that this action was absolutely necessary and justified because the paying capacity of the banks could not bear the burden. But, I find that the Tribunal has pronounced its verdict on this question. It has said that from the balance-sheet itself it is apparently clear that the banks can bear the burden of this. Therefore, if the Government now say that the banks cannot bear, there is a difference between the Government and the Tribunal. How does this difference arise? Because of a private discussion between the Government and the bankers,

[Shri K. P. Tripathi]

the Government has become convinced that they cannot pay. The banks could not convince the Tribunal of this very thing, but they have, by the back-door, convinced the Government. If this stand is accepted, then it must be realised that all the employers might run through the back-door to the Government in order to convince them that a certain award is incapable of implementation, over the head of the tribunal. This is most unfortunate and is going to destroy the institution altogether.

With regard to the paying capacity of the industries, I find that the dividends, which had been declared, have gone up in many banks. There are other banks which have maintained the dividends. The Sen Award obviously prescribes higher salary and dearness allowance than that provided by the amendment. What have the Government to say? Why did they not implement the Sen Award? According to them, it is stated that the Sen Award gives less than the Appellate Tribunal award. The Sen Award has been in implementation for four years. When there is the implementation of an award for four years and not a single bank or its branch has closed during the period, is it not proof positive that it can be borne by the industry? Any rational person would have to accept that.

Shri A. M. Thomas: Was that award applicable to Part B States?

Shri K. P. Tripathi: I will come to it later on. Accordingly, there was logic for going back to the Sen Award, but the Government have tried to convince the House and the country that there was some logic for modification. Even if the necessity of modification be accepted the Government have not been able to convince us why they should not go back to the wage level of Sen Award. That argument has not been proved in the House or anywhere else.

Shri C. D. Deshmukh: The Sen Award was no award; it was declared by the Court to be invalid. If we are to modify an award, we are concerned with the Sastry Award, or the award given by the Tribunal to which an appeal lay from the Sastry Award.

Shri Sadhan Gupta: Was it not declared a nullity on technical grounds? (*Interruption*).

Shri C. D. Deshmukh: It was not.

Shri K. P. Tripathi: What the Government has done is to modify the level of wages below the Sastry Award and the Sen Award. I am asking them the straight question: why did you not think it advisable to go back to the wage level of Sen Award?

Shri C. D. Deshmukh: Because it was so absurd. As I said, Dehri-on-Sone is to get far more than Calcutta...

Shri K. P. Tripathi: The whole point is this: when a certain award has stood the test of time if Government gets certain new facts whereby they think that it should be modified, then it is not enough to modify it by listening to one party alone. It becomes the bounden duty of the Government to listen to the other party if the question is to be re-opened. According to my mind, to absolve themselves of the charge of partiality, when the Government thought that the Appellate Tribunal award was not practicable, they should have called both the parties to find out what is the level that is possible.

1 P.M.

Shri Bansal (Jhajjar-Rewari): Is it not a fact that Government called both parties before modifying it?

Shri K. P. Tripathi: The Government did not claim that they called both parties. My hon. friend thinks out of his own mind that perhaps both might have been called by Government. Actually, it was not a fact. I begin to feel that the way in which this modification was effected has been regrettable, and if the Government

realise that it will create very unfortunate repercussions on the psychology of the people and the working classes in the country.

With regard to the ratio of establishment expenses to gross profits, which is the material thing at issue, I find that in 1948, it was 44·81, and in the years 1949, 1950, 1951 and 1952, it is 48·08, 50·80, 48·68 and 50·86. If we take the entire operating costs and not the establishment charges alone, we find that it is 60·6, 63·7, 65·7, 64·8 and 66·7. You will realise that in any industry, generally the net profits come to only about 25 per cent. Here it is more than 30 to 34 per cent. Obviously, there is a higher margin in this than in other industries. In other industries they have to set apart a very high percentage of their gross earnings against depreciation, but this is an industry in which there is very little depreciation. Therefore, there is still less necessity of making provision for depreciation and so it has a higher margin of paying capacity than other industries. I understand that this industry is a credit institution and it should have a higher margin, but the margin is fairly high and its paying capacity, therefore, is higher than the other industries. I feel that Government have not sufficiently taken into consideration this aspect of the question, namely, the higher paying capacity of this industry. Therefore, there is a reason for the Government to reconsider the situation still. The Government finally have tried to justify their action by quoting figures of Government servants' emoluments as against those of bank employees. What the Government have done is very dangerous. Government have stated that the emoluments prescribed to the staff in the banks were higher than the Government scales; therefore, they now stand committed to reduce the scale of pay of the managerial staff, for which we have been asking so long. The Government have not done that.

Government have laid a ceiling on dearness allowance in the case of staff.

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What I find is that Rs. 900 has been given as dearness allowance to some of the supervisory staff in the Imperial Bank. There has been no ceiling laid there, although they were earning as high as Rs. 21,000.

We are completely unconvinced of the necessity of the action taken by the Government. When I say this, it must be realised that it was the bounden duty of the Government to make it abundantly clear and show substantial justification for their action. That they have not done. Therefore, the Government will take some action in the near future to restore justice by withdrawing the modification or else they should set up a Committee to determine further amendment to the award which will be more rational.

Shri S. S. More: Are you not convinced by Mr. Gadgil's argument?

Shri K. P. Tripathi: No.

The Minister of Labour (Shri V. V. Giri): After an exhaustive speech that my hon. colleague, the Finance Minister, has made, I have very little to say. The reasons for the modification of the award have also been given in the statement annexed to the order of the Ministry of Labour dated 24th August, 1954, and placed on the Table of the House. Ever since the publication of the Appellate Tribunal's award, when rumblings of growing discontent on both sides began to be heard, I have been greatly concerned on two accounts: firstly, I have been most anxious that the state of tension which has existed in the relationship between employers and employees in the banking field during the last five or six years should relax and give place to an enduring relationship, based on goodwill and contentment. Secondly, I have been equally anxious that while the terms of final settlement of the dispute should not be such as to injure the cause of banking in the country, they should be fair to the vast number of what are known as the lowest categories of bank employees and who have put up with much trouble and

[Shri V. V. Giri]

expense during all these years of costly litigation.

It is true that Government has been given the power, under the Industrial Disputes (Appellate Tribunal) Act, to accept, reject or modify the award of an industrial tribunal, if and when Government is satisfied that it is expedient, in the public interest, to do so. It cannot be disputed that the said powers should be exercised by Government with due care and caution in exceptional circumstances, and for very strong reasons of public interest and that the modification of an award of an industrial tribunal by executive action is *prima facie* not desirable. I also subscribe to the views expressed by many hon. Members that the sanctity of the award which is in the nature of a judicial pronouncement should be respected by conventions and precedents. Hon. Members have heard from my colleague, the Finance Minister, how the full burden of the Appellate Tribunal award might have brought about a crisis in the banking industry.

Dr. Jaisoorya (Medak): We have not been convinced.

Shri V. V. Giri: In particular, he has told the House how banking facilities in rural areas might have suffered a serious setback on account of the burden. The statistics and arguments that he has adduced are before the House and I would beg of hon. Members to consider them dispassionately. If any bank is really going to suffer a serious set-back, I am sure that this House—and I venture to say—all sections of it, will accept the necessity of modification however much they might ordinarily condemn such a step as being bad in principle and unacceptable in practice. After all, it is only in a healthy economy that bank employees or any other groups of wage-earners can hope to secure a reasonable living. No doubt, Government must take care to see that the awards of judicial and quasi-judicial bodies, arrived at after

the most exhaustive studies and researches, are not lightly brushed aside and that none but the gravest consequences are allowed to justify any modification which might go against the immediate interests of the weaker side, that is, labour. Government have placed all their cards before the House and it is for the hon. Members to decide whether their judgment is right and whether it has been taken only after the most careful consideration.

It cannot be a pleasant prospect for any Government to pass orders which will have the effect of depriving low-paid employees of a portion of their emoluments, and when they undertake such an unenviable but perhaps inevitable task, they would be doing so after careful consideration. Governments are no more infallible than individuals, but no Government worth the name can afford deliberately or negligently to cloud its vision and judgment by partiality or careless assumptions. I would, therefore, appeal to hon. Members not to doubt the *bona fides* of Government. If Government, in fact, have gone wrong, it is for the employees to place facts and figures before them with a view to persuading them to change their decision. According to one estimate made by the employees, 70 per cent. or so of the employees stand to lose by the amended award. If that is so, employees would do well to supply lists of persons who will be suffering a reduction in their emoluments.

Finally, I must appeal to both employers and employees to consider these problems objectively and dispassionately. They have been before courts and tribunals for the last five or six years and have expended a good deal of time, temper and resources in the prosecution of the judicial proceedings. It is time that they settled all old scores and got down to the business of banking. Their own prosperity—be they employers or employees—is directly linked to the prosperity of the bank they serve and

anything that affects the latter, must inevitably affect themselves too. The creation of an atmosphere of goodwill alone will improve labour-management relations, and for that purpose, the parties must adopt a generous attitude of give-and-take towards each other. My advice to my employer friends is this. Search your hearts and if you find savings, implement the award as it was before the amendment. To my employee friends, I should say that they should not examine the changes made by Government with too powerful a magnifying glass, and that they must take the award as a whole with its good and bad points. I would tell both that if they do not deliberately and studiously cultivate a policy of goodwill and tolerance the future will be bleak for both.

I have nothing more to add.

Shri T. N. Singh: In regard to the point raised by Shri Tripathi, I want to know from the hon. Minister where-as employers were allowed to represent their case through their lawyers, a similar opportunity was not given to the employees?

Shri V. V. Giri: The employees were given an opportunity.

Dr. Jaisoorya: What time did you give them—less than fortyeight hours.

Mr. Chairman: Does it not appear from the papers circulated that the employers and the employees were both given an opportunity of being heard?

The Lok Sabha then adjourned till a Quarter Past Eight of the Clock on Tuesday, the 31st August 1954.
