

NATIONAL INDUSTRIAL TRIBUNAL (BANK DISPUTES)

AWARD

ON THE

INDUSTRIAL DISPUTES

BETWEEN

CERTAIN BANKING COMPANIES AND CORPORATIONS

AND

THEIR WORKMEN

BY

PRESIDING OFFICER

SHRI JUSTICE KANTI LAL T. DESAI
(CHIEF JUSTICE OF THE HIGH COURT OF GUJARAT)

JUNE, 1962

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MINISTRY OF LABOUR AND EMPLOYMENT

NOTIFICATION

New Delhi-2, the 13th June 1962

S.O. 2028. — In pursuance of Section 17 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the National Industrial Tribunal, Bombay in the industrial dispute referred to the said Tribunal by the notifications of the Government of India, in the Ministry of Labour and Employment, Nos. S. O. 705, 1449 dated respectively the 21st March, 1960 and the 4th June, 1960.

BEFORE THE NATIONAL INDUSTRIAL TRIBUNAL (BANK DISPUTES) AT BOMBAY.

REFERENCE NO. I OF 1960.

In the matter of disputes between the Banking Companies and Corporations specified in Schedule I to the Order No. S.O. 705, dated the 21st March 1960 and in the Schedule to the Order No. S.O. 1449, dated the 4th June 1960 of the Government of India in the Ministry of Labour and Employment,

and

Their workmen.

PRESENT:

The Honourable Shri Justice Kantilal T. Desai, Presiding Officer of the National Industrial Tribunal (Bank Disputes), Bombay. (Now Chief Justice of the High Court of Gujarat).

APPEARANCES:

As in Appendix B.

INDUSTRY : Banking.

[PLACE : Bombay.]

Dated, the 7th June, 1962.

AWARD

CHAPTER I

INTRODUCTORY

1.1. By a Notification bearing No. S. O. 704, dated New Delhi the 21st March 1960 the Central Government in exercise of the powers conferred by section 7B of the Industrial Disputes Act, 1947, constituted a National Industrial Tribunal with headquarters at Bombay and appointed me as the Presiding Officer of the Tribunal. A copy of the Notification forms part of Appendix A.

1.2. By an Order bearing No. S. O. 705, dated New Delhi, the 21st March 1960, the Central Government being of the opinion that an industrial dispute existed or was apprehended between the banking companies and corporations specified in Schedule I to the said Order and their workmen in respect of matters specified in Schedule II thereto, which were either matters in, dispute or matters connected with or relevant to the dispute, and that the dispute involved questions of national importance and also was of such a nature that industrial establishments situated in more than one State were likely to be interested in, or affected by such dispute, and being further of the opinion that the dispute should be adjudicated by a National Tribunal, in exercise of the powers conferred by sub-section (1A) of section 10 of the Industrial Disputes Act, 1947, referred the said dispute to this National Tribunal for adjudication. Schedule I to that order specifies the names of 67 Banks. Schedule-II refers to 22 matters in all. A copy of the said Order forms part of Appendix A

1.3 By another Order, bearing No. S. O. 706, dated New Delhi the 21st March 1960, the Central Government in exercise of the powers conferred by sub-section (3) of section 10 of the Industrial Disputes Act, 1947, prohibited the continuance of the strike which was then in existence in the State Bank of India. A copy of the said Order forms part of Appendix A.

1.4. By a further Order bearing No. S. O. 1449, dated New Delhi, the 4th June 1960, the Central Government being of the opinion that the dispute which had been referred by the earlier Order bearing No. S. O. 705, dated the 21st March 1960, was of such a nature that the establishments in the banking companies and corporations specified in the Schedule to the said Order dated the 4th June 1960, were likely to be interested in or affected by such dispute in exercise of the powers conferred by sub-section (5) of section 10 of the Industrial Disputes Act, 1947, included in the said reference the banking Companies and corporations specified in the said Schedule. In the said Schedule, the names of 17 banks have been set out. A copy of the said Order forms part of Appendix A.

1.5. As a result of the aforesaid Orders, the dispute in respect of the 22 matters referred to in Schedule II to the Order bearing No. S. O. 705, dated

the 21st March 1960 to all the 67 banking companies and corporations referred to in the Order banking companies and corporations on the one hand and their workmen on the other.

1.6. It took some time to set up the secretariat of the Tribunal. On 19th May 1960, a preliminary informal meeting was held at which representatives of a number of banking companies and corporations and of some of the important workmen's organisations attended. At that meeting, the wishes of those who attended in connection with the filing of the statements of claim and the filing of the written statements to such statements of claim were ascertained. As a result of the informal discussions which took place, notices were issued bearing date 20th May, 1960 to all the 67 banking companies and corporations referred to in the Order bearing No. S. O. 705 dated the 21st March 1960 and their workmen, requiring the workmen to file their statements of claim on or before the 10th June 1960 and requiring the banking companies and corporations to file their written statements in reply to such statements of claim on or before the 11th July 1960 and fixing the date of the hearing of the Reference as the 20th July 1960. By the said notices the banks concerned were required to cause a copy of the notice to be served upon the secretary or where there was no secretary upon the principal officer of the Trade Union or Unions of their workmen and to exhibit a copy of it by affixing it at or near the main entrance of all their establishments. The banks were also requested to exhibit a translation of the said notice in the regional language of the place where the notice was exhibited and to intimate to this Tribunal about the aforesaid requirements having been carried out by making and filing an affidavit to that effect. After the receipt of the Order bearing No. S. O. 1449, dated the 4th June 1960, whereunder 17 more banks were included in the Reference, notices dated 8th June 1960 were issued requiring the workmen of the newly included banks to file their statements of claim on or before the 25th June 1960 and requiring the banks concerned to file their written statements on or before the 11th July 1960 and fixing the date of the hearing of the Reference in their case also as the 20th July 1960. These notices contained other directions similar to those contained in the notices dated the 20th May 1960. The aforesaid notices have been duly served upon the banks concerned and their workmen.

1.7 On 25th May 1960, the All India Bank Employees Association filed an application, being Miscellaneous Application No. 2 of 1960, dated the 24th May 1960 claiming 25% of wages with a minimum of Rs. 25 per month by way of interim relief. By Miscellaneous Application No. 4 of 1960, dated the 25th May 1960, the New Citizen Bank of India Supervisory Staff Union claimed interim relief at the rate of 25% of the basic salary with a minimum of Rs. 25 per month. The All India Bank Employees Federation, by their application being Miscellaneous Application No. 7 of 1960, dated the 1st June 1960 applied for 25% of wages as and by way of interim relief for all workmen. The State Bank of India Employees Association (Bengal Circle)

by Miscellaneous Application No. 5 of 1960, dated the 25th May 1960, applied for interim relief for the workmen of the Bengal Circle of the State Bank of India at the rate of Rs. 25 per month. The Surat Bank Employees Union by Miscellaneous Application No. 8 of 1960, dated the 9th June 1960 and the Vadodra Rajya Bank Nokar Sangh by Miscellaneous Application No. 9 of 1960, dated the 8th June 1960 also asked for interim relief at "25% of the basic wages with a minimum of Rs. 25 per month for all the employees with effect from 1st April 1959". The State Bank of India Staff Union, Andhra Pradesh, by Miscellaneous Application No. 14 of 1960, dated the 14th June 1960 applied by way of interim relief, wages for the strike period and other reliefs for the workmen of the State Bank of India, Andhra Pradesh. The State Bank of Patiala (All Cadres) Employees Association by Miscellaneous Application No. 28 of 1960, dated the 16th June 1960 claimed by way of "immediate relief" 25% of wages with a minimum of Rs. 25. After 17 more banks were included in the Reference by the Order dated the 4th June 1960, the All India Bank Employees Association by Miscellaneous Application No. 24 of 1960, dated the 21st June 1960, applied for interim relief also on behalf of the workmen of the newly included banks. The Pandyan Bank Employees' Union by Miscellaneous Application No. 301 of 1960, dated the 12th August 1960, adopted the application for interim relief filed by the All India Bank Employees' Association and asked for further relief. The All India State Bank of India Staff Federation which did not for some time participate in the proceedings before the Tribunal by Miscellaneous-Application No. 293 of 1960, dated the 19th September 1960, claimed by way of interim relief the abolition of Class IV area, the payment of Rs. 25 per month to every worker, the payment of wages for the period of strike and the making good the loss due to the non-implementation of the award as enumerated.

1.8. On the 8th June 1960, another application was filed by the All India Bank Employees Association claiming travelling allowance and halting allowance for halting at Bombay for 71 representatives of the Association. This application was followed up by various other applications made by the constituent units of the All India Bank Employees Association and by various Associations and Federations numbering over 800 for the grant of travelling allowance and halting allowance during the time the representatives of workmen attended the proceedings before this Tribunal at Bombay. Facilities were also sought for the representatives of the unions to remain present during the proceedings.

1.9. The question relating to the number of representatives of the various Associations and Federations who should attend the proceedings before the Tribunal considerably agitated the minds of the workmen appearing before the Tribunal. It was urged on behalf of the workmen that the workmen were entitled to be paid travelling allowance and halting allowance during the time they stayed in Bombay for the purpose of preparing the case of the workmen and for presenting the same before the Tribunal and that considerable hardship

would be caused to the workmen if such allowances were not paid. The question of the grant of travelling allowance and halting allowance was at one stage linked up with the question of the representation of parties by legal practitioners as some of the banks were desirous of being represented by legal practitioners before the Tribunal. By section 36(4) of the Industrial Disputes Act, 1947, it has been provided that in any proceeding before a National Tribunal a party to a dispute may be represented by a legal practitioner with the consent of the other parties to the proceedings and with the leave of the National Tribunal.

1.10. The Supreme Court in the case of the Punjab National Bank Ltd. vs. Industrial Tribunal, Delhi, and others, reported in 1957 Supreme Court Reports Page 220 [1957 (I)LLJ 455] has held that it was a negation of Justice and reason to direct the employer to pay in advance the travelling allowance and halting allowance costs of the Union representatives irrespective of the final result of the proceedings and that the practice followed by some of the Tribunals in awarding the same was unwarranted by law and principles of reason and justice. In that case the Supreme Court set aside the order of the Industrial Tribunal, Delhi, granting travelling and halting allowance to the representatives of the various Unions pending the proceedings before the Tribunal. The Supreme Court in another case reported in 1960(I)LLJ page 567 between Rohtas Sugar Ltd. and others and Mazdoor Seva Sangh and others set aside the order of the Labour Appellate Tribunal at Dhanbad, whereunder the Labour Appellate Tribunal had confirmed the order of the Industrial Tribunal which had awarded travelling allowance and halting allowance to workmen and which had directed that the workmen attending the proceedings before the Industrial Tribunal should be treated as, being on special leave with pay for the period of such attendance. In view of the aforesaid decisions, it was not possible for me to give any relief to the workmen in connection with the grant of halting and travelling allowance or to issue any directions that the workmen should be treated as being on special leave with pay for the period during which they attended the proceedings before this Tribunal.

1.11. The aforesaid legal position was pointed out to the representatives of the workmen. Negotiations took place between some of the parties in connection with the grant of halting and travelling allowance. Some of the banks being somewhat keen on having their case represented by legal practitioners, the All India Bank Employees' Association on 21st June, 1960 filed a note before this Tribunal in which it was stated as under :

" In terms of clause 36(4) of Industrial Disputes Act, 1947 the Association records its objection to the appearance of any lawyer in the adjudication proceedings under the above reference."

1.12. The All India Bank Employees' Association, the State Bank of India Employees' Association (Bengal Circle), the Northern India Banks' Association and others filed applications for holding the sittings of the Tribunal at different places throughout the country.

1.13. The question of the grant of halting allowance and travelling allowance to workmen and the question of some of the parties being represented by legal practitioners was considerably agitating the minds of the parties and the hearing had to be adjourned in order to enable the parties to arrive at some amicable settlement. By 18th July, 1960 it seems that some understanding was arrived at. On that day the All India Bank Employees Association addressed a letter to the Bombay Exchange Banks Association, a copy whereof was sent to this Tribunal, wherein it was stated that the Association had exercised its right under the Industrial Disputes Act in informing the Tribunal of its objection to the appearance of counsel, but on a reconsideration it was prepared to waive the said objection "to help create a congenial atmosphere" and expressed a hope that the Bombay Exchange Banks Association would also "reciprocate in other matters". A similar letter was addressed to the Attorneys of the Indian Banks Association and a copy thereof was sent to the Tribunal. Ultimately the objection to the appearance of parties by legal practitioners was withdrawn and it appears that some arrangement was arrived at in connection with the payment of halting allowance and travelling allowance. An agreement in writing arrived at in this connection between the All India Bank Employees Association and the Travancore Cochin Bankers' Association, bearing date the 18th July, 1960, was filed before this Tribunal. Under the terms of that agreement, it is, Inter alia, provided that the member banks of the Travancore Cochin Bankers Association viz. The Palai Central Bank Ltd., the Travancore Forward Bank Ltd. and the South Indian Bank Ltd. would pay halting and travelling allowance to not more than three employees, one from each of the above banks, to assist the All India Bank Employees Association in the preparation and presentation of its case, that all these three employees would be treated as on "duty leave" while they attend the proceedings of the Tribunal at Bombay i.e. they would continue to draw their usual total monthly emoluments payable at their duty stations and would be treated as on duty for the purpose of other benefits and that they would be paid travelling and halting allowances as under :—

(a) One second class return fare to each employee; and

(b) Rs. 10 per day to each employee from the date of departure from the ordinary duty station to the date of return to such duty station, provided that when the hearing before the Tribunal was adjourned for long periods the employees concerned would return to duty and the fare as above would be payable on each round trip.

1.14 Ultimately with the consent of the parties and with the leave of this Tribunal most of the banks and employees Associations and Federations were in fact represented by legal practitioners, a number of whom had specialised in labour laws.. A list of persons who appeared before the Tribunal during the course of the hearing of the main Reference on behalf of the banks and their workmen will be found in Appendix B.

1.15 As stated in the order of reference dated 21st March, 1960 the dispute before me involves question of national importance. Often complicated and important questions of law have arisen for determination by me. The constitutional validity of section 34A of the Banking Companies Act, 1949, was questioned before me and the matter was ably argued by distinguished lawyers. Questions relating to the jurisdiction of the Tribunal, its powers and authority, the true scope and effect of the orders of reference and the very right of the authority making the reference in connection with some of the items mentioned in schedule II to the order of reference dated 21st March, 1960 were raised before me in the course of the hearing. Full justice would not have been done to these matters if the legal practitioners who had specialised in labour and constitutional matters had not appeared before me. In deciding these questions I have received considerable assistance from legal practitioners appearing before me. In connection with matters which come up for adjudication before National Tribunals, it is desirable that the Tribunals should have the discretion to permit any party to be represented by a legal practitioner irrespective of the consent of the other parties to the proceedings. Where the stakes are large and the matters are complex, it should not be placed within the power of any party to withhold its consent to any other party being represented by a legal practitioner until due compliance with some of its demands, however reasonable they may be from its point of view, and to use the power of according its consent as a lever for securing compliance with any of its demands. At the same time a National Tribunal with its headquarters at one place when dealing with matters affecting employees all over the country employed in establishments situated in various parts of the country should be in a position to give the requisite directions which would enable the representatives of the workmen to appear before the Tribunal for presenting their case and remain present throughout the hearing which may last for a fairly long period.

1.16. The regular hearing of the applications for Interim Relief commenced on 12th September, 1960. After arguments were advanced at considerable length by the numerous parties appearing before the Tribunal, the hearing was concluded on 14th November 1960. The award of this Tribunal in connection with the aforesaid applications will be found in Appendix C.

1.17. Applications were made by various Unions and Associations and Federations of workmen for production of certain documents by some of the banks concerned in this reference. The earliest application was filed on 9th June, 1960 by the All India Bank Employees' Association. Before the applications were actually heard, the Banking Companies Act, 1949, was amended with effect from 26-8-1960 by adding therein a new section 34A. That Section provides as under :—

"(1) Notwithstanding anything contained in section 11 of the Industrial Disputes Act, 1947, or any other law for the time being in force, no banking company shall, in any proceeding under the said Act or in

any appeal or other proceeding arising therefrom or connected therewith, be compelled by any authority before which such proceeding is pending to produce, or give inspection of, any of its books of account or other document or furnish or disclose any statement or information, when the banking company claims that such document statement or information is of a confidential nature and that the production or inspection of such document or the furnishing or disclosure of such statement or information would involve disclosure of information relating to :—

- (a) any reserves not shown as such in its published balance sheet, or
 - (b) any particulars not shown therein in respect of provisions made for bad and doubtful debts and other usual or necessary provisions.
- (2) If, in any such proceeding in relation to any banking company other than the Reserve Bank of India, any question arises as to whether any amount out of the reserves or provisions referred to in subsection (1) should be taken into account by the authority before which such proceeding is pending, the authority may, if it so thinks fit, refer the question to the Reserve Bank and the Reserve Bank shall, after taking into account principles of sound banking and all relevant circumstances concerning the banking company, furnish to the authority a certificate stating that the authority shall not take into account any amount as such reserves and provisions of the banking company or may take them into account only to the extent of the amount specified by it in the certificate, and the certificate of the Reserve Bank on such question shall be final and shall not be called in question in any such proceeding.
- (3) For the purposes of this section, “banking company” shall have the meaning assigned to it in the Industrial Disputes Act, 1947.”

After the enactment of this new section, various banking companies and corporations claimed that some of the documents sought to be produced and the information disclosed thereby were of a confidential nature and that the production or inspection of such documents and the furnishing or disclosure of such information would involve disclosure of information relating to reserves not shown as such by the banks concerned in their published balance sheets or any particulars not shown therein in respect of provisions made for bad and doubtful debts and other usual or necessary provisions. The All India Bank Employees' Association, the All India Bank Employees' Federation, the All India State Bank of India Staff Federation, the State Bank of India Employees' Association (Bengal Circle), the State Bank of India Employees' Association (Delhi Circle), the State Bank of India Staff Union, Andhra Pradesh, Vijayawada, the State Bank of India Staff Union, Madras Circle, the All India Bank of Baroda Employees' Federation, the Vadodra Rajya Bank Nokar Sangh, the Indian Overseas Bank Employees Union, Madras and the

State Bank of Patiala (All Cadres) Employees' Association challenged the constitutional validity of the new section 34A, on the ground that it violated the fundamental rights guaranteed by Article 14 of the Constitution. A preliminary objection was taken on behalf of a large number of banks to this Tribunal deciding the question whether section 34A is void as aforesaid on the plea that this Tribunal had no jurisdiction to do so. After arguments were advanced at considerable length, this Tribunal passed an order on 31st October, 1960 holding that the provisions of the aforesaid section were validly enacted and were not violative of any fundamental right as alleged. This Tribunal further held that the banking companies were entitled in the present proceedings pending before the Tribunal to make the claim referred to in section 34A of the Banking Companies (Amendment) Act, 1960. A copy of the order made by me in that connection would be found in Appendix D. Special Civil Application No. 14 of 1961 was filed in the High Court of Judicature at Bombay by the State Bank of India Staff Union, Andhra Pradesh, Vijayawada and the State Bank of India Staff Union, (Madras Circle) under Articles. 226 and 227 of the Constitution of India challenging the correctness of the aforesaid order. The said application was rejected by the High Court on 16th January, 1961. The All India Bank Employees' Association filed a petition before the Supreme Court for special leave to appeal to the Supreme Court from the decision of this Tribunal and after obtaining such leave filed Civil Appeal No. 154 of 1961 in the Supreme Court against the decision of this Tribunal in connection with section 34A of the Banking Companies Act, 1949. The All India Bank Employees' Association also filed a writ petition under Article 32 of the Constitution in connection with the said decision. The State Bank of India Staff Union, Andhra Pradesh, Vijayawada and the State Bank of India Staff Union, (Madras Circle) also filed similar writ petition before the Supreme Court. Applications for the stay of proceedings before this Tribunal were made before the Supreme Court and the Supreme Court on 16th February 1961 passed an order that pending the disposal of the Appeal arising out of the aforementioned petition for Special Leave to Appeal and the Writ Petitions, the proceedings in Reference No. 1 of 1960 before this Tribunal should continue but no award should be made. The appeal and the aforesaid applications were heard by the Supreme Court on 17th, 18th, 19th, 24th and 25th April, 1961. The Supreme Court delivered its judgement in connection with the aforesaid matters on 28th August, 1961 unholding the constitutional validity of section 34A of the Banking Companies Act, 1949, and dismissed the appeal and the petitions with costs.

1.18. On 14th September, 1960, the State Bank of India Staff Union, Andhra Pradesh, Vijayawada filed Miscellaneous Application No. 291 of 1960 for bringing on record the Reserve Bank of India as a party to the present reference. The said application was dismissed after hearing the parties by the order of this Tribunal, dated 18th November, 1960. A copy of the said order will be found in Appendix E. The aforesaid Union filed before the High

Court of Judicature at Bombay Special Civil Application No. 118 of 1961 challenging the correctness of the aforesaid order under Articles 226 and 227 of the Constitution of India. The said application was summarily rejected by the High Court on the 6th February, 1961.

1.19. On 21st November, 1960 the main hearing of the reference commenced. Whilst the hearing of the reference was going on from day to day, the State Bank of India Staff Union, Andhra Pradesh, Vijayawada and the State Bank of India Staff Union, (Madras Circle) filed a joint application, dated 2nd January, 1961, for the issue of a summons to the Reserve Bank of India, Bombay, directing it to produce through any of its employees the returns submitted by the State Bank of India to the Reserve Bank of India under sections 25 and 27 of the Banking Companies Act during the years 1955 to 1960. By an Order dated 16th January, 1961, this Tribunal dismissed the said application. A copy of the aforesaid decision will be found in Appendix F.

1.20. The All India Bank Employees Federation filed Miscellaneous Application No. 2 of 1961, dated the 19th January, 1961 before this Tribunal in connection with the furnishing of certificates by the Reserve Bank of India under section 34A (2) of the Banking Companies Act, 1949 in respect of 62 Banks appearing before me. Similar applications were made by the All India Bank of Baroda Employees' Federation being Miscellaneous Application No. 3 of 1961, dated 20th January, 1961 and by the Indian Overseas Bank Employees Union, Madras being Miscellaneous Application No. 4 of 1961, dated 20th January, 1961. The aforesaid applications were made without prejudice to the rights and contentions of the applicants in connection with the validity of the Banking Companies (Amendment) Act, 1960 whereby section 34A was inserted in the Banking Companies Act, 1949.

1.21. As a question had arisen before this Tribunal as to whether any amount out of the reserves or provisions referred to in sub-section (1) of section 34A should be taken into account by this Tribunal in considering the financial capacity of the aforesaid 62 banks to bear any increased burden that may be imposed upon them by reason of the award that this Tribunal might make this Tribunal on 20th January, 1961, referred that question to the Reserve Bank of India. This Tribunal further directed that the Reserve Bank of India should in exercise of powers conferred under sub-section (2) of section 34A of the Banking Companies Act, after taking into consideration the principles of sound banking and all relevant circumstances concerning the aforesaid 62 banking companies, furnish to this Tribunal, a certificate in respect of each of the aforesaid 62 banks as provided by section 34A(2) stating whether the Tribunal should not take into account any amount as such reserves and provisions of the banking company concerned or may take them into account specifying the extent of the amount to which only the Tribunal may so take them into account. A copy of the order in connection therewith will be found in Appendix G. The aforesaid certificates were received on 24th March, 1961 and have been duly considered by me in making this award.

1.22. After the hearing of the reference had proceeded for a considerably long time, a joint application dated 22nd February 1961 was made by the State Bank of India Staff Union, Andhra Pradesh, Vijayawada, and the State Bank of India Staff Union, (Madras Circle) for the issue of a Commission for recording the evidence of Honourable Shri G. L. Nanda, Minister for Labour and Employment, Government of India. Shri S. A. Dange, a member of the Lok Sabha and Shri S. R. Vasavada, General Secretary of the Indian National Trade Union Congress, Ahmedabad. The said application was supported, inter alia, by the All India Bank Employees' Association. On 7th March 1961, this Tribunal issued a Commission to the District Judge, Delhi for examination viva voce of the Honourable Shri G. L. Nanda, and Shri S. A. Dange and directed that the Commission should return by 24th April, 1961. The Tribunal also issued a Commission to the District Judge, Ahmedabad for examination viva voce of Shri S. R. Vasavada in similar terms. In order that the proceedings of the Tribunal may not be delayed, liberty was given to all the parties to join in the Commission and directions were given that any party seeking to examine any witness must give notice to all other parties about that party's intention to do so four days before such witness was examined. The Commissioner appointed by the District Judge, Delhi, examined Shri S. A. Dange on Commission at Delhi. The Commissions were returned unexpected in respect of the other witness. Consequent upon the issue of the Commission the hearing of the reference had to be adjourned to 2nd May 1961. When the hearing was resumed on 2nd May, 1961, an application was made by the State Bank of India Staff Union, Andhra Pradesh, Vijayawada for extending the returnable date of the Commission. The said application was opposed by a number of parties and the same was rejected and the hearing of the reference was resumed. The hearing of the reference was concluded on 4th October, 1961.

1.23. During the pendency of the proceedings before this Tribunal, numerous applications and complaints were made before this Tribunal under section 33 and section 33A of the Industrial Disputes Act, 1947. A considerable number of them were disposed of by this Tribunal. By the Notification of the Ministry of Labour and Employment No. S.O. 3165, dated the 23rd December, 1960 in exercise of the powers conferred by sub-section (2) of section 33B of the Industrial Disputes Act, 1947, the Central Government authorised this Tribunal to transfer proceedings pending before this Tribunal under section 33 or section 33A of the said Act to the Labour Court, Delhi or the Labour Court, Dhanbad. By subsequent notification issued by the Ministry of Labour and Employment No. S.O. 1722, dated 17th July, 1961, in exercise of the powers conferred by sub-section (2) of section 33B of the Industrial Disputes Act, 1947, this Tribunal was authorised to transfer proceedings pending before this Tribunal under section 33 or section 33A of the said Act to the Labour Court, Madras or the Labour Court, Ahmedabad constituted under section 7 of the said Act. After I was appointed as Chief Justice of the

Gujarat High Court on 26th January, 1961 most of these applications under section 33 or 33A of the Industrial Disputes Act, 1947 were transferred to various Labour Courts in exercise of the powers conferred by the aforesaid two Notifications.

1.24. The applications filed before this Tribunal for holding the sittings of the Tribunal at various places in the country were ultimately not pressed.

1.25. The Tribunal sat in all for about 178 working days whereout 74 days were devoted to the hearing of various miscellaneous applications in this reference and about 104 days were devoted to the main hearing of this reference.

CHAPTER II GENESIS OF THE DISPUTE

2.1 Before I deal with the matters which have been referred for adjudication to this Tribunal, it is desirable to review briefly the background of the present dispute. During the second world war there was a rise in the prices of commodities which caused considerable hardship to persons having a fixed income. Efforts were made by various organisations to improve the living conditions of workmen. Banking being an all-India industry efforts were made by the workmen employed in banks to unite together for the purpose of improving their living conditions. In the year 1946, the All India Bank Employees Association, which is a federation of various unions of workmen working in various establishments of banks throughout the country, was formed with a view to tackle the problems of labour in the banking industry on an all-India basis. There were awards given by various Tribunals in connection with the labour disputes that arose at diverse places in India between some of the banks and their workmen. Banks having branches at numerous places in India became subject to the provisions of different awards at different places. The Government realised the necessity of dealing with the disputes in the banking industry on an all-India basis. The Industrial Disputes (Banking and Insurance Companies) Ordinance (No. VI of 1949) was promulgated on 30th April, 1949, where under a banking company was defined to mean a banking company as defined in section 5 of the Banking Companies Act, 1949, having branches or other establishments in more than one Province, and as including the Imperial Bank of India. By clause 4 of that Ordinance it was provided that notwithstanding anything contained in any other law, it shall not be competent for a Provincial Government or any officer or authority subordinate to such Government to refer an industrial dispute concerning any banking or insurance company, or any matter relating to such dispute, to any Tribunal or other authority for adjudication, inquiry or settlement. The Central Government acquired the power to refer any dispute pending before a Provincial Tribunal to an Industrial Tribunal constituted under section 10 of the Industrial Disputes Act for adjudication. The aforesaid Ordinance was thereafter replaced by the Industrial Disputes (Banking and Insurance Companies) Act (LIV of 1949).

2.2 On 13th June 1949 in exercise of the powers conferred by section 7 of the Industrial Disputes Act, 1947 (XIV of 1947), the Central Government constituted an Industrial Tribunal consisting of Mr. K. C. Sen, a retired judge of the High Court of Judicature at Bombay, as Chairman and two other retired High Court Judges as members for the adjudication of industrial disputes in banking companies. On the same day, the Central Government in exercise of the powers conferred by clause (c) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947, as it then stood, referred the disputes between the numerous banking companies and their employees for adjudication by

the said Tribunal. After considerable labour and industry, the aforesaid Tribunal gave its award on 31st July, 1950, which will hereafter be referred to as the "Sen Award".

2.3 Some of the banks which were parties to the said disputes being dissatisfied with the award applied to the Supreme Court for special leave to appeal against the said award as it had been specially exempted from the jurisdiction of the Labour Appellate Tribunal constituted under the Industrial Disputes (Appellate Tribunal) Act (XLVIII of 1950). The said leave was granted by the Supreme Court. Pending the hearing of the appeal by the Supreme Court, it stayed the operation of the award with regard to (1) its applicability to certain persons who were stated to be officers and not workmen (2) the directions contained therein regarding bonus and (3) the directions contained therein regarding provident fund. On 9th April 1951, the Supreme Court declared the Sen Award as being void and inoperative for technical reasons relating to the constitution of the Tribunal. The Supreme Court did not deal with any question relating to the merits of any matter dealt with in the award. As a result of the decision of the Supreme Court disputes which existed in the banking industry remained unresolved. Soon thereafter there were strikes in some banks consequent on certain actions taken by some of the banks. The Central Government felt obliged to pass the Industrial Disputes (Amendment and Temporary Provisions) Act (XL of 1951), whereunder among other things, the scales of pay and the rate of allowance according to which certain workmen had been paid immediately before 1st April 1951, were temporarily frozen pending any settlement or an award by a new Tribunal.

2.4. The Government of India by a notification dated the 17th July, 1951 constituted an Industrial Tribunal of three persons with Mr. H. V. Divatia a retired judge of the High Court of Judicature at Bombay as Chairman. The Chairman and the other two members of the Tribunal resigned soon after their Appointment.

2.5. By a notification dated the 5th January, 1952, in exercise of the powers conferred by section 7 of the Industrial Disputes Act, 1947 (XIV of 1947). the Central Government constituted an Industrial Tribunal consisting of Shri S. Panchapagesa Sastry a retired judge of the High Court of Judicature at Madras, as Chairman and Shri M. L. Tappan and Shri V. L. D'Souza as members. The said Tribunal is hereinafter referred to as the "Sastry Tribunal". On the same day, in exercise of the powers conferred by section 10 of the Industrial Disputes Act, 1947, the Central Government referred to the Sastry Tribunal for adjudication disputes relating to numerous banks including banks situated in the then existing part 'B' States and their workmen in connection with 34 different items. The banks comprised in the reference were 129 in number, of which 68 were Scheduled banks and 61 were non-scheduled banks with branches or other establishments in more than one State. After carefully considering all aspects of the matter referred to it, the Sastry Tribunal gave a very detailed and exhaustive award in the month of March, 1953. The

said award is hereinafter referred to as the "Sastry Award".

2.6. A large number of the employees and some of the banks concerned in the dispute felt aggrieved by the provision contained in the Sastry Award and preferred appeals therefrom before the Labour Appellate Tribunal. A special bench of the Labour Appellate Tribunal consisting of Shri F. Jeejeebhoy, Shri D. E. Reuben and Shri A. Dasgupta was formed for the purpose of deciding those appeals. On 28th April 1954 the Labour Appellate Tribunal gave its decision in the matter giving larger benefits to the employees of the banks than those given under the Sastry Award. The said decision is hereinafter referred to as the "Labour Appellate Tribunal decision".

2.7. The Labour Appellate Tribunal decision gave rise to considerable misgivings in the minds of some of the bankers. They apprehended that the Labour Appellate Tribunal decision would adversely affect the banking industry and that the burden imposed thereby was beyond the capacity of some of the banks and would result in the closure thereof. After the Labour Appellate Tribunal decision was published, it was represented to Government that the impact of the decision on the banking business of the country would be very adverse and that it was not unlikely that in many cases individual units of the banking sector would be in serious jeopardy. In order to be in a position to consider this representation on merits the Government desired to collect relevant information on the subject. The Reserve Bank of India under instructions from the Government of India carried out a rapid survey of the possible effects of the Labour Appellate Tribunal decision on the working of some banks by way of sample. As a result of the material gathered by the Central Government, it came to the conclusion that it would be inexpedient on public grounds to give effect to the whole of the decision of the Labour Appellate Tribunal. By an order, dated the 24th August 1954, the Central Government modified the Labour Appellate Tribunal decision in certain respects.

2.8. The interference of the Government with the Labour Appellate Tribunal decision raised a wave of discontent amongst the bank employees. Ultimately on 17th September 1954 the Government appointed a one-man Commission consisting of Shri Justice G. S. Rajadhyaksha a judge of the Bombay High Court.

- (1) "to enquire into and ascertain the effects on the emoluments which the employees were in receipt of prior to August 1954,
 - (a) of the Appellate Tribunal Decision without modification, '
 - (b) of the Appellate Tribunal Decision as modified by Government's Order No. S.R.O. 2732, dated the 24th August 1954.
- (2) to ascertain,
 - (a) the additional burden on individual banks that would have been caused by the Appellate Tribunal Decision over the expenses

- under the frozen Sen Award,
- (b) the extent and amount of relief obtained by them as a result of the modifications made by Government,
- (c) the additional expenditure now to be borne by banks under the modified decision over the expenditure incurred under the frozen Sen Award that would have been incurred under the Sastry Award

(3) -----

(4) to recommend, having regard to the facts ascertained and to the need for ensuring an equitable treatment to bank employees consistent with the capacity to pay of the various classes of banking companies or individual units,

- (a) whether the Appellate Tribunal Decision, as modified, should be continued,
- (b) whether the Appellate Tribunal Decision should be restored and if so whether fully in part,
- (c) whether the Appellate Tribunal Decision should be enforced with any other modifications considered necessary.”

It was further provided that in considering the aforesaid matters, due regard should also be paid to the desirability of avoiding widespread closures of banking companies or their branches, to the necessity to promote development of banking in the country generally and in rural areas in particular and to any possibilities of effecting economies in the expenses of banking companies. The Commission was also asked to consider and recommend what special modifications, if any, were necessary in the Labour Appellate Tribunal decision in order to encourage the spread of banking facilities in the Class IV areas of Part 'B' States and Part 'C' States other than Delhi, Ajmer and Coorg. Shri Justice Rajadhyaksha having died shortly after he had undertaken the burden of the Commission, Government appointed Shri P. B. Gajendragadkar, then a judge of the Bombay High Court, in place and stead of Shri Justice Rajadhyaksha. The said Commission after considerable labour and gathering considerable material made its reports on 25th July 1955 making certain recommendations which were subsequently embodied by the Government in the Industrial Disputes (Banking Companies) Decision Act (41 of 1955). The said report of the Commission is hereinafter referred to as the "Bank Award Commission report". By section 3 of the Industrial Disputes (Banking Companies) Decision Act, 1955, it was provided that the decision of the Labour Appellate Tribunal, dated 28th April 1954, would have effect as if the modifications recommended in Chapter XI of the Bank Award Commission report had actually been made therein. By section 4 of the said Act, it was provided that the award of the Sastry Tribunal as modified by the decision of the Labour Appellate Tribunal, as further modified by the recommendations of the Bank Award Commission would remain in force until 31st March 1959.

2.9 Among the recommendations made in the Bank Award Commission report there was a recommendation that the Government should, as soon as may be expedient, appoint a Commission to study the problem of the banking system in the Travancore-Cochin State comprehensively **de novo**. The Commission suggested that wide powers should be conferred on the Commission to be appointed so as to enable it to examine not only the financial position of the banks covered by the Sastry Award and the terms and conditions of service of their employees but also similar problems in regard to all the banks in Travancore-Cochin.

2.10. On 19th January 1956, the Government of India appointed the Travancore-Cochin Banking Enquiry Commission consisting of Shri K. Ramuni Menon, I.C.S. (retired) as Chairman and Dr. P. J. Thomas and Prof. M. L. Dantwala as members. The terms of reference of the Commission, Inter alia, provided as follows :—

- “II (a) to ascertain whether the terms and conditions of service of workmen of the banks (except the Travancore Bank) incorporated in the Travancore-Cochin State to which the provisions of the Industrial Disputes (Banking Companies) Decision Act, 1955, apply should be modified and if so, in what respects, having regard, Inter alia, to the effects which the terms and conditions of service that may be recommended by the Commission are likely to have on the general economy of the area.
- (b) to examine the terms and conditions of service of workmen in the Banks incorporated in the said State other than those referred to in clause (a) above and to make such suggestions or observations in respect of them as the Commission may deem appropriate, having regard to all relevant considerations, including in particular those mentioned in clause (a)”.

The Travancore-Cochin Banking Inquiry Commission made its report on 3rd August 1956.

2.11. In view of the report of the Travancore-Cochin Banking Inquiry Commission, the Central Government enacted the Industrial Disputes (Banking Companies) Decision Amendment Act (40 of 1957) making certain changes in the provisions of the Industrial Disputes (Banking Companies) Decision Act (41 of 1955) referred to earlier affecting Inter alia the South Indian Bank Limited, Trichur and the Catholic Syrian Bank Limited, Trichur, the Palai Central Bank Limited, Palai, and the Travancore Forward Bank Limited, which were in Class 'C'.

2.12. The Sastry Award modified as aforesaid by the Labour Appellate Tribunal decision and as further modified by the aforesaid Acts is hereinafter referred to as the "Sastry Award as modified". Under the Sastry Award as modified a provision had been made for payment of dearness allowance to the clerical staff and subordinate staff according to certain formulae. By the

Industrial Disputes (Banking Companies) Decision Amendment Act, 1958 (38 of 1958) the Central Government acquired the power to make such adjustments therein as it thought fit for any period subsequent to 31st December 1957; In exercise of the powers conferred thereunder, the Central Government by a notification dated the 13th February 1960 has amended the provision relating to the calculation of dearness allowance.

2.13. The statutory period for the operation of the Sastry Award as modified expired on 31st March 1959. There has been considerable expansion of banking as an industry in the country. The workmen employed in banks are dissatisfied with the conditions of service under which they are working. The 15th Session of the Indian Labour Conference, which was held on the 11th and 12th July 1957 laid down certain principles governing wage fixation. The expectations of workmen were aroused thereby throughout the length and breadth of the country. The expectations so aroused have remained unfulfilled, resulting in consequent dissatisfaction and unrest. There has been a considerable rise in the cost of living and the purchasing power of money has declined. The workmen contend that the adjustment in the dearness allowance which is being made under the formula in operation does not sufficiently neutralise the effect of the increase in the cost of living.

2.14. The definition of "workman" given in section 2(s) of the Industrial Disputes Act, 1947, has been amended to cover persons employed in a supervisory capacity drawing wages not exceeding Rs. 500 per mensem provided they do not exercise either by the nature of the duties attached to their office or by reason of the powers vested in them, functions mainly of a managerial nature, with the result that a number of persons, who previously were not workmen have now become workmen within the meaning of the Industrial Disputes Act, 1947.

2.15. In the month of April 1959, the All India Bank Employees Association served notices of termination of the Sastry Award as modified and submitted a fresh Charter of Demands as adopted at the 10th Conference held at Bangalore from 3rd to 7th February 1959 on behalf of the workmen employed in banks. The All India Bank Employees Federation also submitted its Charter of Demands on behalf of the employees employed in banks. Various other Unions also submitted their Charter of Demands. The All India State Bank of India Staff Federation submitted its Charter of Demands on behalf of the workmen employed in the State Bank of India. On 1st February 1960 the said Federation gave a notice of strike and a number of employees of the State Bank of India struck work. On 19th March 1960 the bank employees in various parts of the country struck work in support of their demands as well as in support of the employees of the State Bank of India. On 21st March 1960 this Tribunal was constituted and the dispute mentioned in the Order of Reference was referred to this Tribunal for adjudication and the continuance of the strike in existence in the State Bank of India was prohibited.

CHAPTER III PARTIES TO THE DISPUTE

3.1 By the two Orders of Reference, dated the 21st March 1960 and the 4th June 1960 disputes between 84 banks in all and their workmen have been referred for adjudication to this Tribunal. After the constitution of this Tribunal, material changes have taken place affecting certain banks and their workmen.

I. Stoppage of Banking Business

(1) **Safe Bank Ltd.** — This bank is listed as bank No. 50 in schedule I to the Order of Reference, dated the 21st March 1960. On 22nd June 1961 the Safe Bank Ltd. intimated to this Tribunal that on 31st January 1961 the Reserve Bank of India had sent a notice in writing to the bank informing the bank that licence to carry on banking business could not be granted to it under the proviso to section 22(2) of the Banking Companies Act, 1949, and that as per orders of the Reserve Bank it had stopped banking business with effect from 6th February 1961. As the aforesaid bank has ceased to be a banking company within the meaning of section 2(bb) of the Industrial Disputes Act, 1947, no award is made in connection with the dispute between the said bank and its workmen.

(2) **Thomcos Bank Ltd.** — This bank is shown as bank No. 60 in schedule I to the Order of Reference, dated the 21st March 1960. Some of the assets and liabilities of this bank have been transferred to the Bank of Madura Ltd. under an agreement of transfer, dated 12th September 1960, entered into between the Thomcos Bank Ltd. and the Bank of Madura Ltd. Under the terms of the said agreement, it is provided that after the transfer of the assets and liabilities therein mentioned the Thomcos Bank would not carry on banking business except to the extent necessary for the realisation of its residuary and other assets and to convert the same into cash. By clause 13 of the said agreement it is provided that the Bank of Madura Ltd. would absorb in its service all the then members of the staff of the Thomcos Bank Ltd. on the same emoluments then obtaining in the Thomcos Bank Ltd. and that in case any of the members of the staff who were not willing to join the services of the Bank of Madura Ltd., the Thomcos Bank would pay to such persons compensation, if any, legally due to them on the termination of their service. The Bank of Madura Ltd. is not a party to the proceedings before me. The All India Bank Employees' Association made an application, dated 11th November 1960 being Miscellaneous Application No. 304 of 1960, for impleading the Bank of Madura Ltd. as a party to the proceedings. The said application was rejected by me.

3.2. In view of the fact that for all practical purposes, the Thomcos Bank Limited has ceased to do banking business and to be a banking company

and the services of a large number of its employees have been taken over by the Bank of Madura Limited, no award is made in connection with the dispute between the Thomcos Bank Limited and its employees.

II. Banks under Liquidation

(3) **Laxmi Bank Limited.**—This bank is listed as bank No. 33 in schedule I to the order of reference dated the 21st March 1960. This bank has gone into liquidation under an order, dated 28-6-1960, passed by the High Court of Bombay and no award is made in connection with dispute between this bank and its workmen.

(4) **Palai Central Bank Limited** — This bank is listed as bank No. 44 in scheduled I to the Order of Reference dated 21st March 1960. This bank was ordered to be wound up by the High Court of Kerala on 5th December 1960. As this bank has gone into liquidation, no award is made in connection with the dispute between this bank and its workmen.

III. Amalgamation under Section 45 of the Banking Companies Act 1949

(5) **Jodhpur Commercial Bank Limited** — This bank is listed as bank No. 30 in schedule I to the Order of Reference dated the 21st March 1960. This bank was under moratorium for a period of three months with effect from 6th July 1961. On 16th October 1961 this bank has been amalgamated with the Central Bank of India Limited, Bombay (hereinafter referred to as a transferee bank).

(6) **The New Citizen Bank of India Limited.**— This bank has been listed as bank No. 42 in schedule I to the Order of Reference, dated the 21st March 1960. This bank was under moratorium from 15th November 1960 to 28th April 1961. This bank has been amalgamated with the Bank of Baroda Limited (hereinafter referred to as a 'transferee bank') with effect from 29th April 1961.

(7) **The Travancore Forward Bank Limited.**— This bank is listed as bank No. 61 in schedule I to the Order of Reference dated the 21st March 1960. Thus bank was under moratorium from 25-10-1960 to 24-3-1961. This bank has been amalgamated with the State Bank of Travancore, Trivandrum, (hereinafter referred to as a 'transferee bank') with effect from 15th May 1961.

(8) **The Bank of Nagpur Limited.** — This bank is listed as bank No. 3 in the schedule to the Order of Reference dated the 4th June 1960. This bank was under moratorium from 27th November 1960 to 26th March 1961. This bank has been amalgamated with the Bank of Maharashtra Limited (hereinafter referred to as a 'transferee bank') with effect from 27th March 1961.

(9) **The Indo Commercial Bank Limited.**— This bank is listed as bank No. 7 in the schedule to the Order of Reference, dated the 4th June 1960. This bank was under moratorium from 25-10-1960 to 24-3-1961. This bank has been amalgamated with the Punjab National Bank Limited, New

Delhi (hereinafter referred to as a 'transferee bank') with effect from 25th March 1961.

(10) **The Rayalaseema Bank Limited.**— This bank is listed as bank No. 12 in the schedule to the Order of Reference, dated the 4th June 1960. It was under moratorium from 14-5-1961 to 31-8-1961. This bank has been amalgamated with the Indian Bank Limited, Madras (hereinafter referred to as the 'transferee bank') with effect from 1st September 1961.

3.3. The aforesaid six banks have been amalgamated with other banks. Under the schemes of amalgamation, the workmen employed by the aforesaid six banks, would continue in service and would be deemed to have been appointed by the transferee banks, at the same remuneration and on the same terms and conditions of service as were applicable to such employees immediately prior to the date of the respective orders of moratorium. There is a further provision to the effect that the transferee banks would pay or grant, not later than the expiry of the period of 3 years from the dates on which the schemes of amalgamation were respectively sanctioned by the Central Government to such employees the same remuneration and the same terms and conditions of service as were applicable to the employees of the respective transferee banks of corresponding rank or status subject to certain qualifications.

3.4. In view of the aforesaid provisions, no award is made in connection with the dispute between the aforesaid six banks which have been amalgamated and the employees of such banks.

IV. Merger

(11) **Lloyds Bank Limited.**— This bank is shown as bank No. 34 in schedule I to the Order of Reference, dated the 21st March 1960. Since 1-1-1961. The business of this bank in India has been transferred to the National and Grindlays Bank Limited and the services of all the employees employed by this bank in India have been taken over by the National and Grindlays Bank Limited.

3.5 No award is made in connection with the dispute between the Lloyds Bank Limited and its employees. The remuneration and the terms and conditions of service of the previous employees of the Lloyds Bank Limited who have now been taken over by the National and Grindlays Bank Limited will be governed by the award made in connection with the dispute between the National and Grindlays Bank Limited and its workmen.

V. Banks in Which settlements have been arrived at

(12) **Salem Bank Limited.** — This bank is shown as bank No. 51 in schedule I to the Order of Reference, dated the 21st March 1960. On 18th January 1961 a consent award has been given in connection with the dispute between this bank and its employees and the said award is published in the Gazette of India, Part II, section 3 (ii), dated the 4th February 1961 at page

357.

(13) **Bank of Tokyo Limited.**— This bank is shown as bank No. 4 in the schedule to the Order of Reference, dated the 4th June 1960. On 10th January 1961 a consent award has been given in connection with the dispute between this bank and its workmen and the said award is published in the Gazette of India Part II, Section 3 (ii), dated the 28th January 1961 at page 320.

(14) **The Belgaum Bank Limited.**— This bank is shown as bank No. 5 in the schedule to the Order of Reference, dated the 4th June 1960. On 20th January 1961 a consent award has been given in connection with the dispute between this bank and its workmen and the said award is published in the Gazette of India, Part II, Section 3 (ii), dated the 11th February 1961, at page 443.

(15) **The Martandam Commercial Bank Limited.**— This bank is shown as bank No. 8 in the schedule to the Order of Reference, dated the 4th June 1960. On 10th January 1961 a consent award has been given in connection with the dispute between this bank and its workmen and the said award is published in the Gazette of India, Part II, section 3 (ii), dated the 4th February 1961, at page 367.

(16) **The Trivandrum Permanent Bank Limited.**— This bank is shown as bank No. 16 in the schedule to the Order of Reference, dated the 4th June 1960. As a result of an agreement arrived at between the Trivandrum Permanent Bank Limited and the Canara Bank Limited selective assets and liabilities of the former bank have been taken over by the later bank. The All Kerala Bank Employees' Union representing the workmen of the Trivandrum Permanent Bank Limited raised before the Conciliation Officer (Central), Ernakulam a dispute regarding the absorption of the workmen of the said bank in the Canara Bank Limited. A settlement was arrived at in the course of the conciliation proceedings on 16th May 1961 where-under it was agreed that all the employees of the Trivandrum Permanent Bank Limited other than those who were over 60 years of age on the date of the taking over of the assets and liabilities of the Trivandrum Permanent Bank Limited by the Canara Bank Limited should continue in service and be deemed to have been appointed by the Canara Bank Limited at the same remuneration and on the same conditions of service as were applicable to such employees immediately before the date of taking over. Under the terms of the said settlement, it was agreed that the Canara Bank Limited would on the expiry of a period not later than 3 years from the date of the taking over, pay or grant to the employees of the Trivandrum Permanent Bank Limited appointed in the Canara Bank Limited the same remuneration and the same terms and conditions of service as were applicable to the employees of the corresponding rank and status of the Canara Bank Limited subject to the qualifications and experience of the said employees of the Trivandrum Permanent Bank Limited being the same

as or equivalent to those of such other employees of the Canara Bank Limited. A joint application was made by the Canara Bank Limited, the Trivandrum Permanent Bank Limited and the All Kerala Bank Employees' Union on behalf of the workmen of the Trivandrum Permanent Bank Limited that an award should be made by this Tribunal in terms of the settlement arrived at in the course of the conciliation proceeding on 6th May 1961 before the Conciliation Officer (Central), Ernakulam, regarding the terms and conditions of service of the workmen of the Trivandrum Permanent Bank Limited and their appointment in the service of the Canara Bank Limited.

3.6. I have made an award on 7th August 1961 in terms of the settlement arrived at as aforesaid. One of the terms of the said settlement provided that on behalf of the employees of the Trivandrum Permanent Bank Limited the All Kerala Bank Employees' Union should agree to withdraw the dispute or disputes in respect of the employees of the Trivandrum Permanent Bank Limited pending before this Tribunal. In pursuance of the said settlement, the All Kerala Bank Employees Union, on behalf of the employees of the Trivandrum Permanent Bank Limited withdrew the dispute pending before this Tribunal. The said Award has been published in Gazette of India, Part II, Section 3 (ii) dated 2nd September 1961, at pages 2165 — 2172.

3.7 This award will only apply to the banks referred to in the orders of reference, dated the 21st March 1960 and the 4th June 1960, other than the aforesaid 16 banks and to the workmen of the banks other than those of the aforesaid 16 banks.

CHAPTER IV

Item No. 1 : CATEGORISATION OF BANKS AND AREAS FOR THE PURPOSES OF THIS ADJUDICATION.

(i) Categorisation of Banks

4.1. The question of categorisation of banks and areas becomes material in connection with the fixation of workmen's scales of pay. The other conditions of service of workmen may also be related to this classification. In the report of the Committee of Fair Wages, it is recommended that fair wages should be determined on an industry-cum region basis. The members of the Committee took the view that it was not feasible then to fix wages on any other basis. In the banking industry where banks have branches in more than one region and where numerous banks have branches all over the country, the Tribunals in the past have given up this approach in preference to an approach based on classification of banks according to their working funds and according to the areas in which they function. No doubt, classification of banks in this manner violates the principle of standardisation of wages in the industry taken as a whole. It equally violates the principle of 'equal pay for equal work'. Tribunal have been compelled to acknowledge the necessity of not applying these principles in connection with banks having branches in more States than one. The profit making capacity of a bank depends to a considerable extent upon the resources of the bank. The bigger banks can command greater facilities from the Reserve Bank of India. The smaller banks have to maintain a position of greater liquidity and easier convertibility. They have sometimes to pay high rate of interest on their borrowings and to offer greater inducements to the depositors. The older banks are able to build up adequate reserves which are equal to or exceed their paid-up capital. In the new banks the reserves are generally low and below the paid-up capital, and under the provisions of section 17 of the Banking Companies Act, 1949, they have to transfer to the reserve fund out of the balance of profit of each year as disclosed in the profit and loss account before any dividend is declared, a sum equivalent to not less than 20 per cent of such profit so long as the reserve fund together with the amount in the share premium account does not equal the paid up capital of the banks. The working funds of a bank consist of its paid-up capital, its reserves and its deposits. Large resources conduce to the greater stability of the institution, and inspire confidence among the depositors. Large deposits themselves to an extent indicate the confidence of the depositors in the institution and in a sense indicate the stability of the institution. The greater a bank enjoys the confidence of the public, the lesser is the rate of interest it has to pay on the deposits made with it, and the lesser is the rate of interest at which it can borrow money. Generally speaking, bank with larger resources is better able to bear the burden of higher wages than a bank with smaller resources. In view of all

these circumstances, the norm of working funds has been adopted for the purpose of classification of banks. No doubt apart from working funds, there are various other factors which affect the profit-making capacity of banks and their capacity to pay wages, but in the absence of better norms of classification which are capable of being applied with certainty and without considerable difficulty, the norm based on the availability of working funds has come to be accepted.

4.2. To the extent that wages are correlated to the needs of the workmen the cost of articles of consumption and the pattern of consumption become material factors. The same vary in different areas in different parts of the country. The standard of living in different parts of the country is not the same. There is disparity between the cost of living of a person in a city like Bombay or Calcutta where living accommodation is scarce and the standard of life is high and of a person dwelling in semi-urban and rural areas. By and large workmen are available at somewhat lesser rate of wages in semi-urban and rural areas than in cities. Taking diverse factors into consideration, Tribunals have fixed wages and other conditions of service for workmen according to the areas in which they function.

4.3. By his award dated 8th April 1947, Mr. Justice Divatia classified the 30 banks before him into 2 groups : (1) big banks with working funds of about Rs. 15 crores and above, and (2) small banks with working funds of less than Rs. 15 crores. He took the view that standardization of wages was not generally feasible in the business of banking, although the clerical staff did the same kind of work.

4.4. The Sen Tribunal, which was the first all-India Tribunal which dealt with banking industry, classified banks according to the working funds. Its classification according to the average of working funds based on the figures of the 30th June and the 31st December of the year 1949 was as following :—

Class

- (A) Imperial Bank of India and all Exchange Banks included in the reference and all other banks having average working funds of Rs. 25 crores and above.
- (B) Banks having average working funds below Rs. 25 crores and not below Rs. 7½ crores.
- (C) Banks having average working funds of less than of Rs. 7½ crores.

4.5. The Sastry Tribunal classified banks into four classes :—

Class

- (A) Banks whose working funds amount to Rs. 25 crores and more and the Exchange Banks.
- (B) Banks whose working funds amount to Rs. 7½ crores and more but are below Rs. 25 crores.
- (C) Banks whose working funds amount of Rs 1 crore and more but

are below Rs. 7½ crores.

(D) Banks whose working funds are below Rs. 1 crore.

The Sastry Tribunal thus provided one class more than what was sought to be provided by the Sen Tribunal. Observing that the case of small banks required special consideration, the Sastry Tribunal in paragraph 55 of its award has stated as follows:— “It is true that this manner of division is to some extent arbitrary but care has been taken to avoid marginal or border line cases”.

4.6. While providing for this rule of classification based on working funds, the Sen Tribunal provided for the transfer of a bank from one class to another having regard to the rise or fall in its working funds below or above the limit prescribed for each class. In paragraph 48 of its award, the Sen Tribunal has observed as follows :—

“We would recommend that if in future it should so happen that the working fund of a particular bank has been below the lower limit or has been higher than the upper limit set for its class continuously for a period of two years, it should then be deemed to have passed into the next, lower or the next higher class, as the case may be, provided that the directions made in this award are still being followed by the bank at that date, and provided further that such change will not adversely affect the existing employees.”

The Sastry Tribunal in paragraph 64 of its award made a similar provision with the qualification that the relevant date for calculating the working funds would be 31st December of each year, and that the change over from one group to another should not adversely affect the total emoluments of the existing employees drawn by them on the date of the said change over. For the purpose of this classification, the Sastry Tribunal defined “Working funds” to mean, “paid-up capital, reserves and the average of the deposits for the 52 weeks of each year for which weekly returns of deposits were submitted to the Reserve Bank of India under the provisions of the Reserve Bank of India Act.” By paragraph 65 it further directed the banks to publish and exhibit a statement showing such average of the weekly returns of deposits in the first month of the next succeeding calendar year together with a certificate from its auditors as regards the correctness of the statement or a certificate from the Reserve Bank of India to that effect.

4.7. Shri M. L. Tannan, who was a member of the Sastry Tribunal and who is the author of ‘Banking Law and Practice’ and who was for some time the General Manager of the Punjab National Bank Ltd., has appended his Minute of Dissent to the Sastry Award in connection with classification of banks into different groups for the purpose of adjudication. In paragraph 650 of the award he has observed as under :—

“Paying capacity of individual banks will, of course, vary, as it is

determined by a number of considerations, not always related to the amount of their working funds. These considerations include, among others, the type of business certain banks are particularly interested in. Thus banks undertaking principally foreign exchange business should ordinarily be in a position to show better results, earn higher profits and pay larger dividends. Banks’ profits will also depend upon the type of directorate they may have. Banks with influential directors or those connected with large businesses will, no doubt, make a better showing. The managerial abilities of those in charge of banks would also influence their earnings. Further, banks working in important industrial or urban areas are likely to earn more. Even profits, as such may not always be the determining factor in assessing capacity. In this context, we have to take into account the fact that there are some banks which, although they show substantial profits from year to year, are not in a position to appropriate even the major portion of their net earnings towards payment of dividends, -as a part of the profits has to be set apart for building up statutory and other reserves including provision for bad and doubtful debts as also for providing depreciation in the value of their investments. To this extent the paying capacity of banks should be qualified. Still another factor which will limit dividends is the proportion of paid-up capital on the one hand to working funds on the other. It would be clear that banks with proportionately larger working funds are not always able to pay higher dividends.”

4.8. In paragraph 655 of his Minute of Dissent he has further stated as under:—

“My colleagues classify banks exclusively on the basis of their working funds. I would add that banks capacity, as determined by profits and dividends should be taken as an equally, if not a more basic factor in determining classification of banks.”

He also suggested that an element of elasticity was cabled for in the classification of banks. He suggested that a bank which has paid, on an average, a dividend of not more than 4 per cent (free of income-tax) over a period of three years should be automatically placed in the class next below that to which it would otherwise belong on the basis of the award and that it would secure the desired measure of relief needed by the banks concerned and that as regards the future the banks which for any two consecutive years were not able to declare a dividend of more than 4 per cent free of income tax should be downgraded and would continue to pay emoluments to their workmen at the lower rate as long as the average rate of dividend for two consecutive years did not exceed 4 per cent.

4.9. The suggestion of Shri Tannan did not find favour with his colleagues. The suggestion would have had some value if the banks were under a legal

obligation to declare dividends in proportion to their profits and were under a legal obligation to make a complete disclosure about their secret reserves which would reveal the true profits in a given year in their balance sheets. There is, however, no such law. If the upgradation or downgradation of banks depended upon the declaration of certain percentage of dividends, there would be considerable scope for manipulation of dividends by banks having regard to the fact that banks are in a position to set apart large amounts by way of secret reserves without disclosing the same in their published balance sheets and are in a position to declare such dividends as they think proper.

4.10. In the course of his dissenting minute in paragraph 666 Shri Tanna has further observed that he did not consider the growth of small banks a desirable development, both in the interests of the banking industry as well as from the point of view of national development, that small banks were more exposed to financial jolts and would not be easily able to with stand these. He also observed that small banks would not have the resources of big banks and would not be able to give the various facilities which the latter provided to their customers and that the ability of big banks for organized mobilisation of rural resources was also definitely larger. He expressed himself not to be in favour of very small banks and stated that he would like the development of banking in this country to proceed more or less on the same lines as in England where the number of banks was very small but the number of banks office was very large, and that he would like to encourage strong and healthy banks to open branch offices even in comparatively small towns.

4.11. The Labour Appellate Tribunal in giving its decision has observed in paragraph 97 that as regards 'D' Class Banks, they were small banks with limited resources, that for survival these banks would have to be given special consideration and that it was doubtful whether they would be able to sustain a wage structure higher than the minimum wage if immediately imposed. It decided in their case to retain the scales of pay and dearness allowance given by the Sastry Award, subject to the condition that they would apply for a period of not more than 5 years from 1st April 1954, after which period the scales of the 'C' Class Banks would become applicable.

4.12. The Bank Award Commission after considering the various alternative suggestions made for classification of banks by taking into account the ratio of reserves to paid up capital, or the age of the banks, the area of their operations and the type of their predominant business and their turnover or by reference to their average profits and dividend paying capacity and the ratio of the working funds to the total load, and after observing that even on the basis of working funds, it might perhaps be possible to classify banks more satisfactorily by attempting to reduce the very large discrepancies that were present between the top and the bottom of the class, ultimately decided to keep, as far as possible, to the structure of classification which had been adopted by the Labour Appellate Tribunal. The Commission decided to deal with banks falling in A and B classes classwise and to consider the special

cases of banks in these two classes that seriously contested their ability to pay. In regard to banks in C class, the Commission decided to deal with the cases of individual banks and to record its conclusions on the capacity to pay individually in respect of each one of these banks.

4.13. In paragraph 66 of its report, the Bank Award Commission has observed as follows :— “It seems to me that in dealing with the dispute between inter-State banks and their employees, a more rational and more satisfactory basis is supplied by the class-wise approach to the problem.” It further observed that in classifying banks, care must be taken to adopt a fair basis for classification and to bring together in one category banks which may be regarded genuinely as homogeneous in all material particulars and that in fixing the wage structure class-wise, care must likewise be taken to fix the wage structure in such a manner that it would not be unduly below the paying capacity of the bank at the top of the class, not unduly above the paying capacity of the bank at the bottom of the class. The Commission further observed that commercial banking was a very competitive business and that it was stated before the Commission by most of the banks in A and B Classes that if wage structures were fixed separately for each one of the banks, it would inevitably lead to dissatisfaction and bickerings between employees and banks and that it was in the interest of the banking business as a whole that the question of giving a fair deal to bankmen should be considered class-wise. In paragraph 67 the Commission has observed that the argument that a class-wise approach to the solution of this problem attempted to put in a strait-jacket different banks, was apt to overtook the anomalies which seemed to follow from awards pronounced bank wise and was presumably based upon the view that the classification adopted by the Tribunals was not as rational or satisfactory as it might have been. The Commission further stated that the class-wise approach in the dispute relating to banking was analogous to the region-wise approach which was generally adopted in dealing with disputes in regard to other industries in the country, and that the essence of a class-wise approach was to consider the paying capacity of the class as a whole.

4.14. In dealing with the argument that one or two units in a class could not bear the burden of the decision of the Labour Appellate Tribunal, the Commission observed that if it had found that the strain on their resources would be unreasonably high and the imposition of the burden of the Labour Appellate Tribunal decision would expose them to a genuine and real risk, it would unhesitatingly have recommended their exemption from the application of the Labour Appellate Tribunal decision. In dealing with C Class banks, the Bank Award Commission observed that when it came to C Class banks, the difficulties of the class approach became glaring and it found that differences in standard of management made for sharp variations in earning capacity, that most of such banks were started by local enterprise and had a wide net work of branches whose operating unit was very small, that the clientele also

consisted of middle-class savers, petty traders and small industrialists and that the C Class banks were a mixed bag. After considering bank-wise the case of banks falling within Class C the Commission in substance classified them into two groups, one the group able to bear the burden of dearness allowance awarded by the Labour Appellate Tribunal decision, hereinafter for brevity's sake called "C-1 Class" and the other group not so able to bear such burden, hereinafter called "C-2 Class" which was only to pay the dearness allowance as provided by the order of modification made by Government, dated the 24th August, 1954.

4.15. As regards banks in the D Class other than those in the then Travancore-Cochin State, the Commission recommended that the position of the D Class banks as at the end of March 1959 should be examined afresh in order to arrive at a decision as to their promotion or otherwise to C Class.

4.16. As regards the banks situated in the then Travancore-Cochin State they presented peculiar problems of their own. The Commission pointed out that the economy of that part of the country was a predominantly small economy, essentially agricultural, and was based on a vast educated lower middle class which formed a majority of the population of that State, that the banking units incorporated in the said area were very small in point of paid up capital reserves and total resources and in respect of their profits as well that the State was definitely "over-banked" and that the position of most of the banks was "illiquid". The Commission took the view that it would not be equitable to fix for workmen of these banks salary scales lower than those for D Class banks which represented the minimum wage and that those banks were not entitled to claim that they should be allowed to pay their workmen less than the minimum wage. The Commission recommended the complete exemption from the operation of any award of banks incorporated in the Travancore-Cochin State other than the Travancore Bank in respect of business within the limits of Area IV for a certain period. It recommended the appointment of a special Commission to study the problems of the banking system in the Travancore-Cochin State.

4.17. The Government of India appointed the Travancore-Cochin Banking Inquiry Commission on 19th January 1956 consisting of Shri K. Ramunni Menon. I.C.S. (Retired) as Chairman and Dr. P. J. Thomas and Prof. M. L. Dantwala as Members. The terms of reference, amongst others provided as follows :—

“to ascertain whether the terms and condition of service of workmen of the banks (except the Travancore Bank) incorporated in the Travancore-Cochin State to which the provisions of the Industrial Disputes (Banking Companies) Decision Act, 1955 apply should be modified and if so, in what respects having regard, Inter alia, to the effects which the terms and conditions of service that may be recommended by the Commission are likely to have on the general

economy of the area.”

Out of the banks under reference before this Tribunal, the cases of the following banks have been dealt with by the Travancore-Cochin Banking Inquiry Commission:—

- (1) Palai Central Bank Ltd.,
- (2) Travancore Forward Bank Ltd.,
- (3) Thomcos Bank Ltd.,
- (4) Catholic Syrian Bank Ltd.,
- (5) South Indian Bank Ltd.,
- (6) Ambat Bank Ltd.,
- (7) Chaldean Syrian Bank Ltd.,
- (8) Cochin Commercial Bank Ltd.,
- (9) Indian Insurance and Banking Corporation Ltd.

Out of these banks, the Palai Central Bank Ltd. has gone into liquidation. The Travancore forward Bank Ltd. has been amalgamated with the State Bank of Travancore. Most of the employees of the Thomcos Bank Ltd. have been taken over by the Bank of Madura.

4.18. As regards the Catholic Syrian Bank Ltd., the Commission came to the conclusion on that the Bank had the paying capacity to implement the Labour Appellate Tribunal decision with retrospective effect from 1st April 1954.

4.19. As regards the South Indian Bank Ltd., the Travancore-Cochin Banking Inquiry Commission has found that even on a conservative estimate the bank would not find any difficulty in implementing the Labour Appellate Tribunal decision with retrospective effect from 1st April 1954.

4.20. As regards the Ambat Bank Ltd., the Chaldean Syrian Bank Ltd. and the Cochin Commercial Bank Ltd., the Travancore-Cochin Banking Inquiry Commission has stated that these banks would find it difficult to bear the additional burden of establishment expenses if the exemption in respect of area IV was withdrawn and the award was brought into force in that area with retrospective effect from the 1st April 1954. It stated that if, however, the change was effected from the 1st January 1956, the extra burden would be lower and all the banks, except the two banks working at a loss, would not find much difficulty in bearing it. As regards the two banks working at a loss, the Commission discussed the matter with their representatives and the Commission was informed that both the banks were agreeable to bear the additional burden from the 1st January 1956 as in one case the additional burden was comparatively small while in the other case the bank did not want any special treatment. As regards the Indian Insurance and Banking Corpn. Ltd., it is mentioned in the report of the Commission that the bank had voluntarily given effect to the award scales of pay etc. in the exempted area with effect from the 1st July 1954. The Commission recommended that in the case of the D class "Award banks" the exemption in respect of area IV

in the Travancore-Cochin State should be withdrawn and the banks should implement the Government modified decision as formulated in the Industrial Disputes (Banking Companies) Decision Act, 1955, at the offices in that area with effect from the 1st January 1956. Following the recommendations of this Commission, the Industrial Disputes (Banking Companies) Decision Amendment Act, 1957, was passed. As a result of this enactment, the South Indian Bank Ltd., Trichur and the Catholic Syrian Bank Ltd., Trichur occupied the same position as C-I Class Banks and the provision giving exemption to branches of banks in Travancore Cochin in Area IV was taken away.

4.21. Out of the 68 banks which are effectively under reference on the basis of classification provided under the Sastry Award as modified 23 banks would be in Class A, 13 banks would be in Class B, 19 banks would be in Class C, and 13 banks would be in Class D.

4.22. The following banks which were not before the Sastry Tribunal have come up before a National Tribunal for the first time :—

- (1) The American Express Co. Inc.,
- (2) The Andhra Bank Ltd.,
- (3) The State Bank of Patiala,
- (4) The State Bank of Saurashtra,
- (5) The Sangli Bank Ltd.,
- (6) The Ganesh Bank of Kurundwad Ltd.,
- (7) The Miraj State Bank Ltd.,
- (8) The Nadar Mercantile Bank Ltd.,
- (9) The Pangal Nayak Bank Ltd., and
- (10) The Union Bank of Bijapur & Sholapur Ltd.

Out of the 68 banks, 57 banks are scheduled banks and 11 banks are non-scheduled banks.

4.23. The All India Bank Employees' Association has claimed that the banks should be classified into 3 categories as under for the purpose of basic pay scales only :—

“A” Class Banks, (i) Banks whose working funds amount to Rs. 25 crores and more, (ii) all the Exchange Banks, and (iii) all the subsidiaries of the State Bank of India “B” Class Banks. Banks whose working funds are Rs. 7½ crores and above but below Rs. 25 crores.

“C” Class Banks. — Banks whose working funds are below Rs. 7½ crores.

The Association has further claimed that should the working funds of a particular bank whether by amalgamation, merger or otherwise cross and remain higher than the upper limit set for its class continuously for a period of 52 weeks, it should automatically pass into the next higher class. In that event the employees should be entitled to all the benefit admissible to the

employees of such higher class banks.

4.24 The All India Bank Employees Federation in its Charter of Demands had stated that it opposed the classification of banks as a matter of principle. It stated that if, however, it was felt that the same was not feasible, then banks should be divided in two classes viz Class A consisting of banks with working funds of Rs. 15 crores or more and Class B consisting of banks with working funds of less than 15 crores.

4.25. The All India State Bank of India Staff Federation and the State Bank of India Staff Union, Andhra Pradesh, Vijayawada and Madras circle. Madras have submitted that the State Bank of India should stand in a separate class by itself.

4.26. The All India Bank of Baroda Employees' Federation has made a demand similar to that of the All India Bank Employees Association.

4.27. The Indian Overseas Bank Employees Union has asked for classification of banks into three classes; (i) A Class with working funds of Rs. 25 crores and more, (ii) B Class with working funds between 7 1/2 crores and more but below Rs. 25 crores and C Class with working funds below Rs. 7 1/2 crores. It however, submits that the expression 'working fund' should include deposits, paid up capital, all reserves, unpaid dividends, bank borrowings, margins on letter of credits, guarantees, bills purchased and (monies due to) sundry creditors.

4.28. The Vadodra Rajya Bank Nokar Sangh has claimed that the classification of banks into four categories was not justified and that the principle of equal pay for equal work should be accepted in the case of the banking industry since the nature of work of their employees was substantially the same irrespective of the size of the banks and the places where they are situated. In the alternative it has claimed the classification of banks at the most into three classes.

4.29. The South Gujarat Bank of Baroda Employees Union has claimed that the banks should be classified into three categories : A Class banks with working funds of Rs. 25 crores and over B Class banks with working funds of Rs. 15 crores and over but below Rs. 25 crores and C Class banks with working funds below Rs. 15 crores.

4.30. The Central Bank of India Employees' Associations, Patna and Muzafferpur and the Bihar Provincial Central Bank of India Employees Association have opposed the classification of banks as a matter of principle but they have stated that if it was not feasible to do so, banks may be divided in two classes and not more. They have stated that those banks whose working funds amount to Rs. 15 crores or more should be placed in A Class and those banks whose working funds amount to less than Rs. 15 crores may be placed in B Class.

4.31. The Cochin Commercial Bank Employees Association, Cochin,

has asked for classification of banks according to resources into three groups : (i) Group A — Banks whose working funds amount to Rs. 20 crores and more, (ii) Group B — Banks whose working funds amount to Rs. 5 crores and more but below Rs. 20 crores, and (iii) Group C — Banks “whose working funds amount to Rs. 1 crore and more.”

4.32. The Allahabad Bank Employees Union, Calcutta, the State Bank of Patiala, (All Cadres) Employees Association and the Employees Association of the Union Bank of Bijapur and Sholapur more or less took the same stand as that of the All India Bank Employees’ Association.

4.33. The Indian Banks Association in its reply has stated that the “classification of banks based on working funds should be so rearranged as to make such classification consistent with their earning capacity so that the present classification in four categories may remain unchanged.” The Indian Banks Association craved liberty to submit at the hearing the relevant figures for fixing the limits of working funds for classification of banks. At the hearing when it was called upon to make its submission in the matter, it claimed that Class A should comprise banks with working funds of Rs. 40 crores and above, that Class B should comprise banks with working funds of Rs. 12½ crores and above but less than Rs. 40 crores, that Class C-1 should comprise banks with working funds of Rs. 7 crores and above but less than Rs. 12½ crores that Class C-2 should comprise banks with working funds of Rs. 2½ crores and above but less than Rs. 7 crores and that Class D should comprise banks with working funds below Rs. 2½ crores. The Indian Banks Association has resisted the demand that when the working funds of any bank crossed and remained higher than the upper limits set for its class continuously for a period of 52 weeks, it should automatically pass into the next higher class. The Association submitted that the principles laid down in para 64 of the Sastry Award and the period of two years provided therein for the changeover from one class to another whether higher or lower should remain unaffected having regard to the fact that two years was a fair period for a bank to adjust itself to the new classification.

4.34 The Bombay Exchange Banks Association in its written statement has submitted that the Exchange Banks were not affected by the classification standard demanded by the workmen. It pointed out that it would be unrealistic to classify Banks into 3 categories only.

4.35. On behalf of the eight Subsidiaries of the State Bank of India it is submitted that the demand of the workmen that the subsidiary banks should be classified as ‘A’ Class banks irrespective of working funds etc. was unreasonable and unjustified and had no basis either in fact or in equity. It is pleaded that the Subsidiary banks would fall within Class B banks under the Sastry Award and that there was no reason why these banks should be upgraded to Class A. It is further pleaded, that the subsidiary banks had imposed on them by statute obligations and duties which involved carrying

on business in areas in which normally no commercial bank would consider transacting business on economic grounds, and therefore there was in fact a case for lessening the burden of a Class ‘B’ bank in the case of subsidiary banks. The Subsidiary banks, however, have submitted that their present classification in class “B” with the areawise pay structure and dearness allowance should continue.

4.36. On behalf of the State Bank of Patiala, it is submitted that even with the present pay structure it was uneconomic for the subsidiary banks to open branches and operate in small areas where no avenues of making profit were available, but this had to be done by reason of a statutory obligation and in the larger national interests, and if the pay structure etc. of a class ‘A’ bank was imposed on the State Bank of Patiala, or any other Subsidiary bank, the subsidiary banks would not be in a position to carry out their obligations without being a burden on the public exchequer. It is submitted that no case existed either on facts or in equity for including the State Bank of Patiala in or treating it as Class “A” bank.

4.37. The Kerala Bankers Association has in its written Statement referred to the classification made by the Travancore Cochin Banking Inquiry Commission, namely of “C” Class banks with working funds amounting to rupees one crore and more upto 7½ crores and of “D” Class banks with working funds less than Rs. 1 crore and has submitted that emoluments should be suited to the “working possibility” of banks.

4.38. The Northern India Banks Association in its written Statement has submitted that in view of the financial position and paying capacity of different classes of banks, it was necessary that besides A, B and C Class banks there should also be D Class banks whose working funds were below Rs. 1 crore, as already provided in the Sastry Award. It has further submitted that in view of the rapidly increasing urban population as a result of industrialization through which we are passing, and in view of the development of small scale and medium sized industries as a part of our well considered national policy, the need for small banks was bound to continue and hence there was a case for “D” Class banks. The Association has further submitted that only when the working fund of a bank, whether by amalgamation, merger or otherwise, crossed and remained higher than the upper limit set for its class continuously for a period of two years, as provided in the Sastry Award, it should pass into a higher class and in that case the employees should have the benefit of a higher minimum starting pay only along with dearness allowance and other amenities applicable to the higher class bank.

4.39. The National Bank of Lahore Ltd. in its written Statement has submitted that the classification of banks into different categories was an appropriate method and was not objected to by the bank. The Bank had no suggestion to offer with regard to the classification of “A” Class and “B” Class banks. So far as the classification of ‘C’ Class banks was concerned,

the bank submitted that banks with the working funds of at least Rs. 15 crores should be classified as 'C' Class banks because under the newly introduced rules by the Reserve Bank of India, a major portion of the working capital of the banks would not be utilised by the banks themselves for the earning of profits, but would be so utilised by the Reserve Bank of India. The bank submitted that this necessarily would lead to diminution in the earning capacity of the banks in general and the 'C' Class banks in particular. The bank further submitted that the wages which were being paid and which would have to be paid would remain unaffected by the reduction of the capacity to earn profits and consequently Rs. 7½ crores working capital for a "C" Class bank would not enable it to meet the expenses imposed upon it by the previous awards and those that might be imposed hereafter. The bank submitted further that it was not merely the increase in the volume of work that should entitle the workmen to a wage higher than that fixed by the award but the continuity of working fund for a full year coupled with comparative increase in the profit should if at all be a matter for consideration. It has submitted that there should also be a provision that if for any reason the working capital of a bank suffers a reduction, then there should be a reduction in the wages of the employees also.

4.40. The Travancore-Cochin Bankers Association by its written Statement has submitted that it was incorrect to classify banks according to the deposits and working funds, that the capacity of a bank cannot be measured by taking either the deposits or the working funds, that profits may vary due to several reasons year after year and from bank to bank, that previous Tribunals classified banks into four groups, i.e., 'A' Class banks, 'B' Class banks, 'C' Class banks and 'D' Class banks and the Association submitted that the present classification may be allowed to continue.

4.41. The .Bhratha Lakshmi Bank Ltd. by its Written Statement has submitted that in respect of 'D' class banks the limit of Rs. one crore should be increased to Rs. 3 crores, as the limit of Rs. 1 crore suggested in 1952 was equal to and in any case not less than Rs. 2 crores today.

4.42. The Gadodia Bank Ltd., by its Written Statement submitted that there should be 4 categories of banks, A, B, C, and D classified on the basis of average working fund. The bank submitted that in the case of 'D' Class banks in view of their financial position and with a view to allow them opportunity to grow and become stronger and stronger, it may be provided that "those banks who have attained the upper limit step in into C Class provided that the working funds remain continuously at least for 2 years".

4.43. The Jaya Laxmi Bank Ltd. by its Written Statement has suggested that 'D' Class bank may be categorised with working funds of less than Rs. 3 crores and stated that if that was not done, small banks would be put to a lot of inconvenience to implement the new proposed wage structure.

4.44. The Vijaya Bank Ltd. by its Written Statement has stated that the

classification suggested by the All India Bank Employees Association did not appear to be proper or reasonable, that it was suggested by the Association that the banks whose working funds were below Rs. 7 1/2 crores should be classified as 'C' class, that the working funds of the bank as seen from its last balance sheet were not even Rs. 2 crores and that it was necessary to have at least one more category whose working funds were below Rs. 3 crores. The Bank referred to another aspect of the matter viz., whether banks should be classified with reference to the working funds or whether they should be classified with regard to average earning capacity and stated that it would be more proper to divide the several classes of banks with reference to the earning or paying capacity rather than on the basis of working funds.

4.45. The Miraj State Bank Ltd. by its Written Statement has submitted that the bank was an extremely small one from the point of view of its paid-up capital as well as from the point of view of its total working funds, that it is situated, along with all its branches, at places none of which had a population of more than 75,000, that three of its branches were situated in places having populations ranging from 10,000 to 20,000 and that in view of this circumstance and in view of the general financial position of the bank, the bank should be exempted from the provisions of the award of this Tribunal. Without prejudice, the bank has submitted that the bank could not even afford the scales of pay and dearness allowance, as well as the terms and conditions of employment prescribed by the Sastry Award, as modified by the report of the Bank Award Commission and therefore deserved to be placed in a class of its own, which may be called 'E' class.

4.46. As regards classification of banks, in the absence of better norms of classification, it seems to me that even though the classification of banks based on working funds is not an ideal method of classifying banks, it is, under the present circumstances, the best workable method of classifying banks having branches in more than one State which are before me. If, however, any bank, by reason of special circumstances peculiar to the bank, is unable to bear the burden of the class under which it falls under this award, it may be granted some relief or some special provision may be made for it. The existence of such exceptional banks cannot come in the way of the establishment of a rule relating to classification of banks in accordance with their working funds.

4.47. In support of the claim made at the hearing on behalf of the Indian Banks Association for classification of banks so that Class A would comprise banks with working funds of Rs. 40 crores and above, Class B would comprise banks with working funds of Rs. 12½ crores and above but less than Rs. 40 crores, Class C-1 would comprise banks with working funds of Rs. 7 crores and above but less than Rs. 12½ crores, Class C-2 would comprise banks with working funds of Rs. 2½ crores and above but less than Rs. 7 crores and Class D would comprise banks with working funds below Rs. 2½ crores, Shri Phadke, the learned advocate for the Indian Banks Association, filed a

statement showing the yield according to total working funds of scheduled banks after paying interest on deposits etc.. and establishment expenses for the period 1951 to 1959. It showed that the percentage ratio of profits after paying establishment expenses to total working funds had gone down from 2.02 per cent for the year 1951 to 1.40 per cent for the year 1959. He contended that over the next three years the yield on working funds could be expected to go further down to 1.2 per cent, and submitted that for the restoration of the 1951 level of yield larger working funds would be necessary. The above contention of the Indian Banks Association was very strongly opposed on behalf of the employees. It was pointed out that as a result of the classification suggested by the Indian Banks Association, it would bring twelve more banks in Class D which class the employees wanted to abolish that thereunder eleven C Class banks would fall in C-2 Class, six B Class banks would fall in C-1 Class and four A class banks, namely, the Canara Bank Ltd., the Indian Overseas Bank Ltd., the Devkaran Nanjee Banking Corporation Ltd. and the Union Bank of India Ltd. would fall in B Class. It was urged that the net result of such classification would be a disturbance at all levels, inflicting great hardship on the workmen. It was further urged that no cogent reasons were advanced for this pulling down process.

4.48. In the banking industry, the paid-up capital and reserves constitute a small part of the total working funds. Dividends have to be paid only on the paid-up capital. It is neither proper nor just to classify banks on the basis suggested by the Indian Banks Association. It would mean, a disturbance at all levels, adversely affecting the emoluments of the employees. No cogent or convincing reasons have been adduced and no evidence has been led which would justify the suggested classification. I see no reason to accede to the demand made on behalf of the Indian Banks Association in this connection.

4.49. The limit placed by the Sastry Tribunal in connection with A class banks, viz., banks whose working funds amount to 25 crores and more, appears to me to be fair and reasonable and there is no reason to disturb the same.

4.50 The next question that will require to be considered is whether the State Bank of India should be regarded as a bank falling within this class or should be excepted from this class and should have scales of pay and other service conditions of its own.

4.51. It was contended that by its constitution, by its structure, by the way it was managed and the purposes for which it was constituted the State Bank of India differed from all other A Class banks, that though the State Bank was at present classified with other A Class banks, it was unlike other A Class banks, specially constituted under a separate enactment. It was next contended that the State bank was the name under which the Reserve Bank functioned for certain purposes. It was submitted that most of the shares

of the State Bank were held by the Reserve Bank of India and that when carrying on ordinary business the Reserve Bank called itself the State Bank of India and carried on commercial banking business. It was argued further that the relationship between the State Bank of India and the Reserve Bank of India was not exclusively or merely that of a company and its share holder or that of a mere agent and its principal. The State Bank was in a class by itself created by the statute, a position which could not be claimed in respect of the biggest of the A Class banks. It was submitted that the State Bank of India should be placed in a class higher than that of A Class banks.

4.52. This demand has been resisted by the State Bank of India. It was urged that the State Bank, which is the creature of a statute, has to carry on banking business on sound business principles and has to enlarge itself in the rural areas irrespective of the fact whether its branches in such areas would fetch profit or not. Shri Sachin Chaudhary who appeared for the State Bank of India pointed out that two somewhat contradictory obligations had been imposed on the State Bank of India viz. it was under an obligation to run the institution on sound banking principles and it was under an obligation to extend banking facilities to rural areas even though it may result in a loss. It was also pointed out that the State Bank of India was a bank in the public sector working for the benefit of the public and that its profits were turned over to the Government. He stated that it was incorrect to say that because the Reserve Bank held a major portion of the shares of the State Bank of India, the Reserve Bank became the owner of the State Bank of India.

4.53. While disposing of the application made on behalf of the State Bank of India Staff Union, Andhra Pradesh, Vijayawada (Miscellaneous Application No 291 of 1960) for bringing on record the Reserve Bank of India as a party to Reference No. 1 of 1960, in relation to the dispute between the State Bank of India and its workmen, I have, by my judgement and order, dated 18th November 1960, held that the Reserve Bank of India and the State Bank of India were not the same and that they were distinct and separate entities constituted under different enactments. The said order appears in Appendix E to this award. The State Bank of India and the Reserve Bank of India have distinct functions to perform.

4.54. Having considered all aspects of the matter, I am of the view that though the State Bank of India has special and peculiar features of its own, there is no case made out for treating this bank on a footing higher than the one occupied by A Class banks. On the one hand, it has the advantage of having very extensive working funds whilst on the other it has to bear the burden of the Government policy relating to the expansion of banking and in particular in rural areas. In fact the Integration and Development Fund has been constituted to meet some of the losses incurred by the State Bank of India in opening some of its branches in accordance with its expansion programme. In my view, the interests of the workmen are sufficiently safeguarded by putting the bank in Class A. Accordingly I reject the demand

for placing the State Bank of India in a separate class by itself.

4.55. Another claim made on behalf of the workmen is that the subsidiaries of the State Bank of India should also be placed in Class A even though by reason of their working funds they are not liable to be placed in the said class. It was submitted that there was common ownership, direction and management of the Subsidiaries of the State Bank of India for a public purpose and that this should be the guiding factor. It was further submitted that the Government policy was to serve the rural and semi-rural areas through the State Bank of India and its Subsidiaries and that the terms and conditions of service of the employees of the State Bank of India and its subsidiaries should be the same.

4.56. The demand of the employees has been resisted by the State Bank Subsidiaries. It was submitted that the demand was unreasonable and unjustified and had no basis either in fact or in equity. It was further submitted that the subsidiary banks had imposed on them by statute obligations and duties which involved carrying on business in areas in which normally no commercial bank would consider transacting business on economic grounds and that there was in fact a case for lessening the burden which they would have to bear as 'B' Class banks.

4.57. The subsidiaries of the State Bank of India are the following :—

- (1) The State Bank of Bikaner,
- (2) The State Bank of Hyderabad,
- (3) The State Bank of Indore,
- (4) The State Bank of Jaipur,
- (5) The State Bank of Mysore,
- (6) The State Bank of Travancore,
- (7) The State Bank of Patiala, and
- (8) The State Bank of Saurashtra.

These Subsidiaries are now governed by the State Bank of India (Subsidiary Banks) Act, 1959. Six of these banks were constituted under the said Act. The State Bank of Hyderabad and the State Bank of Saurashtra have been constituted under different enactments. By section 9 of the said Act it has been provided that on the constitution of the aforesaid new banks, under the said Act all shares in the capital of the corresponding banks, where such corresponding banks have a share capital, shall stand transferred to and shall vest in, the State Bank, free of all trusts, liabilities and encumbrances. There is a provision that no increase or reduction in the issued capital of a new bank shall be made in such a manner that the State Bank of India holds at any time less than 55 per cent of the issued capital of that bank. By section 24 the State Bank is empowered from time to time to give directions and instructions to a subsidiary bank in regard to any of its affairs and business, and such subsidiary bank would be bound to comply with the directions and instructions so given. Subject to any such directions and

instructions, the general superintendence and conduct of the affairs and business of a subsidiary bank vests in a Board of Directors which, except in the case of the first constitution of the Board, is to consist of the Chairman for the time being of the State Bank, ex officio; an officer of the Reserve Bank, to be nominated by that bank; not more than five directors to be nominated by the State Bank of whom not more than three shall be officers of that bank; two directors to be elected in the prescribed manner by the shareholders, other than the State Bank subject to certain limitations and a director to be nominated by the Central Government in consultation with the State Bank.

4.58. By section 36 it is provided that a subsidiary bank shall, if so required by the State Bank, act as an agent of the State Bank at any place in India for (a) paying, receiving, collecting and remitting money, bullion and securities on behalf of any Government in India : and (b) undertaking and transacting any other business which the Reserve Bank may, from time to time, entrust to the State Bank. By Section 37 it is provided that a subsidiary bank may carry on and transact the business of banking as defined in clause (b) of sub-section (1) of section 5 of the Banking Companies Act, 1949 and may engage in such one or more of the other forms of business, as are specified in sub-section (1) of section 6 of that Act. By sub-section (2) of section 37, it is provided that the Central Government may, after consultation with the Reserve Bank and the State Bank by order in writing (a) authorise a subsidiary bank to do such other forms of business as the Central Government may consider necessary or expedient: (b) direct that any form of business as was mentioned in the order shall be carried on, subject to such restrictions, conditions and safeguards as may be specified therein; or (c) prohibit a subsidiary bank from carrying on or transacting any form of business, which, but for that clause, it was lawful for the subsidiary bank to engage in.

4.59. By section 40 it is provided that after making provision for bad and doubtful debts, depreciation in assets, equalisation of dividends, contribution to staff and superannuation funds and for all other matters for which provision is necessary by or under the Act or which are usually provided for by banking companies, a subsidiary bank may, out of its net profits, declare a dividend.

4.60. By section 48 it is provided that a subsidiary bank may accept any subsidies offered by the State Bank to meet:—

- (a) the cost of the whole or any part of any specific programme of development undertaken by that subsidiary bank with the approval of the State Bank; and
- (b) such losses or expenditure as may be approved by the State Bank, with the consent of the Reserve Bank.

These provisions indicate that a Subsidiary bank is a separate entity which exists separately from the State Bank of India. The Subsidiary banks have separate functions to perform. Under the directions of the State Bank of

India, the subsidiary banks have opened between 1st October 1959 and 30th June 1960, 36 branches to cater to the needs of the rural and semi-urban areas in the former Part B States by providing banking and credit facilities to those areas. Merely because the State Bank of India has a controlling voice in the affairs of the Subsidiaries, I would not be justified in placing any Subsidiary bank in a class above the one in which it would ordinarily be placed, so as to impose upon such bank a larger burden than that which it would otherwise have to bear. I cannot accede to the demand of the workmen in this connection.

4.61. As regards B Class banks, the basis of classification as adopted by the Sastry Tribunal, namely, banks having working funds amounting to Rs. 7½ crores and more but below Rs. 25 crores, is fair and reasonable and does not require to be altered.

4.62. I shall now deal with banks falling in the present Class C, namely, banks whose working funds amount to Rs. 1 crore and more but are below Rs. 7 1/2 crores. As a result of the report of the Bank Award Commission and the enactment of the Industrial Disputes (Banking Companies) Decision Act (41 of 1955) and the Industrial Disputes (Banking Companies) Decision (Amendment) Act (40 of 1957), this class, for certain purposes has been sub-divided into two classes — one, the class known as Class C-I and the other the class known as Class C-2. Class C-I consists of (1) the Bank of Punjab Ltd., (2) the Bank of Indore Ltd., (now the State Bank of Indore), State Bank of Jaipur Ltd., (now the State Bank of Jaipur), (4) the Bank of Maharashtra Ltd., (5) the Canara Banking Corporation Ltd., (6) the Canara Industrial and Banking Syndicate Ltd., (7) the Hind Bank Ltd., (8) the Travancore Bank Ltd., (now the State Bank of Travancore); (9) the South Indian Bank Ltd., and (10) the Catholic Syrian Bank Ltd., The aforesaid banks were considered to be in a position to bear the burden of the dearness allowance as awarded by the decision of the Labour Appellate Tribunal. This Class C-I would also comprise banks which, since the date of the Sastry Award, have been upgraded from Class D to Class C by reason of the increase in their working funds so as to amount to Rs. 1 crore and more for the period provided by the Sastry Award. Class C-2 comprises banks which, fell within Class C under the Sastry Award other than the aforesaid banks falling within Class C-I. The banks falling within Class C-2 were not considered to be in a position to bear the burden of dearness allowance provided by the decision of the Labour Appellate Tribunal. Out of the banks which appear before me, only the following six banks fall within Class C-2, namely (1) the Bank of Rajasthan Ltd., (2) the Hindustan Commercial Bank Ltd., (3) the National Bank of Lahore Ltd., (4) the Punjab and Sind Bank Ltd., (5) the United Industrial Bank Ltd., and (6) the Pandyan Bank Ltd.

4.63. Though all the banks comprised in Class C-I and Class C-2 fall within Class C, the total remuneration (excluding house rent) payable to workmen employed by banks falling within Class C-I varies to a very

considerable extent from that payable to workmen employed by banks falling within Class C-2. At the all-India working class consumer price index number 123 in the Series 1949 = 100, the remuneration (i.e., basic pay and dearness allowance) which is payable to a member of the clerical staff in Area I by a C-I Class bank during the 1st year of service is Rs. 136.85, the 15th year of service is Rs. 241.90 and the 25th year of service is Rs. 375.25 whilst that payable by a C-2 Class bank during the 1st year of service is Rs. 116.50. the 15th year of service is Rs. 214.93 and the 25th year of service is Rs. 331. In Area II, the amounts of remuneration payable under similar circumstances to members of the clerical staff in the 1st, 15th and 25th year of service payable by a C-I Class bank, are Rs. 124.05, Rs. 209.75 and Rs. 333.90 respectively whilst those payable by a C-2 Class bank are Rs. 103.70, Rs. 193.13 and Rs. 299.40 respectively. In Area III, the amounts of remuneration payable under similar circumstances to members of the clerical staff in the 1st, 15th and 25th year of service by a C-I Class bank are Rs. 114.25, Rs. 190.85 and Rs. 307.05 respectively whilst those payable by a C-2 Class bank are Rs. 93.90, Rs. 180.25 and Rs. 263.25 respectively.

4.64. As regards the members of the subordinate staff, in Area 1, the amounts of remuneration payable at the same index number during 1st, 15th and 25th year of service by a C-I Class bank are Rs. 80.87, Rs. 104.87 and Rs. 114.87 respectively whilst those payable by a C-2 Class bank are Rs. 52.75, Rs. 76.75 and Rs. 86.75 respectively. In Area II the amounts of remuneration payable under similar circumstances during the 1st, 15th and 25th year of service payable by a C-I Class banks are Rs. 75.75, Rs. 100.75 and Rs. 110.75 respectively whilst those payable by a C-2 Class bank are Rs. 47, Rs. 72 and Rs. 82 respectively. In Area III, the amounts of remuneration payable under similar circumstances during the 1st, 15th and 25th year of service, by a C-I Class bank are Rs. 70.62, Rs. 96.62 and Rs. 106.62 respectively whilst those payable by a C-2 Class bank are Rs. 42.50, Rs. 68.50 and Rs. 78.50 respectively.

4.65. There is thus a very wide divergence between the total amounts of basic pay and dearness allowance payable to employees of banks falling within C Class depending on whether a bank is placed in C-1 group or C-2 group. When we come however to Area IV, the remuneration payable by C-I Class bank and by a C-2 Class bank to workmen in the clerical grade is the same. So is the case with workers in the subordinate grade.

4.66. The position appears to be very much more anomalous when one considers the case of a bank which was in D Class at the time of the Labour Appellate Tribunal's decision and subsequently was upgraded by reason of its working funds touching or crossing the limit of Rs. 1 crore for the prescribed period. It then gets upgraded into C Class and has then to pay remuneration payable by a C-I Class bank.

Thus, a bank whose working funds at the time of the Labour Appellate

Tribunal's decision were less than the working funds of a C-2 Class bank has to pay more than a C-2 Class bank, even though after upgradation its working funds may be less than those of a C-2 Class Bank. The reason for the creation of this new C-2 Class was the inability of the banks falling within C-2 Class to meet the burden of the dearness allowance imposed by the decision of the Labour Appellate Tribunal. I will proceed to examine the case of the six banks which at present fall within C-2 Class, to see whether there is any necessity now to provide for their workmen a lower remuneration than the remuneration payable by other banks falling within C Class.

4.67. The Bank of Rajasthan Ltd. — This bank was established in the year 1943 with its registered office at Udaipur. As shown in the Statistical Tables, in the years 1959 and 1960, it had a paid-up capital of Rs. 9,24,000, its reserves were Rs. 5,45,000 in the year 1959 which rose to Rs. 8,01,000 in the year 1960, and its deposits were Rs. 4,90,61,000 in the year 1959 and Rs. 5,32,92,000 in the year 1960. Its total working funds as on 31st December 1961, as given by the bank, amounted to Rs. 6,07,99,000. This bank declared dividends at the rates following :— In the year 1950 at 4½%, in the year 1951 at 4½%, in the year 1952 at 3½%, in the year 1953 at 3½%, in the year 1954 at 3½%, in the year 1955 at 3½%, in the year 1956 at 4½%, in the year 1957 at 6%, in the year 1958 at 6%, in the year 1959 at 8% taxable and in the year 1960 at 10% taxable. This bank had 31 branches including the head office, but excluding the purely administrative offices in the year 1959. It had 35 branches including the head office but excluding the purely administrative offices in the year 1960.

4.68. In its written statement, this bank has stated that on 31-12-1959 twenty three of its branches were in towns with a population of less than 30,000 and that it caters to the needs of small businessmen and rural population. It has pleaded that it has no capacity to pay wages at scales higher than those which it is at present paying and that it will not be able to maintain its present rate of dividend if it is made to pay increased rates of wages. It has stated that if it is asked to pay emoluments to its workmen on the basis of the bank being regarded as a C-I Class bank, it would have to incur an additional expenditure of Rs. 86,630 which would considerably reduce its balance of profits. In the year ended 31st December 1960, it has shown that it made a profit of Rs. 3,36,202/- and that if it had to pay C-I Class wages for the year 1960 the profits would have been reduced to Rs. 2,49,572.

4.69. This bank has 23 branches in Area IV and 6 branches in Area III as on 31st December 1960. In Area III the number of members of its clerical staff was 64 and the number of members of its subordinate staff was 36. In Area IV number of members of its clerical staff was 99 and that of subordinate staff was 83. The basic wages and dearness allowance payable by C-I and C-2 Class banks in Area IV are the same.

There is no reason why this bank should not be treated on the same

footing as other banks falling within Class C. In view of the present financial position of the bank and the progress made by it in the past few years, it should not experience any difficulty in meeting the increased burden imposed upon it as a result of the abolition of C-2 Class.

4.70. **The Hindustan Mercantile Bank Ltd.** — This bank was established in the year 1944. As shown in the Statistical Tables its paid-up capital was Rs. 50,00,000 in the years 1959 and 1960, its reserves in the year 1959 were Rs. 2,30,000 and in the year 1960 were Rs. 2,50,000, and its deposits in the year 1959 totalled Rs. 2,07,37,000 and in the year 1960 totalled Rs. 1,86,04,000. The head office of the bank is at Calcutta. It has branches at Bombay, Delhi, Kanpur, Bikaner and Chandernagore. Its total working funds were Rs. 2,78,13,000 in the year 1955, Rs. 2,29,68,000 in the year 1956, Rs. 2,77,29,000 in the year 1957, Rs. 2,87,51,000 in the year 1958 and Rs. 2,62,12,000 in the year 1959 as shown in the bank's Written Statement. For the year 1960 its total working funds were Rs. 2,15,80,000 and in the year 1961 the same amounted to Rs. 2,10,22,000 according to a statement furnished by the bank. In 1947, the bank had 17 branches but closed one branch after another as according to the bank, it was found uneconomical to continue the branches. In 1960 the bank had only 7 branches. The gross earnings of the bank have declined from Rs. 13,44,000 in 1955 to Rs. 11,05,000 in 1959, The bank has not paid any dividend since its inception. It has submitted by its written statement that the bank was not in a position to bear any extra financial burden but on the contrary needed some relief. From 1948 to 1960 this bank has made profits as follows :—

Year	Profits Rs.
1948	61,000
1949	1,14,000
1950	32,000
1951	61,000
1952	1,49,000
1953	81,000
1954	31,000
1955	71,000
1956	4,000
1957	3,000
1958	1,38,000
1959	65,000
1960	68,000

as shown by a note filed by the Indian Banks Association. Allegations of various malpractices have been made against this bank which have been denied by the Bank. There is no evidence led in support of these allegations. No evidence has been led on behalf of the bank to show any special circumstances peculiar to this bank entitling it to any special treatment. This

bank is in the private sector. It has not declared any dividend since its inception and has not shown such profits as are ordinarily made by banks situated in similar circumstances. In the absence of any satisfactory evidence led to explain the paucity of its profits, there is no reason why this bank should not pay to its employees the same amount of wages which other banks in the same class have to pay to their employees.

4.71. **The National Bank of Lahore Limited** — The Northern India Banks Association has filed a reply to the statement of claim made by the All India Banks Employees Association, inter alia on behalf of the National Bank of Lahore Ltd. The bank itself has filed a separate reply to the main demands of the workmen. This bank is a bank in C-2 Class since April 1954. This bank was incorporated in the year 1942. As shown in the Statistical Tables, its paid-up capital for the years 1959 and 1960 was Rs. 15,00,000, its reserves for the year 1959 were Rs. 4,15,000 and for the year 1960 were Rs. 3,50,000 and its deposits for the year 1959 were Rs. 4,09,47,000 and for the year 1960 were Rs. 4,20,26,000. Its total working funds as given by the bank for the years 1960 and 1961 amounted to Rs. 4,14,02,000 and Rs. 4,11,03,000 respectively. Its net profits for the year 1954 amounted to Rs. 1,34,507 for the year 1957 amounted to Rs. 1,63367 for the year 1958 amounted to Rs. 3,37,242 for the year 1959 amounted to Rs. 4,56,974 and for the year 1960 amounted to Rs. 6,81,319. In the year 1961, it took over the assets and liabilities of the Prabhat Bank Ltd. under a scheme of arrangement sanctioned by the Government, with the result that it has now two more branches. The bank has in all 24 branches including the head offices but excluding the purely administrative offices. 14 of its branches are in Area I, 6 of its branches are in Area II, 2 of its branches are in Area III and 2 of its branches are in Area IV. This bank was functioning before partition, in the area now known as West Pakistan. In its reply, it has pleaded that it could not pay any dividends to the shareholders since after the partition and that the same was due mainly to the wage bill which it had to meet and the provision, it had to make for the losses which had already been suffered as a result of partition. The bank has stated that it had to make a provision for about Rs. 9,00,000 for the losses suffered in Pakistan. The bank has pleaded that special consideration should be given to the bank and that no increase, in wages should be ordered. This written statement was filed on 8th July 1960. The balance-sheet filed for the year 1960 shows that it had tide over the difficulties arising as a result of the partition and has been able to declare four per cent dividend out of the net profits made by it during the year. A sum of Rs. 60,000 out of the net profits has been utilised for declaring this dividend. During the year, it has utilised its profits for the purpose of transferring Rs. 3,25,000 to the statutory reserves. The bank now is making substantial profits. The Northern India Banks Association on behalf of its member banks including this bank, has made the following proposal :—

“We consider the existing minimum and maximum of the scales as

fair and reasonable but in case this Hon'ble Tribunal finds it necessary to change the scales of pay we propose the following scales of pay applicable to clerical and subordinate staff in 'C' Class banks.

SCALES OF WAGES

(Clerks)

Class 'C' Banks

Area I	Rs. 70—5—105—6—147—7—196—8—252—E.B.—9—315.
Area II	Rs. 65—5—100—6—142—7—191—8—247—E.B.—9—310.
Area III	Rs. 60—5—95—6—137—7—186—8—242—E.B.—9—305.
Area IV	Rs. 55—5—90—6—132—7—181—8—237—E.B.—9—300.

(Peons)

Class 'C' Banks

Area I to

Area IV. Rs. 32—2—102.”

4.72. The above scales are better than the scales prescribed by the Labour Appellate Tribunal for clerical staff in “C” Class banks. They are much better than the scales of pay prescribed by the Labour Appellate Tribunal for the members of the subordinate staff employed by C Class banks except for the first few years of service in Area I.

4.73. Having considered all aspects of the matter, in my view, this bank will be able to bear the burden of the increased establishment charges under my award as a 'C' Class bank.

4.74. **The Punjab and Sind Bank Limited, Amritsar** :— This bank was incorporated in the year 1908. As shown in the Statistical Tables the paid-up capital of this bank in the year 1959 was Rs. 3,87,000 and in the year 1960 was Rs. 3,88,000, its reserves were Rs. 12,10,000 in the year 1959 and Rs. 10,75,000 in the year 1960, and its deposits were Rs. 1,88,11,000 in the year 1959 and Rs. 2,13,17,000 in the year 1960. Its working funds for the year 1961 as shown by the bank amounted to Rs. 2,34,92,800. This bank had, in the year 1960, 13 branches including the head office but excluding purely administrative offices. It had three branches in Area I, six branches in Area II and three branches in Area IV. During the year 1959, this bank made a net profit of Rs. 26,919. During the year 1960, it made a net profit of Rs. 12,286. In the balance-sheet for the year 1960, it is stated that lower profit was partly due to the increase in establishment expenses as a result of re-organisation to improve efficiency of work at branches and partly due to higher liquidity which was maintained in the second half year due to uncertain conditions. It is further stated in the balance sheet that the deposits had increased by about Rs. 25 lacs and loans and advances as on 31st December stood at a higher figure by about rupees sixteen lacs. This bank paid dividends at the rate of five per cent during the years 1954 to 1957. It has declared no

dividends for the years 1958, 1959 and 1960. This bank is a member of the Northern India Banks Association and the offer made on its behalf is similar to the offer made on behalf of the National Bank of Lahore Ltd. In my view, this bank would be able to bear the burden of the scales of pay and the other provisions contained in my award as a 'C' Class bank under my award.

4.75. The United Industrial Bank Ltd.— Its paid-up capital between 1950 to 1960 has all throughout been Rs. 27,66,000. Its reserves were Rs. 4,60,000 in the year 1950, they went down to Rs. 3,50,000 in the year 1951, they went up again to Rs. 5,30,000 in the year 1954, they dwindled to Rs. 3,66,000 in the year 1955, rose to Rs. 4,85,000 in the year 1956, they went down to Rs. 3,72,000 in the year 1959 and went up to Rs. 3,74,000 in the year 1960. Its total deposits were Rs. 1,33,76,000 in the year 1950, Rs. 1,16,82,000 in the year 1951, Rs. 1,06,94,000 in the year 1952, Rs. 1,18,90,000 in the year 1953, Rs. 1,17,16,000 in the year 1954, Rs. 1,04,07,000 in the year 1955, Rs. 1,18,28,000 in the year 1956, Rs. 1,46,26,000 in the year 1957, Rs. 1,35,18,000 in the year 1958, Rs. 1,42,95,000 in the year 1959 and Rs. 1,31,20,000 in the year 1960. Its working funds for the year 1961 as shown by the bank amounted to Rs. 1,90,22,080. In accordance with its published balance sheets, in round figures, this bank made a loss of Rs. 14,000 in the year 1952, made a profit of Rs. 47,800 in the year 1953, made a loss of Rs. 32,000, in the year 1954, made a loss of Rs. 22,000 in the year 1955, made a profit of Rs. 47,100 in the year 1956, made a profit of Rs. 7,000 in the year 1957, made a loss of Rs. 44,800 in the year 1958, made a loss of Rs. 92,900 in the year 1959 and made a small profit of Rs. 1,878 in the year 1960. It is stated in the balance sheet of the bank for the year 1960 that no provision was required to be made for taxation that year as tax aggregating to Rs. 56,551 already deducted at source from the yield on the bank's investments was due to be refunded to the bank. This bank has 7 branches in all including the head office. Five of its branches, including the head office, are within the municipal area of Calcutta. One branch is at Patna and another branch is at Naraingunge in East Pakistan. It has filed a written statement claiming that having regard to its own peculiar financial position, the losses it has incurred or the small profits that have been made in some years, the gradual decrease in the ratio of profits to working funds since 1954 and particularly the inadequacy of the bank's working funds during the recent years, it may be treated as a small unit on a special footing. It has submitted that the losses incurred by the bank in recent years "were partly due to the mounting wage bills of the workmen staff and partly due to other circumstances over which the bank had no control." What those circumstances beyond the bank's control are has not been specified. The bank in the year 1959. employed in all 129 workmen, 71 of whom belonged to the clerical staff and 58 of whom belonged to the subordinate staff. A statement has been filed on behalf of the bank showing that as on 31-12-1959 out of a total 37,500 shares of the bank 24,000 shares were held in the aggregate by Shri J. N. Roy and Shri P. N.

Roy and their respective sons. The head office of the bank is housed in part of the premises belonging to the Roy family. It is stated that Shri J. N. Roy and Shri P. N. Roy at their own cost installed counters in the premises of the bank at a cost exceeding about Rs. 30,000 and also installed a strong room and a record room at an expense of about Rs. 40,000.

4.76. This bank operates principally within the municipal limits of Calcutta. It is a bank in the private sector. For over 10 years the bank has continued its existence without declaring any dividend. No evidence has been led by the bank to show any special reasons why it is making losses or only small profits whereas other banks are making considerable profits. No evidence has been led of any special circumstances peculiar to the bank which would require this bank to be treated on any special footing so that it should pay lesser amounts by way of wages to its employees than other banks similarly situated. In my view, it should pay wages appropriate to its class under this award.

4.77. The Pandyan Bank Limited.— This bank was established in the year 1946. As shown in the Statistical Tables its paid-up capital for the years 1959 and 1960 was Rs. 15,00,000, its reserves for the year 1959 were Rs. 11,45,000 and for the year 1960 were Rs. 13,95,000 and its deposits for the year 1959 were Rs. 5,51,77,000 and for the year 1960 Rs. 4,34,01,000. Its working funds for the year 1961 as shown by the bank were Rs. 4,29,31,000. It had 82 branches including the head office but excluding the purely administrative offices during the year 1959 and 83 branches excluding the purely administrative offices during the year 1960. It is one of the well-managed banks in the country. In the year 1958, it made a profit of Rs. 4,18,925, which rose to Rs. 7,14,840 in the year 1959 and to Rs. 7,50,005 in the year 1960. During the year 1958 it distributed free of tax, dividend at the rate of ten per cent on the paid-up capital of the company. In the year 1959, it distributed a gross dividend of 14.29 per cent on the paid-up capital of the company. During the year 1960, it distributed a gross dividend of ten per cent on the paid-up capital of the company.

4.78. This bank had entered into an agreement regarding wages with its workmen before the Bank Award Commission.

4.79. This bank will be able to bear the burden of a 'C' Class Bank under my award.

4.80. Having considered the position of all banks which are at present in C-2 Class, I do not see any necessity of having any separate provision made for them. They will pay the remuneration payable by C Class banks under this Award.

4.81. I will next consider the case of D Class banks. It is strongly urged before me that there is no necessity for maintaining this class. The Labour Appellate Tribunal had provided in connection with this class of banks that the scales of pay and dearness allowance given under the Sastry Award

would govern them, subject to the condition that they would apply for a period of not more than five years from 1st April 1954 after which period the scales of pay and dearness allowance of C Class banks would become applicable to them. The Bank Award Commission, however, recommended that as regards the banks in D Class other than those in the then Travancore-Cochin State, their position as at the end of March 1959 should be examined afresh in order to arrive at a decision about their promotion or otherwise to C Class. It has been contended before me that the abolition of Class D would quicken the pace of amalgamation of small banks with others and that such amalgamation was in the national interest. It was contended that the policy of amalgamation was backed by the Reserve Bank of India and that the amendment of the Banking Companies Act empowered the Reserve Bank to take such steps for amalgamation. By the Banking Companies (Second Amendment) Act, 1960 (37 of 1960), Parliament has amended section 45 of the Banking Companies Act. By this amendment it has been provided that where it appears to the Reserve Bank that there was good reason so to do, it may apply to the Central Government for an order of moratorium in respect of banking companies. It is further provided that during the period of moratorium if the Reserve Bank was satisfied that in the general interest or in the interest of the depositors or in order to secure proper management of the banking company or in the interest of the banking system of the country as a whole it was necessary so to do, the Reserve Bank may prepare a scheme for the reconstruction of the banking company or for the amalgamation of the banking company with any other banking institution. Reliance was also placed upon the speech of the Governor of the Reserve Bank of India in his inaugural address delivered at the Second Indian Conference on Research in National Income, on 31st August 1960. In the course of his address Shri Iyengar has observed as follows :—

“It is worth recalling xx xx xx that in 1947 we inherited a banking system that was in several respects weak and disorganised as a result of haphazard and mushroom growth during the war. Between 1941 and 1945 the number of banks had gone up from 473 to 737. Several of these institutions showed highly undesirable characteristics, such as an inadequate capital structure, too large a branch expansion relative to resources, unsound methods of operation and unduly favourable terms of managerial appointments. * * * As a result of the consolidation * * * the number of banking institutions which had stood at 737 at the end of 1946 was reduced gradually to 363 institutions at the end of 1959. A number of these, unfortunately are still ‘problem’ banks.

Another problem which demands attention is that of the ‘problem’ banks referred to earlier. The question has to be re-examined as to whether these institutions have a useful role to play in the economy and if so what structural and other improvements have to

be devised in order to make them sound and viable units. The question also arises in this context as to whether some powers of compulsion are required for effecting a merger in appropriate cases. * * * On all grounds it is desirable that we start afresh with a banking structure which is sound and sufficiently broad-based to take on the increasing responsibilities that will fall on it during the Third Five Year Plan period. From this point of view clearly one could not contemplate with equanimity an indefinite or prolonged extension of tutelage for substandard banks in various stages of difficulty.”

Reliance was also placed on another speech delivered by the Governor of the Reserve Bank as President of the Indian Institute of Bankers, at the annual general meeting on August 10, 1961, where he has observed as under :—

“The view is often expressed that small banks are **per se** more worthy of encouragement than branches of banks on the ground that the management of small banks, because of their direct and intimate touch with borrowers and local economic conditions, are in a better position to serve the banking needs of the community. On this ground it has been suggested that the large number of small banks in our country should, if there is a prospect of their being reasonably well-run, continue and not be subjected to a process of amalgamation.

It is not really necessary for the purpose of reaching a practical decision on our immediate problem, to discuss the relative merits of branch banking versus small unit banking. * * * Whatever the theoretical justification may be in favour of a small unit bank as opposed to branch banking, the test in our country is whether unit banks have in fact done well or whether on the contrary, they have failed to live up to their expectations. * * * I would rarely say, that, by and large, experience has shown that small unit banks have not been particularly successful in our country, although a few of them have done well and have, in fact, qualified for a licence.”

4.82. It was also urged that the Travancore-Cochin Banking Inquiry Commission, which was concerned with very small and poor banks, had strongly recommended such amalgamation and that the Bank Award Commission had also looked upon this process with great favour. It was submitted that the Five Year Plans viewed with favour general amalgamation of industrial units. It was pointed out by the employees that under the Divatia Award there were only two classes of banks, that under the Sen Award there were three classes of banks and that only the Sastry Award created four classes. On the other hand, it was argued on behalf of the banks that no proper material had been placed before this Tribunal to show that the time had come for the abolition of D Class. It was further urged that if the scales of C Class banks were made applicable to D Class banks, the heavy burden on D Class banks would go up and some of the D Class banks may be wiped

out.

4.83. Before deciding upon the question whether Class D should be abolished or should be maintained it would be desirable to examine the cases of banks which are at present having working funds of less than one crore of rupees, for the purpose of considering whether their cases warrant the retention of a separate class.

4.84. At the time when the references were made there were 18 banks with working funds below rupees one crore. 13 out of these 18 banks were before the Sastry Tribunal and were classified as "D" Class banks. Out of the 18 banks, the Thomcos Bank Limited and The Trivandrum Permanent Bank Limited have transferred their assets to other banks. The Bank of Nagpur Limited and The Rayalseema Bank Limited have been amalgamated with other banks and the Reserve Bank has refused to continue the licence in connection with The Safe Bank Limited.

4.85. The question of 'D' Class banks, therefore, is now confined to the following 13 banks in all :—

1. Chaldean Syrian Bank Limited.
2. Gadodia Bank Limited.
3. Jaya Laxmi Bank Limited.
4. The Pangal Nayak Bank Limited.
5. Ambat Bank Limited.
6. The Bharatha Lakshmi Bank Limited.
7. The Indian Insurance and Banking Corporation Limited.
8. The Narang Bank of India Limited.
9. Punjab and Kashmir Bank Limited.
10. The Ganesh Bank of Kurundwad Limited.
11. The Miraj State Bank Limited.
12. The Nadai Mercantile Bank Limited.
13. The Union Bank of Bijapur and Sholapur Limited.

I propose to consider the case of each of the aforesaid 13 banks.

(1) The Chaldean Syrian Bank Limited, Trichur —

4.86. This bank is a non-scheduled bank. It was established in the year 1918. The Statistical Tables show that its paid-up capital for the years 1959 and 1960 was Rs. 4,46,000/-, its reserves for the year 1959 were Rs. 3,76,000/- and for the year 1960, were Rs. 4,07,000/- and its deposits for the year 1959, were Rs. 86,55,000/- and for the year 1960 were Rs. 93,83,000/-. According to the bank for the year 1960, its average deposits were Rs. 97,21,760/- and its working funds were Rs. 1,05,80,124/-. Its working funds as given by the bank for the year 1961 were Rs. 1,01,74,479/-. For 2 successive years the working funds of this bank have exceeded Rs. 1 crore and under the provisions of the Sastry Award as modified this bank has ceased to be a D Class bank and stands upgraded to Class C-I.

4.87. This bank has 12 branches including the head office but excluding the purely administrative offices. Its net profit for the year 1958 was Rs. 1,67,883/- and it distributed a six per cent dividend free of income tax, utilising Rs. 25,370/- for the purpose. For the year 1959, it made a profit of Rs. 1,42,318/- and distributed a dividend of 8½ per cent taxable at source and utilised Rs. 36,971/- for the purpose. For the year 1960, it made a profit of Rs. 1,13,000 and distributed a five per cent dividend. Out of its 12 branches, 7 are in area IV, 2 are in area III and 3 are in area II and all its branches, except the branch at Coimbatore, are in Kerala State. It has stated that during the year 1959 it employed 27 peons and 58 clerks in all.

4.88. This bank has just emerged from D Class and it is but fair that it should have a little time to adjust itself so as to fall in line with other C Class banks under this award.

(2) The Gadodia Bank Limited

4.89. This bank was established in the year 1943. It has in all 8 offices including the Head Office but excluding the purely administrative offices. As shown by the Statistical Tables, its paid-up capital in the years 1959 and 1960 was Rs. 10,00,000; its reserves for the year 1959 were Rs. 1,18,000 and for the year 1960 were Rs. 1,50,000 and its total deposits in the year 1959 were Rs. 92,77,000 and in the year 1960 were Rs. 89,54,000. It made a net profit of Rs. 72,510 in the year 1959 and of Rs. 78,165 in the year 1960. The bank has not declared any dividend during the years 1953 to 1960. The working funds of the bank for the year 1959 exceed Rs. 1 crore. The working funds of the bank as given by the bank for the year 1960 amount to Rs. 1,08,00,000 and for the year 1961 amount to Rs. 94,50,000. Out of 8 offices, 5 are in Area I and 3 are in Area II. In the year 1959 this bank employed 59 persons in the clerical cadre, 4 in the supervisory cadre and 29 in the subordinate cadre.

4.90. By reason of the increase in its working funds over rupees one crore continuously for a period of two years as provided in the Sastry Award this bank would fall in Class C-I according to the Sastry Award as modified.

4.91. In view of the fact that this bank has gone into C-I Class during the pendency of the proceedings before this Tribunal, it is necessary that it should have a little time to adjust itself so as to fall in line with other C Class banks under this award.

(3) The Jaya Laxmi Bank Ltd-, Mangalore.

4.92. This non-scheduled bank was established in the year 1923. The Statistical Tables show that its paid-up capital for the years 1959 and 1960 was Rs. 5,00,000, its reserves in the year 1959 were Rs. 2,12,000 and in the year 1960 were Rs. 2,20,000 and its deposits for the year 1959 were Rs. 87,79,000 and for the year 1960 were Rs. 1,02,33,000. The working funds of this bank as on 31st December 1960 and 31st December 1961 as given by

the bank, have been Rs. 1,06,68,753 and Rs. 1,10,45,957 respectively.

4.93. For two years in succession, this bank's working funds have exceeded rupees one crore. This bank has ceased to be a D Class bank and is liable to be regarded as a C-I Class bank, under the Sastry Award as modified. It made a profit of Rs. 55,000 in the year 1959 and of Rs. 41,000 in the year 1960. It declared a dividend of 8 per cent subject to tax for the year 1959 and of 6 per cent subject to tax for the year 1960. This bank has 3 branches in Area II, 1 branch in Area III and 10 branches in Area IV.

4.94. The bank has filed a written statement. It has pleaded that the new wage structure "proposed to be considered" would be beyond the capacity of smaller banks and that the same may not be made applicable to this bank.

4.95. This bank also has just emerged from D Class and it should have a little time to adjust itself so as to be in line with other banks in C Class under my award.

(4) The Pangal Nayak Bank Limited, Udipi.

4.96. This bank was founded in the year 1920. As shown in the Statistical Tables in the year 1959 its paid-up capital was Rs. 4,99,000 and in the year 1960 the same was Rs. 5,00,000, its reserves in the year 1959 were Rs. 1,59,000 and in the year 1960 were Rs. 1,87,000 and its deposits in the year 1959 were Rs. 91,58,000 and in the year 1960 were Rs. 1,15,94,000. Its working funds for the year 1961 as given by the bank, amounted to Rs. 1,27,74,806. It had 18 branches including the head office in the year 1959 and 20 branches including the head office in the year 1960. It has 3 branches in Area II, 3 branches in Area III and 14 branches in Area IV. It distributed a dividend of 5.80 per cent subject to tax for the year 1959 and of 8 per cent subject to tax for the year 1960. This bank was not before the Sastry Tribunal. Its working funds for 2 years have exceeded Rs. 1 crore. If the Sastry Award as modified was applicable to this bank it would have ceased to be in D Class and would have gone to C-I Class. It is but fair that it should have some relief before it adjusts itself so as to bring itself in line with other banks in C Class under this Award.

4.97. That leaves only 9 banks which may fall in Class D.

(5) Ambat Bank Limited, Chittur.

4.98. This bank was established in the year 1930. It is a non-scheduled bank. As shown by the Statistical Tables, its paid-up capital for the years 1959 and 1960 was Rs. 71,000, its reserves for the year 1959 were Rs. 75,000 and for the year 1960 were Rs. 77,000 and its deposits for the year 1959 were Rs. 5,61,000 and for the year 1960 were Rs. 6,33,000. It made a net profit of Rs. 14,000 in the year 1957 which went down to Rs. 4,351 in the year 1958. Its profits went up to Rs. 7,106 in the year 1959 and to Rs. 8,647 in the year 1960. It has not paid any dividends during these four years. Its total working funds for the year 1961 according to the bank amounted to Rs.

7,54,000. It has in all three offices out of which two are in Kerala State and one in Madras State. All these offices are in Area IV. This bank has come up before this Tribunal because it has one of its offices outside the State in which its other offices are situated. It is a very small bank and it cannot bear the burden of basic wages and dearness allowance for C Class banks. This bank will be required to be placed in the Excepted List of banks if Class C is to cover all banks with working funds below Rs. 7½ crores.

(6) The Bharatha Lakshmi Bank Limited.

4.99. This bank was established in the year 1929. As shown by the Statistical Tables, its paid-up capital during the year 1959 and 1960 was Rs. 7,00,000, its reserves were, for the year 1959, Rs. 1,15,000 and for the year 1960, Rs. 1,22,000 and its deposits for the year 1959, were Rs. 86,82,000 and for the year 1960, were Rs. 86,88,000. Its working funds, as on 31st December 1961, as given by the bank, amounted to Rs. 96,42,000. This bank had 16 branches in the years 1959 and 1960 including the head office, but excluding purely administrative offices. This bank has filed a statement showing net profits, not losses etc., made by the bank during the years 1929 to 1959 and also showing the amount of dividends declared. It appears from the statement that except during the years 1949, 1952 and 1954, when the bank had made losses, it has made profits. This bank has not declared any dividend since the year 1949. This bank opened two branch offices in the year 1958, one at Hyderabad and the other at Kothapeta. For the year 1956, it made a net profit of Rs. 47,781, for the year 1957, it made a net profit of Rs. 51,319, for the year 1958, it made a net profit of Rs. 19,871, for the year 1959, it made a net profit of Rs. 32,225 and for the year 1960 it made a net profit of Rs. 38,689. This bank has one office in Madras and its other offices are in the State of Andhra Pradesh. It has one office in Area I, four offices in Area II, four offices in Area III and seven offices in Area IV. The bank has submitted that ever since 1953, the service conditions of the employees were governed by the negotiated mutual agreements from time to time upto 31st December 1959. The bank in its written Statement has stated that it was only from 1st January 1959 that as a result of the agreements, it was almost on a par with the Sastry Award scales of pay and allowances. During the year 1959 the bank employed 52 persons belonging to subordinate staff and 68 persons belonging to clerical staff. The bank has prayed that the existing terms and conditions of service may be permitted to continue under negotiated agreement or otherwise till such time as a Commission of enquiry took stock of the position of small banks as provided by the Bank Award Commission in respect of D Class banks.

4.100. This is a bank in the private sector and has been existing since the year 1949 without distributing any dividend to its shareholders. No evidence has been led on behalf of the bank showing any special circumstances peculiar to the bank which had brought about such a result. It is, however, fair that this bank should have some relief for some time if it is to be placed in Class C

before it could fall in line with other banks comprised in that Class.

(7) The Indian Insurance and Banking Corporation Limited, Trichur.

4.101. It is a non-scheduled bank established in the year 1933 having a paid-up capital of Rs. 3,85,000. As shown by the Statistical Tables, its reserves for the year 1959 amounted to Rs. 2,13,000 and for the year 1960 amounted to Rs. 2,30,000 and its total deposits for the year 1959 were Rs. 74,01,000 and for the year 1960 were Rs. 66,08,000. Its working funds as on 31st December 1960 and 1961 as given by the bank were Rs. 79,96,000 and Rs. 67,76,000 respectively. Its net profits have been Rs. 66,000 in 1957, Rs. 63,000 in 1958, Rs. 79,000 in 1959 and Rs. 84,000 in 1960. It declared a dividend of 3 per cent free of income tax in 1957, of 4 per cent free of income tax in 1958, of 5 per cent taxable in the year 1959 and of 6 per cent taxable in the year 1960. This bank has seven offices, out of which 2 are in Area II, 1 in Area III and 4 in Area IV. Out of these 7 offices, six of them are in Kerala State and only one office is in Madras State, at Salem. It voluntarily gave effect to the provisions of the Sastry Award as modified in the exempted area from 1st July 1954. This bank has been included in the reference because one of its branch offices happens to fall within the Madras State.

4.102. If Class D is abolished, this bank will be in need of some relief before it falls in line with other banks of its class and it is but fair that it should get such relief.

(8) Narang Bank of India Limited, New Delhi.

4.103. This scheduled bank was incorporated in the year 1942. In the year 1958, it had a paid-up capital of Rs. 18,88,000. The same was reduced to Rs. 10,02,423 under an order of the Court, dated 2nd December 1958 on the ground that a part of its share capital was not represented by any assets. As shown by the Statistical Tables, its paid-up capital for the years 1959 and 1960 has been Rs. 10,02,000, it has no reserves and its deposits for the year 1959 were Rs. 20,96,000 whilst the same for the year 1960 were Rs. 20,94,000. It has filed a statement showing that for the year 1955, it suffered a loss of Rs. 11,801, for the year 1956, it suffered a loss of Rs. 8,763, for the year 1957, it suffered a loss of Rs. 5,078 and for the year 1958, it suffered a loss of Rs. 5,57,779. From the Directors' Report for the year ended 31st December 1958, it appears that the banking transactions had resulted in a profit of Rs. 21,411 but the Directors had considered it advisable to write off bad debts amounting to Rs. 5,60,029. It is stated that a further sum of Rs. 19,160 was also written off and thereby the profit of Rs. 21,411 had been converted into a loss of Rs. 5,57,778. In the Directors' Report for the year ended 31st December 1959, it has been stated that they had decided to write off Rs. 10,640 as a pre-partition bad debt and Rs. 26,786 as loss on pre-partition banking investments, and that the profit of Rs. 25,423 was thereby converted into a net loss of Rs. 12,003. In the Directors' Report for the year 1960, it is stated that the working of the bank for the year had resulted in a

net profit of Rs. 25,164 and that the Directors considered it advisable to write off the pre-partition advances amounting to Rs. 2,98,988 as also Rs. 2,500 being reduction in capital effected by the company in respect of the bank's pre-partition investments in shares. It carried forward a loss of Rs. 1,59,261.

4.104. This bank has four branches including the head office, but excluding purely administrative offices. This bank has not declared any dividends for 7 years. This bank was under moratorium for some time. The moratorium, however, has been lifted. This bank is in the private sector and it is continuing its existence without any distribution of dividends to the shareholders.

4.105. If Class D is abolished this bank will have to be placed in the Excepted List of banks.

(9) The Punjab and Kashmir Bank Limited

4.106. This bank is a non-scheduled bank established in the year 1912. As shown by the Statistical Tables its paid-up capital for the years 1959 and 1960 was Rs. 17,82,000, its reserves for the year 1959 were Rs. 9,000 and for the year 1960 were Rs. 10,000 and its deposits for the year 1959 were Rs. 23,92,000 which have gone down in the year 1960 to Rs. 14,88,000. It had four offices in the year 1959 including the head office. In the year 1960, it had five offices including the head office. Out of the five offices, three of them are situated in Delhi, one is situated at Shrinagar and the other at Jammu. The provisions of the Industrial Disputes Act, 1947, are not applicable to the State of Jammu and Kashmir and hence the workmen employed by this bank at Shrinagar and Jammu would not be covered by the Reference. The only workmen employed at the three offices at Delhi would be covered by the Reference.

4.107. This bank is working under a scheme of arrangement sanctioned by the Punjab High Court as finally amended on 14th March 1955. In the year 1958, the transactions of the bank in the "New Fund" resulted in a profit of Rs. 8,171. During the year 1959 the transactions in the New Fund resulted in a net profit of Rs. 10,208. In the year 1960, the bank incurred a loss of Rs. 5,732 in respect of the transactions in the New Fund. This bank has not declared any dividend for some time past.

4.108. This bank is a small bank and needs to be placed in the Excepted List, if Class D is abolished.

(10) Ganesh Bank of Kurundwad Limited

4.109. This bank was not before the Sastry Tribunal. It is a non-scheduled bank and was established in 1920 at Kurundwad. It has in all two offices, one at Kurundwad with a population of 9,744 according to the 1951 census in the Maharashtra State and the other at Kagwad with a population of 5,846 according to that census. Kagwad is a village at a distance of 10 miles from Kurundwad. The Kagwad branch was started in May 1958. This bank is a small bank, employing a few employees. As shown in the Statistical Tables,

the paid-up capital of this bank for the years 1959 and 1960 was Rs. 38,000, its reserves for the said years were Rs. 88,000 and its total deposits for the year 1959 were Rs. 8,33,000 and for the year 1960 were Rs. 9,49,000. The working funds of the bank as on 31st December 1960 and 31st December 1961 as given by the bank were Rs. 11,11,895 and Rs. 11,22,323 respectively. It made a profit of Rs. 15,000 in the year 1957, Rs. 11,000 in the year 1958, Rs. 13,000 in the year 1959 and Rs. 15,000 in the year 1960. In the years 1957 and 1958, it declared a dividend of 8 per cent income tax free. In the year 1959, it declared a dividend of 11 per cent taxable and in the year 1960, it declared a taxable dividend of 10 per cent. Out of the 12 persons employed by this bank in the year 1960, 1 belong to subordinate staff. It gives a basic pay of Rs. 122 to its accountant with Rs. 25 as dearness allowance and Rs. 15 as special allowance making in all Rs. 162. In view of the smallness of its resources and the smallness of the staff this bank needs to be placed in the Excepted List of banks if Class D is to be abolished.

(11) The Miraj State Bank Limited

4.110. This bank was not before the Sastry Tribunal. This scheduled Bank was established in the year 1929. As shown in the Statistical Tables its paid-up capital for the years 1959 and 1960 was Rs. 6,00,000, its reserves for the aforesaid years were Rs. 6,20,000 and its deposits for the year 1959 were Rs. 80,35,000 and for the year 1960, were Rs. 82,66,000. Its working-funds as on 31st December 1961, as shown by the bank, amounted to Rs. 95,00,000.

4.111. This bank has 8 branches. It has 3 branches in Area IV and 5 branches in Area III. This bank paid a dividend of 7½ per cent free of tax for the year 1958 and it distributed a dividend of 8.88 per cent subject to tax for the year 1959 and a similar dividend for the year 1960. As a result of the re-organisation of States, Laxmeshwar where the bank has a branch now is included in the State of Mysore. The rest of the branches are in the State of Maharashtra. The total number of workmen employed in the year 1959 consisted of 23 members of the subordinate staff and 29 members of the clerical staff.

4.112. This bank has contended that this Tribunal has no jurisdiction to entertain the reference in so far as it relates to the bank and its employees. The Bank contended that it was governed by the Bombay Industrial Relations Act, (18 of 1946) and not by the Industrial Disputes Act, (14 of 1947), on the ground that prior to the year 1956, all the offices of the bank were situated in the former composite State of Bombay. There is no substance in this plea. At the date when the reference was made, the bank had its branches in more than one State and was a banking company within the meaning of the Industrial Disputes Act, 1947. It has further contended that this Tribunal has no jurisdiction on the ground that on 25th June 1952, an agreement was arrived at before the Government Labour Officer, Kolhapur, applicable to the bank's

head office at Miraj, the provisions whereof had been subsequently extended by a similar agreement to other branches of the bank. It was urged that this settlement which was entered into and registered under the Bombay Industrial Relations Act, 1946 was to remain in force and was binding on the parties until it was terminated by two months' notices by either party, and that as such notice had not been served by the workmen on the Bank the said agreement was legally binding on the workmen and there was no industrial dispute so far as the bank was concerned and therefore, the Central Government was not competent to make the reference. It is not necessary to deal with this argument at any length. It is sufficient to point out that in any view of the matter it is open to the Central Government to make a reference even where no dispute actually exists between any particular bank and its employees under the provisions contained in section 10(1)(5) which runs as under :—

“Where a dispute concerning any establishment or establishments has been *** referred to *** a National Tribunal under this section and the appropriate Government is of opinion, whether on an application made to it in this behalf or otherwise, that the dispute is of such a nature that any other establishment, group or class of establishments of a similar nature is likely to be interested in, or affected by, such dispute, the appropriate Government may, at the time of making the reference or any time thereafter but before the submission of the award, include in that reference such establishment, group or class of establishments, whether or not at the time of such inclusion any dispute exists or is apprehended in that establishment group or class of establishments.”

The provisions of this section cover this bank.

4.113. In its written statement, the bank has claimed that it should be exempted from the provisions of the award. In the alternative, the bank has submitted that it could not afford the scales of pay and dearness allowance as well as the terms and conditions of employment prescribed by Sastry Award as modified by the Report of Gajendragadkar Commission, and that it should be placed in a class of its own which may be called E' Class. There is no cast made out for creating a new class for this bank or exempting it from the operation of the award.

4.114. It appears to be a well-managed bank. In view of the fact that if Class D is abolished, it will have to pay remuneration to workmen as a C Class bank, it is entitled to some relief before it falls in line with other C Class banks.

(12) Nadar Mercantile Bank Limited.

4.115. This bank was not before the Sastry Tribunal. This non-scheduled bank was established in 1947. It has only two offices — one at Trivandrum in Kerala and the other at Martandam. As a result of the re-organisation of the States, Martandam fell within the territorial limits of Madras State and thus

this bank became one of the banks having branches in more than one State and has come up before this Tribunal. Trivandrum is in Area II and Martandam is in Area IV.

4.116. As shown in the Statistical Tables the paid-up capital of the bank for the year 1959 was Rs. 1,32,000 and for the year 1960 was Rs. 1,40,000, its reserves for the year 1959 were Rs. 9,000 and for the year 1960 were Rs. 10,000/- and its total deposits for the year 1959 were Rs. 1,99,000/- which came down to Rs. 1,85,000/- in the year 1960. Its working funds as on 31st December, 1961 as given by the bank were Rs. 3,29,999/-. It made a net profit of Rs. 4,229/- in the year 1957, of Rs. 718/- in the year 1958, of Rs. 3,149/- in the year 1959 and of Rs. 10,601/- in the year 1960. It has not declared any dividend for the years 1958 to 1960. Its staff consists of 11 members excluding three officers. Its Secretary draws a salary of Rs. 110/-, its agent at Martandam draws Rs. 105/- and its agent at Trivandrum draws Rs. 85/-. Its senior clerk gets Rs. 95/- and the lowest clerk gets Rs. 65/-.

4.117. If Class D is abolished, this bank will be required to be placed in the Excepted List of banks.

(13) The Union Bank of Bijapur and Sholapur Limited

4.118. This bank was not before the Sastry Tribunal: This bank was established in the year 1908. As shown in the Statistical Tables it had a paid-up capital of Rs. 1,99,000/- in 1957 which rose in the year 1960 to Rs. 3,86,000/-, its reserves were Rs. 1,19,000/- in 1957 which have gone down to Rs. 96,000/- in 1960, its total deposits for the year 1960 were Rs. 43,39,000/-. Its working funds as on 31st December 1961 have been shown by the Bank at Rs. 49,52,000. It made a net profit of Rs. 24,000/- in 1957, Rs. 25,000/- in 1958, Rs. 18,000/- in 1959 and Rs. 35,000/- in 1960.

In 1957, it declared a dividend of 4½ per cent free of tax. In 1958, it declared a dividend of 1.5 percent free of tax and in 1959, it declared a dividend of 1.5 per cent taxable. It has not declared any dividend in 1960. This bank has in all six offices of which five are situated in the Mysore State and is situated at Sholapur in the Maharashtra State. It has one branch in Area II, two branches in Area III and three branches in Area IV. In the year 1959, the strength of its staff was 61 out of whom 10 were officers, 39 were clerks and 12 were members of subordinate staff. Its A grade staff which includes officers receives Rs. 100/- going upto Rs. 210/- with dearness allowance of Rs. 40/- and grade allowance of Rs. 10/-. Its B grade staff is in the scales of Rs. 60 to Rs. 150 with dearness allowance of Rs. 40/- and grade allowance of Rs. 5/-. Its clerical scale is Rs. 44/- to Rs. 114/- with dearness allowance of Rs. 40/-. Its peons grade is Rs. 25/- to Rs. 35/- with dearness allowance of Rs. 30/-. This bank has come up before this Tribunal because it has one branch in Maharashtra State.

4.119. This bank is required to be put in the Excepted List of banks if Class D is to be abolished.

4.120. Having carefully considered the various demands of the employees, the replies of the banks, the arguments advanced before me and the various exhibits relating to the subject, I have reached the conclusion that it is not desirable to have a separate class for the nine banks which are before me with working funds below rupees one crore. If the position of these nine banks is compared inter se, there are some banks which are extremely small and cannot be compared with some of the other banks. For instance, the Ambat Bank Ltd., the Ganesh Bank of Kurundwad Limited or the Nadar Mercantile Bank Limited, cannot be compared with the Miraj State Bank Limited. The case of the Miraj State Bank Limited, the Indian Insurance and Banking Corporation Limited, and the Bharatha Lakshmi Bank Limited may be looked at differently from the case of the other six banks which would otherwise fall in Class D. Even after the Sastry Tribunal for the first time constituted a separate class for banks having working funds below rupees one crore, the Labour Appellate Tribunal and the Bank Award Commission did not consider that such a class should permanently subsist. The Labour Appellate Tribunal placed the life of that class at five years, whilst the Bank Award Commission considered it proper that the case of these banks should be separately examined by a commission at the end of this period of five years. The number of banks which would otherwise fall in this class has considerably dwindled. Some of such banks would bear the burden of Class C if some relief is given to them for some time. There are six banks, viz., the Ambat Bank Limited, the Ganesh Bank of Kurundwad Limited, the Nadar Mercantile Bank Limited, the Narang Bank of India Limited, the Punjab and Kashmir Bank Limited, and the Union Bank of Bijapur and Sholapur Limited which may not be able to bear the burden of a C Class bank under this award within a measurable distance of time. It is quite possible that even out of these banks, some of them may get amalgamated with other banks. In order that there may be created a separate class of banks, it is requisite that there should be some degree of permanency attached to that class and that the class should comprise a fair number of banks. It seems to me to be desirable that instead of creating a separate class for the aforesaid six banks, they should be placed in a separate list called the "Excepted List", so that their position may be individually watched and considered as and when occasion arises. Having regard to the low paying capacity of these six banks, it is necessary that there should be separate scales of pay provided for these banks and I am providing for the same in other parts of my award. Save as otherwise expressly provided in this award, these banks in the "Excepted List" will be governed by the same terms and conditions of service as other banks within Class C.

4.121. As regards the Bharatha Lakshmi Bank Ltd., the Indian Insurance and Banking Corporation Ltd. and the Miraj State Bank Limited, they will be going to Class C under my award. In my view, they are able or should be able to bear the burden of my award as applicable to C Class banks. In order that the change-over may be smooth, I am providing for some relief to these

banks in other parts of my award.

4.122. As regards the Chaldean Syrian Bank Ltd., the Gadodia Bank Limited, the Jaya Lakshmi Bank Limited, and the Pangal Nayak Bank Ltd., as they have to bear the burden of a bank in the higher class, they are entitled to some relief for some time before they fall in line with other banks falling within Class C under my award and I am providing for such relief in other parts of this award.

4:123. This brings me to the question as to what should constitute "working funds". The Sastry Tribunal in paragraph 65 has laid down that the expression "working funds" would mean paid-up capital, reserves and the average of the deposits for the 52 weeks of each year for which weekly returns of deposits were submitted to the Reserve Bank of India under the provisions of the Reserve Bank of India Act. The principle laid down by the Sastry Tribunal in this connection has not been interfered with by the Labour Appellate Tribunal or by the Bank Award Commission. The Indian Overseas Bank Employees Union, Madras has claimed that the expression "working funds" should include paid-up capital, all reserves deposits, unpaid dividends, bank borrowings, margins on letter of credits, guarantees, bills purchased and sundry creditors. It has been pointed out on behalf of the banks that the borrowings of banks may be for various purposes and may be incurred even to meet a capital liability. It has been urged that they do not constitute a constant item of resources, that they are subject to wide fluctuations and are resorted to by banks only in cases of emergency and that owing to the high rate of interest on such borrowings, the funds so realised are not in most cases utilised for the purpose of advancing them at a higher rate of interest in order to make profits. In my view, no case is made out for changing the present content of the expression "working funds."

4.124. In considering the question what should be regarded as deposits, the Sastry Tribunal has provided for an average of the deposits for the 52 weeks of each year for which weekly returns of deposits are submitted to the Reserve Bank of India under the provisions of the Reserve Bank of India Act. I consider that to be a fair measure for calculating the extent of the deposits for the purpose of calculating the same under the heading "working funds". For the purpose of classifying banks, under this award the expression "working funds" will mean paid-up capital, reserves and the average of the deposits for the 52 weeks of each year for which weekly returns of deposits are submitted to the Reserve Bank of India under the provisions of the Reserve Bank of India Act.

4.125. By a further direction given by the Sastry Tribunal the banks, which were parties before that Tribunal, were directed to publish and exhibit a statement showing such average of the weekly returns of deposits in the first month of the next succeeding calendar year together with a certificate from its auditors as to the correctness of the statement or a certificate from

the Reserve Bank of India to that effect. I give the same directions in connections with the banking companies and corporations which are before me.

4.126. As regards the change in the classification of a particular bank in view of its working funds having risen above or gone below the limit prescribed for the class in which such bank is placed, the Sen Tribunal in paragraph 48 of its award, had recommended that "if in future it should so happen that the working fund of a particular bank has been below the lower limit or has been higher than the upper limit set for its class continuously for a period of two years, it should then be deemed to have passed into the next lower or the next higher class, as the case may be, provided that the directions made in this award are still being followed by the bank at that date, and provided further that such change will not adversely affect the existing employees." The Sastry Tribunal gave a similar direction and further directed that relevant date for calculating the working funds would be 31st December of each year. On behalf of a number of employees it was contended that the aforesaid period of two years should be reduced to a period of 52 weeks for the purpose of effecting a change. I consider that the rule of two years is a salutary rule. I give directions similar to those given by the Sastry Tribunal.

4.127. A number of banks which were before me have been amalgamated with other banks and the process of amalgamation is being increasingly adopted or enforced. Amalgamations conducted on proper lines have obvious advantages such as the economics resulting from large scale organization, the spreading of risks, the weeding out of unhealthy competition in banking business and the improvement in the standard of bank management. In view of the present economic conditions in the country and in view of the special needs of the banking industry, it is desirable that this process of amalgamation should be encouraged. It may happen that as a result of amalgamation, the working funds of a bank may put the bank in a class higher than the one it occupied before amalgamation. This may operate as a deterrent to some banks in amalgamating with other banks. It is desirable that for some time at least the amalgamated bank should not be put to the burden of paying higher wages to its employees by reason of being put in a higher class only by reason of the amalgamation. In order to provide for such a contingency, both the Sen and Sastry Tribunals have provided that on amalgamation the resultant bank should for a period of three years from the date of amalgamation be deemed to belong to the highest class to which any of the amalgamating banks belonged before the amalgamation and that thereafter when it became necessary to apply the scales of pay appropriate to the class to which the bank belonged as per the classification made in the award the procedure laid down regarding adjustment should be followed. I give similar directions as regards banks which are before me.

4.128. Under this award banks have been classified into 3 classes (1) Class A : banks with working funds amounting to Rs. 25 crores and above and all Exchange Banks.

(2) Class B : banks with working funds amounting to Rs. 7½ crores and above but less than Rs. 25 crores and (3) Class C : banks with working funds below Rs. 7½ crores.

Classes A and B under this award are the same as Classes A and B under the Sastry Award. As regards Class C under this award, the same comprises banks falling within Class C and Class D under the Sastry Award. It is necessary for me to classify banks which are at present effectively before me. In order to maintain continuity, I have, out of the banks which are before me, included in Class A, Class B and Class C such banks as at present would fall within Class A, Class B and Class C respectively under the Sastry Award. I direct that for the purpose of considering hereafter whether a bank has gone to a higher class or to a lower class the working funds of the bank calculated on the basis aforesaid as on 31st December, 1960 should also be taken into consideration.

4.129. I classify the banks which are before me as under :—

Class A will comprise the following 23 banks :—

- (1) The Allahabad Bank Limited,
- (2) The Bank of Baroda Limited,
- (3) The Bank of India Limited,
- (4) The Canara Bank Limited,
- (5) The Central Bank of India Limited,
- (6) The Devkaran Nanjee Banking Company Limited,
- (7) The Indian Bank Limited,
- (8) The Indian Overseas Bank Ltd.,
- (9) The Punjab National Bank Limited,
- (10) The State Bank of India,
- (11) The Union Bank of India Limited,
- (12) The United Bank of India Limited,
- (13) The United Commercial Bank Limited,
- (14) The American Express Co. Inc.,
- (15) The Bank of China,
- (16) The Chartered Bank,
- (17) Comptoir National D'Escompte de Paris,
- (18) The Eastern Bank Limited,
- (19) The First National City Bank of New York,
- (20) The Hongkong and Shanghai Banking Corporation,
- (21) The Mercantile Bank Ltd.,
- (22) The National and Grindlays Bank Ltd. and
- (23) The Netherlands Trading Society.

Class B will comprise the following 13 banks :—

- (1) The Andhra Bank Limited,
- (2) The Bank of Maharashtra Limited,
- (3) The Canara Banking Corporation Limited,

- (4) The Canara Industrial and Banking Syndicate Limited,
- (5) The Hindustan Commercial Bank Limited,
- (6) The State Bank of Bikaner,
- (7) The State Bank of Hyderabad,
- (8) The State Bank of Indore.
- (9) The State Bank of Jaipur,
- (10) The State Bank of Mysore,
- (11) The State Bank of Patiala,
- (12) The State Bank of Saurashtra, and
- (13) The State Bank of Travancore.

Class C will comprise the following 26 banks and the 6 banks in the Excepted List:—

- (1) The Bank of Behar Limited,
- (2) The Bank of Rajasthan Limited,
- (3) The Bharatha Lakshmi Bank Limited,
- (4) The Catholic Syrian Bank Limited,
- (5) The Chaldean Syrian Bank Limited,
- (6) The Cochin Commercial Bank Limited,
- (7) The Gadodia Bank Limited,
- (8) The Hindustan Mercantile Bank Limited,
- (9) The Indian Insurance and Banking Corporation Limited,
- (10) The Jaya Laxmi Bank Limited,
- (11) The Karnataka Bank Limited,
- (12) The Laxshmi Commercial Bank Limited,
- (13) The Miraj State Bank Limited,
- (14) The National Bank of Lahore Limited,
- (15) The Nedungadi Bank Limited,
- (16) The New Bank of India Limited,
- (17) The Oriental Bank of Commerce Limited,
- (18) The Pandyan Bank Limited,
- (19) The Pangal Nayak Bank Limited,
- (20) The Punjab Co-operative Bank Limited,'
- (21) The Punjab and Sind Bank Limited,
- (22) The Sangli Bank Limited,
- (23) The South Indian Bank Limited,
- (24) The United Industrial Bank Limited,
- (25) The Vijaya Bank Limited,
- (26) The Vysya Bank Limited,

Banks in the Excepted List

- (1) The Ambat Bank Limited,
- (2) The Ganesh Bank of Kurundwad Limited,
- (3) The Nadar Mercantile Bank Limited,
- (4) The Narang Bank of India Limited,

- (5) The Punjab and Kashmir Bank Limited,
- (6) The Union Bank of Bijapur and Sholapur Limited.

(ii) Categorisation of Areas

4.130. In connection with all-India adjudications it has been found requisite to fix the scales of pay for workmen having regard to the variations in the prices of commodities prevailing in many parts of the country and the differences in the standards of living found in different parts of the country. A need-based wage must take into account the needs of the workmen having regard to the place where they are required to work. There is considerable difference in the cost of living and the standards of living among people living in places like Bombay, Delhi and Calcutta and people living in other urban, and in semiurban and rural areas. The variations in prices at various places differ to a considerable extent. Even the percentage of rise or fall in respect of the same or similar class of commodities over a period of years is not found to be the same in various parts of the country. The all-India average working class consumer price index No. (base shifted to 1949 = 100) is based on the indices for 27 centres in the country. The indices for various centres show that between 1951-52 and 1960-61 the index number as regards Ludhiana (Punjab) rose from 100 to 103, Ahmedabad (Gujarat) from 104 to 120, Bombay (Maharashtra) from 107 to 136, Bangalore (Mysore) from 115 to 147 and Madras City (Madras) from 104 to 146 and Delhi from 108 to 121. The wide fluctuations both in the prices of commodities at various places and in the rise therein from time to time render difficult the task of fixing wages on an all-India basis. The standards of living, the type of diet, the type of clothing, the type of other amenities enjoyed vary from place to place, having regard to the geographical and climatic conditions at different places, the different types of crops grown in different parts of the country, the availability of transport, the proximity to urban places and the habits of the people. By and large there is a marked difference in the pattern of consumption and the standard of living of the members of the subordinate staff and the members of the clerical staff. Apart from the needs of the workmen, the needs of the industry, the need to open branches in semiurban and rural areas, the needs of the people of those areas and the needs of national planning and development have to be taken into account.

4.131. The Sen Tribunal divided the country into three areas for the purpose, of fixing wages in the banking industry. In Class I area it included the City of Calcutta including Howrah, Barrackpore, Behala, Alipore, Cossipore, Garden Reach, Baranagore, Tollygunge, the South Suburban Municipal area and Dum Dum, Bombay including the areas covered by Greater Bombay, the Cities of Delhi and Ahmedabad. In Class II area it included all towns and cities (other than those included in Class I area) shown in the census report of 1941 as possessing populations of 50,000 or more in the Punjab and 1,00,000 or more elsewhere and in Class III area it included all places not included in areas of classes I and II.

4.132. As a result of this classification, Madras fell within Class II area. Shri N. Chandrashekhra Aiyar, a member of the Sen Tribunal, was not very happy about this state of affairs and has expressed his unhappiness about the situation created thereby in his Minute of Dissent in connection with the award of house rent allowance as follows :

“It is bad enough that statistics have led us to classify Madras in the Class II area xx”.

4.133. The Sastry Tribunal observed that the head offices and branches of the banks were situated in different parts in India, that the cost of living varied in different areas of this sub-continent, that it would not be right to have the same scale of emoluments for the employees in all these places, that it was possible to have a uniform basic pay supplemented by local allowances for different localities on a graded scale according to the cost of living, but it was not easy to prepare a graded scale of local allowances for each of the places on the basis of conditions peculiar to each of them, that the attempt must be to have a smaller number of classified areas as (1) specially costly cities. (2) urban areas and (3) semi-urban and rural areas. It further observed that this three-fold classification would provide the largest scope for uniformity and at the same time would take notes of the pronounced differences in the cost of living between one place and another.

4.134. The Sastry Tribunal after considering the classification adopted by the Sen Tribunal took the view that cities with a population of 12 lakhs and above should be in a class by themselves. It stated that the two important reasons for including Delhi in Class I area were (i) that the population of Delhi was very nearly 12 lakhs and there was no other city which like Delhi was almost in the region of 12 lakhs and (ii) that Delhi as the capital of our republic had got a special importance which was growing every day. The Sastry Tribunal, therefore, placed in Class I area, Bombay, including Greater Bombay, Calcutta including Howrah, Barrackpore, Behala, Alipore, Cossipur, Garden Reach, Baranagore, Tollygunge, South Suburban Municipal Area and Dum Dum, Delhi which would include New and Old Delhi and Delhi Shahadara, Madras and Ahmedabad. Madras City was put in Class 1 area as its population had risen by that time to 14,16,056. As regards Ahmedabad. though its population would not have justified its inclusion in Class I area., it was placed in that area for reasons based on past awards and in view of the fact that no claim was pressed by banks for its exclusion from Class I area. Class II under the Sastry Award comprised all towns and cities other than those included in Class I area, which according to the census report of 1951, possessed a population of one lakh and more and Class III area comprised all places not already included in Class I and Class II areas.

4.135. In his minute of dissent Shri Tannan has taken an exception to the inclusion of Madras and Ahmedabad in Class I area, stating that they should not be treated on par with Bombay, Calcutta and Delhi. In his view, the

employees in Madras spent comparatively less on their clothing, foot wear and rent which were important elements of the cost of living.

4.136. There was no appeal before the Labour Appellate Tribunal in connection with this part of the Sastry Award. The Labour Appellate Tribunal proceeded on the basis of the country being divided into three areas.

4.137. Government by its order, dated 24th August 1954 directed that instead of the classification of the country into three areas as adopted in the Sastry Award, it should be divided into four areas. Class I area and Class II area were the same as provided by the Sastry Award. Class III area as to comprise all towns and cities not included in Class I and Class II areas and which according to the Census Report of 1951 contained a population of more than thirty thousand. Class IV area was for the first time created comprising all places not already included in Class I, Class II and Class III areas. Even out of this Class IV area were carved out for special treatment areas situated in the former Indian States i.e. in Part B States and in Part C States, other than Delhi, Ajmer and Coorg which have been referred to by the Bank Award Commission as Class V area.

4.138. In considering the problem relating to Class IV area the Bank Award Commission has prefaced its remarks with the words following ;—

“In considering this problem, it would be material to bear In mind the relevant terms of reference. The object of creating area 4 was to promote development of banking in the country in general and in rural areas in particular. That is why, in considering the propriety or validity of the creation of area 4, the terms of reference require that I should bear in mind the importance of the development of banking in the country generally and in rural areas in particular. I likewise the consideration of this problem should take into account the desirability of avoiding widespread closures of banking companies or their branches; that is the second consideration which has to be borne in mind. The third consideration which the terms of reference correlate with the decision of this point is in respect of the possibilities of effecting economies in the expenses of banking companies, and as I have already indicated in construing the terms of reference in an earlier chapter, this term of reference by necessary implication requires me to consider legitimate sources for adding to the income of banking companies.”

In paragraph 144 it has been stated by the Bank Award Commission that the D Class banks had the highest proportion of offices running at loss and that the number of such offices in areas 4 and 5 was 115 and 59 respectively for the half-year ended the 30th June 1954 and constituted 25.33 per cent and 23.14 per cent respectively of the total number of offices in each of those areas. It further observed that if the establishment expenditure was to be calculated according to the scales of pay and allowances prescribed

under the Labour Appellate Tribunal decision, it would be found that 220 offices may probably be converted into losing offices out of a total of 2,317 profit-earning offices at the end of 1956 and of them, 50 would be in area 4 and 26 in area 5. It has observed that viewed against the background of the net reduction in the number of offices in the post-war period, the number of offices (220) that may have to be closed by the end of 1956 (assuming that all the offices converted thereby into loss-incurring offices would necessarily be closed) did not appear to be so large as to cause any alarm. It has further stated that from the information collected from banks regarding individual offices that may have to be closed during the next 3 years as a result of the burden imposed by the Labour Appellate Tribunal decision, it would appear that in all 47 places were expected to be deprived of banking facilities. Of these as many as 24 were in area 4 and 18 in area 5 and that while a majority of the offices in area 4 were served by B and C Classes of banks, all offices in area 5 were served by B and C Classes of banks alone. The Commission further stated that **prima facie** there appeared to be a case for providing a relief in the provisions of the Labour Appellate Tribunal decision as far as they applied to these areas. The Commission observed that the major importance of developing these smaller areas could hardly be exaggerated. In paragraph 146 of the report of the Bank Award Commission, it is stated that since in our country the number of places with a population of less than 25,000 predominates, the need for further development of banking in smaller places is apparent. In the same paragraph the Commission has observed as follows:-

“In this connection, it may be observed that bigger banks rely more on larger towns for their business while smaller ones comprising a majority of non-scheduled banks favour smaller towns. Thus out of 2,685 offices of scheduled banks in the Indian Union in 1953 * * * only 798 offices or 29.72 per cent of the total were at places with population upto 25,000; the corresponding number for non-scheduled banks, however, was 699 constituting 55.13 per cent of the total number of their offices.”

A reference has been made by the Commission to the findings of the Rural Banking Enquiry Committee appointed by the Government of India in 1949 and to the All India Rural Credit Survey during the years 1951 - 1953 conducted by the Reserve Bank of India and also to the recommendations of the Rural Banking Enquiry Committee for the exclusion of semi-urban and rural offices of banks in towns having a population of less than 50,000 from the operation of the Shops and Establishments Act and the awards of Industrial Tribunals. Reference has also been made to the recommendation of the Rural Banking Enquiry Committee as regards the special role played by the Imperial Bank of India in connection with the opening of offices at semi-urban and rural centres in Part A and Part C States and the role to be played by the Co-operative banks in this connection, and the statement made by the Imperial Bank in May 1954 to the Reserve Bank that if the Labour Appellate Tribunal decision was given effect to, the Imperial Bank would find it extremely difficult

to implement the expansion programme.

4.139. It has been observed in paragraph 156 of the report of the Bank Award Commission that out of 56,106 workmen (both clerks and subordinates) of the reporting banks in all classes, 4,092 or 7.29 per cent were accounted for by offices in area IV. The Bank Award Commission in its report has observed at the end of paragraph 159 as follows :—

“If, by creating area 4 and fixing for this area a lower wage structure, commercial banks are likely to spread out in rural areas, it would, I think, be worthwhile giving commercial banks the necessary facilities in that behalf. That is one aspect of the matter.”

In paragraph 160 it has stated that even on the merits much could be said in favour of the creation of area 4. It is further observed that the division of the country into three banking areas has apparently resulted in the anomaly of including in area 3 places which cannot claim to be similar in material particulars. The Commission apprehended that it would not be unreasonable to assume that the cost of living in places where the population was 30,000 or less would not be the same as in places where the population was a lakh or above 30,000. After examining the difficulty in drawing a line somewhere, the Commission has observed as follows :—

“...by and large it appears to me to be reasonable to divide the area which is described as area 3 in the awards into two areas. Area 3 should consist of places where the— population is between 30,000 and a lakh, and all places where the population is 30,000 or less should be constituted into a separate area”.

In this connection, reference has been made to the argument advanced in support of the creation of this additional area that bankmen who worked in branches situated in such places were not wholly dependent on their salaries for maintenance because usually they had some other source to supplement their income. It has been stated by the Bank Award Commission that even on strictly economic grounds it would be difficult to resist the creation of area 4 and that it was very likely that the creation of area 4 might facilitate the spread of banking business into smaller places and that was not a minor consideration. The Bank Award Commission came to the conclusion that Government was justified in creating area 4 .and in prescribing for that area a less onerous wage structure.

4.140. As regards area 5 the Bank Award Commission observed in paragraph 163 as follows :—

“... I cannot help coming to the conclusion that the creation of area 5 and the granting of complete exemption to this area was unjustified.”

As regards the banks situated in Travancore-Cochin State, the Bank Award Commission stated that such banks with the exception of the Travancore Bank should continue to have the benefit of complete exemption in respect of

area 5 for a maximum period of two years from the date of the announcement of the Governments final decision on the report of a special commission which was recommended to be appointed for dealing with the special problems of banks situated in Travancore Cochin State. The Government did appoint a special commission as recommended by the Bank Award Commission to examine the problems of banks situated in Travancore Cochin State. The said Commission has made its report. Now there is no exempted area like area 5 in which the award of the Sastry Tribunal as modified does not operate.

4.141. The All India Bank Employees' Association has strongly contended that the areawise classification should be completely abolished. It contends that there is no scientific basis for holding that the cost of living varies according to the size of the population in a given area. It referred to several places situated in lower areas where the prices of essential commodities like food and clothing were higher than those in places situated in higher areas. It has urged that there is no remarkable difference in prices prevailing at places which are situated in lower areas and at other places which fall within higher areas; that as a matter of fact the prices of cloth were higher at places far away from the place of manufacture than in cities where cloth was manufactured; that in some of the project areas the cost of housing and transport was high and that in less populated places where cheaper houses were available, the accomodation was substandard.

4.142. As regards food, it has been pointed out that rural areas are not Self-sufficient areas so that food may be available at cheap rates. It is pleaded that the classification of areas based on population or fixing scales of wages was irrational and unscientific and gave rise to many anomalies, that this classification was only of recent origin, that it was not based on any scientific data that the Central Government, the State Governments, the postal authorities, the Railway authorities, the Reserve Bank of India and the Life Insurance Corporation do not have different scales of pay for their employees according to the areas in which they are employed, that even so far as banks themselves are concerned, the non-workmen staff, etc., do not have scales of pay based on areawise classification and that there was no justification in prescribing different scales of pay in the same institution in its different offices for the same category of employees. It is pointed out that costlier places where large amounts were required to be spent on housing and transport and other conveniences can be suitably dealt with by providing for local allowances and house rent allowances.

4.143. The All India Bank Employees Federation has also equally been critical of the present classification and has opposed it. It has pleaded that on account of rapid rise in the cost of living throughout the country, the differences in the cost of living in different areas have been substantially eliminated, that the cost of living does not merely depend, on the population of different centres but it also depends on “the vicinity of the places and many other factors like scarcity and non-availability of the daily requirements and

transport difficulties, etc.” and that the principle of equal pay for equal work should be accepted in case of the banking industry since the nature of work of their employees is substantially the same irrespective of the size of the banks or the place where they are situated. It has submitted that the scales of pay to be prescribed for the banks should be uniform for all banks in all areas and a difference, if any, on account of special features of any particular place or places should be compensated by means of special allowances.

4.144. The Vadodra Rajya Bank Nokar Sangh and the Surat Bank Employees Union, Surat have made a similar demand. The All India State Bank of India Staff Federation has pleaded that prior to the Sen-Award there were uniform wage scales with additional house rent allowance for Bombay, Calcutta and Delhi, that the areawise classification of branches had created a source of deep discontent among the employees and that the area-wise classification was not just or legal or proper or otherwise expedient and that the said classification should be abolished as being opposed to Article 37(2) of the Constitution providing for equal pay for equal work. The State Bank of India Staff Union, Andhra Pradesh, Vijayawada, and Madras Circle have made a similar demand.

4.145. The State Bank of India Employees' Association (Bengal Circle) has pleaded that the classification of areas should be abolished and a uniform scale of pay in the State Bank throughout India should be introduced on the grounds that even before any adjudication the scales of pay were more or less the same throughout India except in the City of Calcutta, Bombay and Madras, that after R. Gupta's Award the Bank itself voluntarily introduced a uniform scale throughout India, that the services in the State Bank are transferable, that the existence of different scales in different places causes immense inconvenience and hardship to the employees, that the existence of different scales is a tool in the hands of the employer as a measure of punishment and is a constant cause of industrial dispute, that the officers and supervising staff who are not governed by the award have a uniform scale of wage throughout India, that there is no rational basis on which the cost of living of a particular area can be determined and therefore division into areas cannot be made on any rational basis, that the fixation of areas in accordance with population is wholly irrational and arbitrary and that such unjust and discriminatory classification breeds frustration and serious dissatisfaction. The State Bank of India Employees' Association (Delhi Circle) is opposed to the classification of areas, as it is unjust, harsh, discriminatory and against natural justice.

4.146. The All India Bank of Baroda Employees' Federation, South Gujarat Bank of Baroda Employees' Union, Indian Overseas Bank Employees Union, Madras, Employees Association of the Union Bank of Bijapur and Sholapur, Behar Provincial Central Bank of India Employees Association, United Commercial Bank Employees Association, Agartala, Central Bank of India Employees Association, Patna; Cochin Commercial Bank Employees

Association, Cochin, Allahabad Bank Employees Union, Calcutta and the Staff of the Central Bank of India Ltd., Khatauli (U.P.) have also opposed the classification of areas for the purpose of this adjudication.

4.147. The Indian Banks Association has supported the areawise classification. It has submitted that while it was true that in an all-India service a uniform scale of basic pay was usually applied, it seemed to have been overlooked that an employee in an all-India service was liable to be transferred from one place to another unlike an employee in a bank who could at most be transferred from one place to another in the same State. It has denied that different scales for different areas were in any way illogical, unscientific, unjust and unwarranted. It has pleaded that the very fact that the All India Bank Employees Association had made a claim for local allowances to meet the needs of employees of costlier places, only showed how justified the Sastry Tribunal was in classifying areas for fixing the pay scales of bank employees. It has further stated that the Census Reports published by the Government of India should alone be the basis for such classification and that population figures from non-governmental or non-official authorities should not be looked at for the purpose. It contends that Area IV should consist of places with a population of 50,000 and below and not places with 30,000 and below.

4.148. The Bombay Exchange Banks Association has sought to retain the existing areawise classification. It has denied that in all-India services uniform basic scale applied. It has pointed out that the legislature was compelled to make statutory provisions for extending credit facilities to rural and semi-urban areas inasmuch as no banks run on profit motive basis could afford to open branches in such areas. It also submitted that the areawise classification of banks under the Sastry Award as modified should be changed only if the official census figures warranted a change and such change should be effective only from the date of publication of the Census figures in the Gazette of India and that it would be unrealistic to do away with areawise fixation of wages.

4.149. The State Bank of India has pleaded that the demand for a uniform scale of pay in the State Bank throughout India was unreasonable, outmoded and unjustified, that “the previous Award was based on proper consideration of all the circumstances and the reasons inducing the Sastry Tribunal to make its award on this point have not changed”, that the Sastry Award as modified took note of the possibility and necessity of transfer of bank employees and prescribed sufficient safeguards, that the reference to uniform scales in respect of officers and supervising staff was irrelevant because such staff was not recruited for or from any particular locality and was attracted to the State Bank's service as the terms of employment were suitable and attractive, that the analogy of Central Government employees in this connection was not helpful, inasmuch as so far as the State Bank employees were concerned, the Sen and the Sastry Tribunals considered the question of uniform scales in respect, inter alia, of the Imperial Bank of India and adopted the present

set up, that any attempt to evolve a uniform scale of pay would involve a complete revision entailing bringing down the higher to a lower base, that it was denied that the fixation of areas in accordance with population was irrational or arbitrary or that the classification was unjust or discriminatory or bred frustration or dissatisfaction. The State Bank of India denied that the classification was a device to deprive employees of any dues. The State Bank of India has also pleaded that the areawise classification was a realistic one. It has submitted that Article 37 of the Constitution had no application and, that in any event, the areawise classification did not run counter to the provisions of such Article and was reasonable and correct.

4.150. The eight Subsidiary banks of the State Bank of India supported the present areawise classification. The State Bank of Patiala denied that the areawise classification was discriminatory or that it was equitable, fair or reasonable to have one uniform grade in all areas with compensatory local allowance for big cities.

4.151. The Northern India Banks Association has pleaded that under the Sastry Award, the classification of areas was rightly decided upon in view of the fact that in smaller towns prices of food stuffs, house accommodation and other expenses were much below those obtaining in bigger towns; moreover the problem of transportation in such places did not exist. The Association has further pleaded that as banking still needed to be extended to smaller towns in the country, it would be desirable both in the interest of the country and bank employees themselves, to accept lower scale of emoluments for smaller towns so that industry may continue to expand and develop that fixing a uniform basic pay would deprive smaller towns of banking facilities and also reduce the total employment potential in the industry and that areas according to the population as per the Sastry Award as modified should continue to be classed into I, II, III and IV as the programme of the expansion of banks could be successfully carried out only on the basis of paying capacity of each branch working in a particular area.

4.152. The National Bank of Lahore Ltd. has characterised the demand made in this connection by the All India Bank Employees Association as a baseless demand and has stated that the demand that a bank employee working in a rural area where the cost of living is radically lower than that of the metropolis or big "Presidency towns" should be paid at the same rate as his counterpart in such big towns, was unreasonable, illogical, unjust and unwarranted. It has stated that the classification of areas was necessary in the very nature of the industry. The Bharatha Lakshmi Bank has stated that rural banking was being developed by small banks only till recently and that this could best be done by small D class banks and has suggested the following classification of areas :—

Area 1— Large cities like Bombay, Calcutta, Delhi, Madras with population of 10 lakhs and over.

Area 2— Cities having population of more than 5 lakhs but less than 10 lakhs.

Area 3— Places having population of 1 lakh and above but less than 5 lakhs.

Area 4— Places having population of 30,000 and above but less than 1 lakh.

Area 5— Rural areas having population of less than 30,000.

The Miraj State Bank Ltd. has pleaded that as far as the areawise division is concerned, the places with populations of less than one lac should be subdivided into two classes, and places with a population of 20,000 should be placed in a separate class. The Travancore Cochin Bankers' Association, the Kerala Bankers' Association, the Catholic Syrian Bank Ltd., the Gadodia Bank Ltd. and the Jaya Laxmi Bank Ltd. have also opposed the demand of the workmen for the abolition of areawise classification.

4.153. Shri Sule, the learned Advocate on behalf of the All India Bank Employees Association, in the course of the hearing, very strongly urged that there should not be a division of banks on the basis of areas and demanded the abolition of the concept of areas. He stated that prior to all-India adjudication of the disputes in the Banking industry the question of dividing the banks into different areas never arose and the banks of their own accord were giving more or less uniform wages wherever they were stationed, and that the State Industrial Tribunals had prescribed uniform scales of pay by their awards for all places. He submitted that the rise in prices in the cities and what are called country side areas was such that now very little difference existed in the prices of necessary commodities, that population has nothing to do with the cost of living as the prices of commodities depend on the availability of market and facility of transport and that a large number of what are known as rural areas or countryside areas are being speedily urbanised because of the development of the Community Projects. He has pointed out that, there is an increase in railway mileage as a result of new lines being put, that inland transport by the State Transport authorities is being developed, that industrialisation is taking place very speedily and that the expansion of branches of the State Bank and its Subsidiaries had itself added to the urbanisation of the countryside. Shri Sule submitted that in rural areas the rise in prices was much more than in the cities due to urbanisation, that the city price fluctuations were reflected in such areas and that the self-sufficiency in the economy of villages has gone away.

4.154. Shri Dudhia, the learned Advocate on behalf of the All India Bank Employees Federation, supported Shri Sule and added that population was not the only test for classification of areas, but nearness to the industrial towns or cities should also be considered as a factor which would affect the cost of living of the other neighbouring places. He cited the example of Thana and Kalyan and stated that they were as highly expensive as Bombay. He

submitted that the areawise classification for scales of pay was anomalous and unjust.

4.155. A strong case was sought to be made out by the All India State Bank of India Staff Federation and the State Bank of India Staff Union, Andhra Pradesh, for abolition of areawise classification. It was urged that the State Bank of India belonged to the public sector, that 92 per cent of its shares were held by the Reserve Bank of India in respect of whose employees there was no areawise classification, in respect of other Corporations in the public sector like the Life Insurance Corporation of India, that in the Central Government service including Railways and Posts and Telegraphs there was no such areawise classification, that the transfer of an employee from a higher area to a lower area was itself a hardship inasmuch as there were no comparable educational facilities and amenities available in lower areas and that further hardship should not be inflicted on the employees in the shape of reduced emoluments. They further pointed out that so far as the members of the supervisory staff were concerned, there was no such areawise classification.

4.156. Shri Jyoti Ghosh, who appeared on behalf of the State Bank of India Employees Association (Bengal Circle), drew a lurid picture of the various hardships which were undergone by persons when they were transferred to lower areas. He said that medicines, like penicillin and other antibiotics which have become an essential part of the modern medical treatment were not available, that there were no hospital facilities and that there were no proper markets where they could buy goods. There were no educational facilities and the employees have often to leave their families when they were asked to do the work of the nation when branches of the State Bank of India were opened in some urban, rural and project areas. He pointed out that branches have been opened by the State Bank of India at Durgapur, Asansol, Burnpur, Bhilai and Rourkela. Durgapur is in Area IV and this place is now called the Ruhr of India. As regards Durgapur, Asansol and Burnpur, he stated that these places have become mining centres and centres of steel projects, that there were other factories situated there which were manufacturing glass, cycles, cables etc. and that these places have become extremely costly places. He complained that the transfer of the staff to these new areas has become an instrument of punishment in the hands of the employers. The employees, apart from their objection to the areawise classification, were opposed to the principle of such classification, on the ground that it offended against the principle of equal pay for equal work. He further contended that the work in the branches was of a pioneering nature, that the strength of the staff was limited, that they had to do work of various types and had to put longer hours of work and that there was no reason why they should be paid less at more disagreeable places of work. He emphasised that the concept of cheaper living in villages was a myth and stated that the suggestion that workmen in the rural areas should be paid less because they

have other resources to fall back upon, was in theory untenable and in practice unsound. It was pointed out that when new branches of the bank were opened, experienced hands were required to be sent for the purpose of opening such branches and carry on the work so as to gather the confidence of the public and win its support and induce it to make deposits at such newly opened branches, there was no reason why they should be prejudicially affected by reason of such transfer.

4.157. Arguments to a more or less similar effect were advanced by various representatives of workmen. Strong reliance was placed by workmen on a passage in the Report of the Central Wage Board for the Cement Industry, published in the year 1959. At page 37, paragraph 6.27 it has been stated that the family budget calculations seem to indicate that there were not great variations in the cost of living as between different regions in India and that the same was in accord with the views of Committees and Tribunals. The All India Industrial Tribunal (Colliery Disputes) stated in its Award as under :—

“We ourselves are of the opinion that the conditions existing today would not justify the view that the cost of living differs very much from area to area.”

That Tribunal has quoted the views of the first Central Pay Commission which were cited with approval by the Dearness Allowance Committee, known as the Gadgil Committee. The views of the first Central Pay Commission were as follows :—

“Whatever might have been the position in the past, conditions existing today do not justify the view that the cost of living differs very much between one part of India and another, apart from particular cities. But it seems to be true that by a continued tradition, standards of living are much lower in certain parts of the country than elsewhere.”

4.158. Several exhibits were filed before me in order to show that the prices at same places in lower areas were higher than the prices prevailing in other places in higher areas.

4.159. As against these arguments, it was urged by Shri Phadke on behalf of the Indian Banks Association that since the date of the Sastry Award as modified no material change in circumstances had taken place which would warrant making any change therein as regards areawise classification. It was urged that the legislature of the land itself had thought it fit to give a statutory recognition to the fourfold areawise classification and to provide for its continuance for a period of five years and that unless a very strong case was made out for a change therein, no ground existed for disturbing the same.

4.160. In the case of Burn and Company Ltd. and their employees, reported in 1957 (1) Labour Law Journal page 226 the Supreme Court has considered the argument advanced in that case that the Appellate Tribunal In

that case was in error in brushing aside the previous award and in deciding the matter afresh, as if it arose for the first time for determination. It has also considered the argument that when once a dispute was referred to a Tribunal and had resulted in an adjudication, such adjudication must be taken as binding on the parties thereto, unless there was a change of circumstances. The Appellate Tribunal in that case had considered that the rule that a previous adjudication was binding on the parties unless there was a change of circumstances was a rule of prudence and not of law. The Supreme Court in that case has expressed itself at page 230 in terms following :-

“Are we to hold that an award given on a matter in controversy between the parties after full hearing ceases to have any force in either of them repudiates it under s. 19(6) and that the Tribunal has no option, when the matter is again referred to it for adjudication, but it proceed to try it **de novo**, traverse the entire ground once again, and come to a fresh decision. That would be contrary to the well recognized principle that a decision once rendered by a competent authority on a matter in issue between the parties after a full enquiry should not be permitted to be reagitated. It is on this principle that the rule of **res judicata** enacted in s. 11 of the Civil Procedure Code is based. That section is, no doubt, in terms in applicable to the present matters, but the principle underlying it, expressed in the maxim interest **rei publicae ut sit finis litium** is founded on sound public policy and is of universal application (**Vide** Broom’s Legal Maxims, 10th Edn. page 218). “The rule of **res Judicata** is dictated” observed Sir Lawrence Jenkins C. J. in Sheo-parsan Singh v. Ramnandan Prasad Singh [1916 L.R. 43 I.A. 91; (1916) Indian ‘Law Reporter 43 Calcutta 694] “by a wisdom which is for all time.” And there are good reasons why this principle should be applicable to decisions of industrial tribunals also. Legislation regulating the relation between capital and labour has two objects in view. It seeks to ensure to the workmen who have not the capacity to treat with capital on equal terms, fair returns for their labour. It also seeks to prevent disputes between employer and employees, so that production might not be adversely affected and the larger interests of the society might not suffer. Now, if we are to hold that an adjudication loses its force when it is repudiated under s.19(6) and that the whole controversy is at large, then the result would be that far from reconciling themselves to the award and settling down to work it, either party will treat it as a mere stage in the prosecution of a prolonged struggle, and far from being industrial peace, the awards would turn out to be but truces giving the parties breathing time before resuming hostile action with renewed vigour. On the other hand, if we are to regard them as intended to have long-term operation and at the same time hold that they are liable to be modified by change in the circumstances on which they were based, both the purposes of the legislature would

Statement showing the number of branches opened and closed in area IV by 12 'A' Class banks during 1947 to 1953 and 1954 to 1960.

S. No.	Name of the Bank	Number of branches opened										Number of branches closed									
		1947	1948	1949	1950	1951	1952	1953	Total	1947	1948	1949	1950	1951	1952	1953	Total				
1	Central Bank of India			4	2	1		4	11							2	2				
2	Punjab National Bank	2	22	12	4	24		4	68			2	14	2	5	1	25				
3	Bank of India							1	1												
4	United Commercial Bank	2	7		1				10			2	1	2	1	6					
5	Bank of Baroda	2		1					3						1	2					
6	United Bank of India (Established in 1950)						1		1												
7	Allahabad Bank		1	1	3	1		2	6						2	2					
8	Indian Bank								2												
9	Devkaran Nanjee Banking Co.		2	1	1	1			6												
10	Union Bank of India																				
11	Indian Overseas Bank	2	1	1				2	4			4	1				5				
12	Canara Bank								2		1						2				
	Total	8	33	16	12	28	4	13	114	1	2	24	6	9	3	4	49				

S. No.	Name of the Bank	Number of branches opened										Number of branches closed									
		1954	1955	1956	1957	1958	1959	1960	Total	1954	1955	1956	1957	1958	1959	1960	Total				
1	Central Bank of India	1					2	1	5			3	14	8	2	2	29				
2	Punjab National Bank	7	7	7	8	2	13	2	46			1			1	1	3				
3	Bank of India																				
4	United Commercial Bank			1	2	2	3	1	9												
5	Bank of Baroda		1	1	1	1	3		7					2			2				
6	United Bank of India (Established in 1950)				2	4		1	7												
7	Allahabad Bank										1	1					4				
8	Indian Bank	4	2	1		5	2	1	15												
9	Devkaran Nanjee Banking Co.			1	2	1		6	10												
10	Union Bank of India																				
11	Indian Overseas Bank	1		1		1		1	4								1				
12	Canara Bank					1			2												
	Total	13	12	11	15	17	24	13	105	1	4	17	11	2	3	1	39				

be served. That is the view taken by the tribunals themselves in the *Army and Navy Stores Ltd., Bombay v. their workmen* [1951 (II), *Labour Law Journal*, 31] and *Ford Motor Company of India Ltd. vs. their workmen* [1951 (II) *Labour Law Journal*, 231] and we are of opinion that they lay down the correct principle, and that there were no grounds for the Appellate Tribunal for not following them.”

4.161. In the case of the Indian General Navigation and Railway Company Ltd. and others and their workmen reported in 1960(1) *Labour Law journal* at page 561, the Supreme Court has observed at page 562 as under:—

‘Apart from the fact that s. 19(6) of the Industrial Disputes Act itself contemplates that the award cannot be binding after it is terminated and therefore the principle of **res Judicata** should be applied with caution in industrial disputes which relate to such matters as wages and dearness allowance, there can be no doubt that if circumstances have changed there is a good case for a change in the award.’

4.162. So far as the areawise classification is concerned, the previous adjudication relates to the classification of places in the country only into three areas. The fourth area has come into existence as a result of the decision of the Government supported by the findings of the Bank Award Commission and the will of the legislature as expressed in the Industrial Disputes (Banking Companies) Decision Act, 1955. The report of the Bank Award Commission, though a fairly exhaustive one given by a very eminent person after hearing all persons affected thereby, is made within the ambit of the terms of the reference and cannot be equated with a judicial determination by an Industrial Tribunal for the purpose of the application of the principles founded on *res judicata*. Neither the action of the Government nor the will of the legislature as expressed by parliamentary legislation can be regarded as being operative in the same manner. The Parliament itself has by legislation provided a period of 5 years for the operation of the Labour Appellate Tribunal's decision as modified by the Act itself. There may be very weighty considerations which may have moved the Government and the Parliament to make these modifications. There are many reasons given by the Bank Award Commission in support of the creation of this new area. These reasons will have to be examined. When a new classification has been adopted, the question how that classification has worked in practice and whether it has resulted in the creation of anomalies and the imposition of unnecessary hardships and whether in fact it has worked unjustly will have to be considered.

4.163. It is urged by Shri Phadke that there exists, in fact, a substantial difference in the prices of commodities and the standards of living in different parts of the country. He urges that what may be taken into account for the purpose of classifying areas and should form the basis of such classification would be the cost of living, the paying capacity of the employer in the area concerned, or in the alternative the area's capacity to earn money for the

employer from which to pay, the tempo of work in lower areas affecting the rate of wages and the character of the work in lower areas whether it is intermittent and seasonal involving less strain. He emphasized that if existing arrangement was to be scrapped, then the only alternative appeared to be the industry-cum-region basis with different grades of pay, different rates of dearness allowance and different emoluments in different regions. He submitted that the existing arrangements were fair and more reliable.

4.164. There are wide variations in the type of diet taken in various parts of the country. There is a wide divergence in the type of clothing that is worn. The consumption pattern throughout the country is not the same. The nature and quality of work at all places is not the same. The tempo of work is different at different places and is different at different times of the year. The question that has really to be considered is whether there is any principle better than the one laid down by the previous Tribunals for the purpose of classification.

4.165 In paragraph 25 of its report, the Bank Award Commission has observed that in the awards of all-India Tribunals there was a considerable degree of similarity in approach to the problems involved in or arising from the subject matter of adjudication though there have been differences in detail. It has further observed that as regards the basic approach to the problems it was agreed that the existing pattern of banking structure in the country did not permit of the fixation of a single scale of pay for employees of all banks and, therefore, a classification of banks according to their resources (inasmuch as this factor was indicative of concern's capacity to pay) was essential and that the differences in the cost of living in various parts of the country necessitated its division into certain specified areas as it would not be correct to suggest the same scale of emoluments for expensive places like Bombay or Calcutta as for comparatively cheaper centres.

4.166. Apart from the abolition of areas, no alternative basis has been suggested for the purpose of classification of different places in the country. The principle of industry-cum-region basis which has usually been applied by Industrial Tribunals is not one which could be applied to an industry like banking where most of the large banks have branches throughout the country. The region-wise approach was considered and dropped by previous Tribunals in dealing with the industry of banking. Being left with no better formula and being faced with the differences in the cost of living and standards of living in different parts of the country, the previous Tribunals had no other alternative left to them but to resort to the classification of areas according to the population. The same difficulty again presents itself before me.

4.167. I will first consider whether there is any case made out for a complete abolition of the areawise classification. The existence of anomalies to which pointed reference has been made by various representatives of the employees, do not by themselves create a case for abolition of this

classification, unless the anomalies pointed out are found to be in existence on a large scale. As against the anomalies pointed out on behalf of the employees showing that the cost of living in several places in Class IV area or Class III area is higher than the cost of living in places falling within the higher areas, there would be greater anomalies which could be pointed out if the area-wise classification was abolished and one common standard of wages was fixed. Even as regards cities, nobody, for instance, can say that the cost of living and the standard of living at Rajkot is the same as the standard of living and the cost of living at Bombay or Calcutta or that the cost of living or the standard of living in a large number of towns in South India is the same as in North India. By and large, the classification of the country into areas has resulted in producing fewer anomalies than those it is intended to avoid. When in the application of a rule anomalies exist, these anomalies, to the extent that it is possible, should be removed and exceptions to the rule may be provided for. The anomalies pointed out on behalf of the employees relate mainly to the capitals of the newly-formed States, the newly developed industrial towns and townships, hill stations, summer resorts, places within the project areas and places very near to large cities which are well-connected by road and rail to such large cities. In respect of these places, the situation can well be met by upgrading these places and putting them in a higher category, places in which there is scarcity of housing may be provided for by a special house rent allowance; places where there is scarcity of water may be provided for by a water scarcity allowance, places which are extremely cold may be provided for by an allowance in the shape of fuel allowance and hill stations may be provided for by a hill allowance. If from this angle, the matter is tackled then in the present situation of the country and in the present state of availability of evidence on the subject, the best solution to the problem which has been forcefully brought to my notice can be found. As regards the industry of banking, I am really concerned only with those places where banks have branches or where they may be expected to open branches. There are about 1,200 places where the banks which are effectively before me have their branches. No reliable material was available in connection with these places which could be placed before me and which would have enabled me to classify these places having regard to the cost of living and the standard of living and the pattern of consumption at these places. In fact, I desired the parties more than once to place such material before me, but no agreed material could be secured and no reliable material could be produced. If such material had been available, the matter could have been dealt with differently than by what is sometimes called 'a blind application of an abstract formula'. The application of such formula could then have been confined only to places where branches may be opened by banks in future.

4.168. As regards Area I, it includes cities with a population of 12 lakhs and more. No serious attempt has been made for the exclusion of any city at present falling in this area. It was strongly urged that the City of Hyderabad should be included in Area I. For the purpose of the current Census the area

covered by Hyderabad includes the areas falling within Hyderabad Municipal Corporation limits, Secunderabad, Secunderabad Cantonment and outlying urban units being University Area, Malkajgiri, Alwal, Zamistapur, Attapur, Fathenagar, Bowenpalli Lalaguda, Kandikal and Machabolarum. I see no reason why these areas should not be included for the purpose of considering the population of Hyderabad for the purpose of determining the area in which that City should fall. The provisional official 1961 Census population figure for that City is 12,52,337. Hyderabad is now the capital of the enlarged State of Andhra Pradesh and has acquired a special significance by reason thereof. In my view, Hyderabad including the places mentioned above should be placed in Area I and I direct accordingly.

4.169. A claim has been made that the City of Bangalore should also be included in Area I. It was pointed out that the population of Metropolitan Bangalore, comprising (a) areas falling within the Bangalore Corporation limits (b) area notified under the Bangalore City Improvement Trust Board Act, excluding Satellite townships and (c) Satellite towns within the Trust Board area, is already above 12 lakhs according to the provisional official population figures of 1961 Census. Bangalore is now the capital of the enlarged State of Mysore. It is a highly developed industrial area and it would be in the fitness of things if the City of Bangalore including the areas mentioned above is also included in Area I, and I direct accordingly. The case of other places having a population of less than 12 lakhs for inclusion in this area has been separately dealt with later.

4.170. As regards Area II, it would comprise all cities and towns other than those included in Area I, having a population of one lakh and above but below 12 lakhs according to the 1961 population Census figures. The case of some places with a population of less than one lakh for inclusion in this Area has been separately dealt with later.

4.171. Then comes the important question relating to Area III. Arguments at considerable length have been advanced in respect of the limits of population for this area. Under the award of the Sastry Tribunal, all places other than those comprised in Class I area and Class II area have been included in Area III. Government desired that out of this Area III should be carved out Area IV comprising places with a population of 30,000 and under. In fact, the Central Government made an application before the Labour Appellate Tribunal for being joined as a party and for being heard in support of the application that banks in rural and semi-urban areas having a population of and below 30,000 should be excluded from the scope of the award for a period of two years in the case of existing branches and offices and for a period of four years in the case of new ones. Government relied upon the report of the Rural Banking Enquiry Committee, which had recommended an exemption of places having a population of 50,000 and below from the operation of the awards of Industrial Tribunals. On a preliminary objection being raised by the counsel for the employees that such an application did not lie as none

of the banks had raised the issue directly by their appeals, the application was not entertained for technical reasons. Government thereafter issued the modification order dated 24th August 1954.

4.172. I shall first proceed to consider whether it is necessary to retain Area IV. No doubt, there are a large number of places in the country with a population of 30,000 and below, but the commercial banks by and large do not operate in a majority of these places. The commercial banks run their business primarily from the profit motive. It is sometimes felt that the smaller banks would play a useful role in catering to these smaller areas. I have whilst dealing with the question of classification of banks dealt with the handicaps under which the small banks suffer. The Rural Banking Enquiry Committee in its report recommended that banks functioning in places with a population of less than 50,000 should be exempted from the operation of all awards as also from the provisions of the Shops and Establishments Act. It was soon realised that the development of rural banking could not be left to pure private enterprise. When Area IV was created, it was done with a view to provide an incentive to banks to operate in this area. When one looks, however, to the number of branches which have been opened by the commercial banks in Area IV (other than the State Bank of India and its Subsidiaries) before this incentive was offered and after the offering of this incentive, one finds that there is hardly any market improvement in the percentage of branches opened by large commercial banks in this area. The Indian Banks Association has filed statements before me showing the branches opened and closed by 12 A Class banks whom the Association represents between the years 1947 to 1953 and the years 1954 to 1960. Between 1947 to 1953, these 12 banks opened in all 114 branches and closed 49 branches in Area IV, whilst between 1954 to 1960 (upto November 1960) the number of branches opened by them were 105 and the number of branches closed by them during that period were 39. These figures show that the inducement offered by the creation of Area IV and the lower scales fixed for workmen for this area have not resulted in furnishing any appreciable incentive to these large commercial banks in opening branches in Area IV and that the expectations entertained at the time of the creation of Area IV have not been realised. The particulars in connection with these banks years-wise are as under :—

4.173. As regards the banks in Class B represented by the Indian Banks Association other than the 8 Subsidiaries of the State Bank of India, the figures show that three such banks opened in all between 1947 and 1953. 27 branches in Area IV and closed 17 branches in Area IV during that period. Between 1954 and 1960 these three banks opened in all 30 branches in Area IV. As regards 12 C Class banks represented by the Indian Banks Association between 1947 and 1953 these banks opened 21 branches in Area IV and closed 23 branches during that period. The largest number of banks have been closed by the Hindustan Commercial Bank Limited which accounted for the closure of 14 such branches. Between 1954 and 1960 these banks

opened 35 branches in all and closed 4 branches. There might be various factors which might have contributed to the opening of branches in Area IV by these banks but even if the only factor which has caused these banks to open branches in Area IV after the creation of that Area by the modifications made by Government was the inducement provided by the lower scale of wages, even then there has been no such appreciable change as would warrant the retention of Area IV because of any inducement which lower wages for this area might offer to the banks to operate in this area. This position has been increasingly realised by the Government and the main burden of opening branches in Area IV is now being shouldered by the State Bank of India and its Subsidiaries. I shall consider the case of these banks separately in connection with the retention of Area IV. As regards D Class banks the basic wages and dearness allowance payable to members of the clerical staff and the subordinate staff in Area IV are the same as in Area III.

4.174. So far as the commercial banks (other than the State Bank of India and its Subsidiaries) are concerned, there is no case for retention of Area IV. The number of employees in branches in Area IV is comparatively small. The Indian Banks Association has filed a statement showing the number of banking offices (including Head Office) and the number of employees (clerical and subordinate staff) employed therein areawise of its member banks as on 31st December 1959. It shows that its 37 member banks had 451 offices in Area I, 641 offices in Area II, 623 offices in Area III and 703 offices in Area IV. The 703 offices in Area IV consisted of 320 offices of A Class banks, 262 offices of B Class banks and 121 offices of C class banks. The statement further shows that out of 49,962 employees employed in all areas, 5,924 employees (3322 clerks and 2,602 members of the subordinate staff) were employed in Area IV. The amount of saving made by commercial banks by paying less to their employees in these branches in Area IV is not such as would induce them to open more branches in this area. When new branches have to be opened, experienced employees have to be sent for the purpose of manning those branches. There is considerable discontent among the employees of the banks in connection with the economic detriment which they suffer when they are transferred to branches in lower areas. A strong complaint has been made that apart from the hardship which they have to undergo by reason of such transfers owing to inadequate social amenities and inadequate educational and medical facilities etc., they have to suffer an economic detriment and that this gives rise to a feeling that these transfers operate by way of penalty. The workmen as a rule have been opposed to such transfers 'and the State Bank of India had to provide additional benefits to supplement the provisions of the Sastry Award as modified in order to minimise the hardships inherent in the scheme of transfer from a higher to a lower area.

4.175. One of the grounds urged in support of the creation of Area IV was that those who were recruited from that area were persons who had

other sources from which they could supplement their income. I do not think that it is right that the other sources of income of persons who may be employed in a bank should be taken into account when a Tribunal is called upon to fix the scales of pay for employees of banks.

4.176. On behalf of the Exchange Banks it was submitted that almost the overwhelming bulk of their business was in Area I, that they had very little business in Area II and had negligible business in Area III. A statement was submitted on behalf of these banks which shows that only one Exchange Bank has a branch at Gandhidham (Area IV) which has been upgraded to Area III. Thus these banks have no problem so far as Area IV is concerned. There are several C and D Class banks which have branches in Area IV. The extent of their operation is not very large and the number of employees employed in this area is not large. A large number of the branches of these banks at places in Area IV existed before Area IV was demarcated.

4.177. Having considered all aspects of the matter, in my view there is no necessity for the retention of Area IV so far as the commercial banks other than the State Bank of India and its Subsidiaries are concerned.

4.178. I shall next deal with the case of the State Bank of India and its subsidiaries in this connection. Shri Sachin Chaudhary, who appeared for the State Bank of India made a forceful submission for the retention of Area IV. He stated that the State Bank of India was charged within the function of opening new branches and that it had taken upon itself the burden of opening not less than 400 branches within a period of 5 years. On 31st December, 1959 it had in the clerical grade 4,039 employees employed in 37 branches in Area I, 4,008 employees employed in 105 branches in Area II, 3,214 employees employed in 201 branches in Area III and 2,517 employees employed in 480 branches in Area IV making in all 13,778 employees in 823 branches. On the same day in the subordinate grade it had 1,442 employees in Area I, 1,729 employees in Area II, 1,832 employees in Area III and 1,748 employees in Area IV making a total of 6,751. Thus out of a total number of 20,529 employees, 4,265 were employed in Area IV. Between 1st July 1955 and 30th June 1960 the State Bank of India has opened 327 branches in Area IV and 75 branches in Area III. As on 30th September 1961, the State Bank of India had 34 branches in Area I, 100 branches in Area II, 194 branches in Area III and 461 branches in Area IV. According to the State Bank of India, 298 branches in Area IV and 55 branches in Area III opened as aforesaid upto 30th June, 1960 were working at a loss. There is no doubt that the State Bank of India has a large number of employees employed in Area IV and is doing considerable pioneering work. It has to fulfil the national policy for the development of banking in semi-urban and rural areas as other commercial banks were not able to satisfy that want. The major burden in this connection has fallen on the State Bank of India and its Subsidiaries and on the Co-operative banks. The question that I have to consider is whether this pioneering work should be done at the expense of the workmen. For the

purpose of opening of new branches and running them in a manner as would inspire-confidence, it is necessary that some old experienced hands must be sent for the purpose of starting and running these branches. It would not be fair to such old employees who have considerable experience of the business of banking that they should suffer economic detriment apart from the other inconveniences and hardships which they may have to undergo on being transferred to such areas. The economic stagnation for a number of years gives rise to discontent. To meet the realities of the situation the State Bank had voluntarily to give certain additional benefits to the workmen.

4.179 Section 36 of the State Bank of India Act, 1955, provides for the creation of the Integration and Development Fund. The said fund is made up of the dividends payable to the Reserve Bank on such shares of the State Bank held by it as do not exceed fiftyfive per cent of the total issued capital and such contribution as the Reserve Bank or the Central Government may make from time to time. The said Fund is required to be applied exclusively for meeting:—

- (1) losses in excess of such yearly sum as may be agreed upon between the Reserve Bank and the State Bank and attributable to the branches established in pursuance of sub-section (5) of section 16, which lays down that not less than 400 new branches were required to be opened by the State Bank within five years of the date when the Act came into force or such extended period as the Central Government may specify in that behalf.
- (2) subsidies granted by the State Bank to a subsidiary bank with the approval of the Reserve Bank, and
- (3) such other losses or expenditure as may be approved by the Central Government in consultation with the Reserve Bank.

In spite of the opening of numerous new branches by the State Bank of India, this Integration and Development Fund is swelling up. The position of the Integration and Development Fund as at 30th November, 1960 as given by the State Bank of India is as under:—

Year	Amount credited	Amount withdrawn	Balance.
	Rs.	Rs.	Rs.
1956 ...	24,75,000	—	24,75,000
1957 ...	49,50,000	—	74,25,000
1958 ...	74,25,000	—	1,48,50,000
1959 ...	55,68,750	35,31,909	1,68,86,841
1960 ...	<u>61,87,500</u>	<u>32,94,654</u>	<u>1,97,79,687</u>
TOTAL	<u>2,66,06,250</u>	<u>68,26,563</u>	<u>1,97,79,687</u>

The whole of this Integration Fund has been built up out of the dividend income. The only amounts withdrawn from this fund were Rs. 35,31,909 in

the year 1959 in respect of the losses incurred for the year 1957 amounting to Rs. 8,94,821 and the losses incurred for the year 1958 amounting to Rs. 26,37,088 and the sum of Rs. 32,94,654 in the year 1960 in respect of the losses incurred for the year 1959 on account of new branches. The State Bank of India has tried to show that various branches in Area IV have incurred losses.

It is found from the statement furnished by the State Bank of India itself that out of 8 new branches opened by it in Area I during 1st July 1955 to 30th June, 1960, 5 have made losses and 3 only have made profits that out of 6 branches opened during the said period in Area II, 5 have made losses and only 1 has made profit, that out of the 75 branches opened during this period in Area III, 55 branches have made losses and only 20 have made profits and that out of 327 branches opened in Area IV, 298 branches have made losses and only 29 branches have made profits.

4.180. When branches have been newly opened, they may incur losses for some time. What may be considered is whether after the branches get established for some time they are likely to make profits or losses. The State Bank of India has opened several new branches at places where the Government had previously pay offices and treasury pay offices. The non workmen staff of the State Bank of India is not paid any lower salary by reason of the fact that such staff is employed in a lower area. The lesser scales of pay are claimed only in respect of workmen employed in the lower area. In spite of the opening of numerous branches and the losses sustained therein the State Bank of India has been making progressively larger profits year by year. Its net profits for the year 1955 amounted to Rs. 1,35,93,000/- for the year 1956 amounted to Rs. 1,56,18,000/- for the year 1957, amounted to Rs. 1,87,56,000/-, for the year 1958 amounted to Rs. 1,90,14,000/- for the year 1959 amounted to Rs. 1,87,10,000/- and for the year 1960 amounted to Rs. 2,17,59,000/-. In view of the sound financial condition of the bank, there is no reason why the bank should pay law wages in Area IV. The new branches have been opened **inter alia** with a view to facilitate Government business, with a view to providing banking facilities to fast developing areas, with a view to develop rural economy and with a view to secure deposits and to mop up the resources or the country side in the larger interest of the nation. The Chairman of the State Bank of India in his speech at the 6th annual general meeting of the shareholders held at Bombay has in connection with the policy underlying the opening of branches stated as under :—

“The banking system must continuously play an active role in the overall mobilisation of resources. For this purpose it is necessary that new techniques be employed from time to time. Hitherto banks have depended more on urban areas and industrial and commercial centres for collection of deposits. I feel that the possibilities of securing more deposits from rural and semi-urban areas should now be explored with vigour. Upto the end of 1960, we have opened 429

branches mostly in the rural and semi-urban areas of the country. The total deposits at these branches have increased from Rs. 29.32 crores in 1959 to Rs. 37.03 crores in 1960; and the average deposits per new branch have risen from Rs. 8.17 lakh to Rs. 8.63 lakhs. I feel, however, that there is still considerable scope for increasing bank deposits in these areas.”

There is no evidence led before me to show that the branches in Area IV are perennially to make losses. When these uneconomic branches are opened in the larger interests of the national economy of the country during the five year plan periods, the workmen's interests have also to be looked at. The Directive Principles of State Policy require that the wages of workmen cannot be very low. The State Bank of India is yielding enormous profits and special areas cannot be maintained for long where it can pay low wages. The creation of Area IV has given rise to considerable discontent and has agitated the minds of workmen to a considerable extent. The workmen of the State Bank of India even at the interim relief stage sought the abolition of Area IV by way of what they termed “interim relief”. In my view, it is necessary in the larger interests of the country for securing peace in the industry and doing justice to the claims of the workmen, that Area IV should not be retained so far as the State Bank of India is concerned.

4.181. As regards the eight Subsidiaries of the State Bank of India, they have a large number of offices in Area IV. Out of the 506 offices of these banks, 325 are in Area IV, 79 are in Area III, 77 are in Area II and 25 are in Area I, as at the end of 30th June 1961. There is no area-wise classification so far as the State Bank of Saurashtra and the State Bank of Patiala are concerned and the same scales of pay etc. are applicable to employees at places falling in Area III and in Area IV. As regards the State Bank of Bikaner, as a result of an agreement arrived at with the employees' representatives before the Bank Award Commission, the dearness allowance paid to the employees in Area IV is at the same rate as in Area III. Four of its branches situated at Abohar, Ratangarh, Sardarshahr and Sujangarh which fall in Area IV have been upgraded to Area III. As regards the State Bank of Mysore, in the case of clerical staff (inclusive of cash department staff) in Area III and IV basic pay scale of Area II has been extended, while dearness allowance to clerical staff in Areas I, II and III is being paid in terms of the Award, separate scales of dearness allowance have been provided for them in Area IV. The State Bank of Indore also has granted certain improvements to employees in class IV Areas. According to the recommendations of the Sub-Committee for the expansion of branches appointed by the State Bank of India, the Subsidiary banks have to join the State Bank of India in opening 300 new branches at places to be selected from rural and semi-urban areas. Out of the 325 branches of the Subsidiaries of the State Bank of India in Area IV, 44 branches have been opened in the year 1960. Some of these branches are likely to make losses. It is difficult to provide for the development of banking in rural areas at

the expense of the workmen. According to the calculations made by the State Bank Subsidiaries regarding the estimated extra annual burden, if Area IV is upgraded to Area III, in respect of the employees employed on 30th April 1961, the State Bank of Indore would be required to pay an extra sum of Rs. 13,416, the State Bank of Jaipur would be required to pay an extra sum of Rs. 38,772, the State Bank of Mysore would be required to pay an extra sum of Rs. 42,060, the State Bank of Travancore would be required to pay an extra sum of Rs. 14,964 and the State Bank of Hyderabad would be required to pay an extra sum of Rs. 1,89,876 apart from the consequential increases in the retirement benefits and overtime. These figures have been arrived at on calculations which may not be very strictly accurate. I am, however, proceeding on the basis that they are correct. The establishment charges of the State Bank of Hyderabad were Rs. 32,20,000 in the year 1958, Rs. 38,91,000 in the year 1959 and Rs. 41,34,000 in the year 1960. The net profits of the bank were Rs. 3,50,000 for the year 1958, Rs. 5,00,000 for the year 1959 and Rs. 9,14,719 for the year 1960. As regards the State Bank of Bikaner, the establishment charges of the bank for the years 1958, 1959 and 1960 were respectively Rs. 26,86,000, Rs. 38,61,000 and Rs. 31,19,000. For the year 1958 the Bank made a net profit of Rs. 9,02,000. For the year 1959 there was a net loss of Rs. 2,96,000 having regard to the fact that provision of Rs. 8,50,000 had been made out of the profits for gratuity to the staff. For the year 1960, there was a net profit of Rs. 2,11,647. As regards the State Bank of Indore its establishment charges for the year 1958 were Rs. 10,93,000, for the year 1959 were Rs. 13,00,000 and for the year 1960 were Rs. 13,48,681. Its net profits for the years 1958, 1959 and 1960 were Rs. 4,95,000, Rs. 5,27,000 and Rs. 7,12,560 respectively. As regards the State Bank of Jaipur, its establishment charges for the years 1958, 1959 and 1960 were Rs. 19,22,000, Rs. 20,49,000 and Rs. 22,62,464 respectively. Its net profits for the year 1958 were Rs. 7,67,000. In the year 1959, the bank made a net loss of Rs. 10,48,000 and in the year 1960 the bank made a net profit of Rs. 99,841. As regards the State Bank of Mysore, its establishment charges for the years 1958, 1959 and 1960 were Rs. 24,57,000, Rs. 27,40,000 and Rs. 24,16,040 respectively. Its net profit for the year 1958 was Rs. 22,58,000, for the year 1959 was Rs. 23,65,000 and for the year 1960 was Rs. 28,05,442. As regards the State Bank of Patiala its establishment charges were Rs. 14,74,000 in the year 1958, Rs. 15,25,000 in the year 1959 and Rs. 11,82,783 in the year 1960. Its net profits for the year 1958 were Rs. 10,00,000 for the year 1959 were Rs. 7,96,000 and for the year 1960 were Rs. 2,91,819 (for 9 months only i.e. 1-4-1960 to 31-12-1960). As regards the State Bank of Saurashtra, its establishment charges for the years 1958, 1959 and 1960 were Rs. 14,89,000 Rs. 16,61,000 and Rs. 12,14,905 respectively. In the year 1958, the Bank made a net profit of Rs. 16,29,000 in the year 1959, the bank made a net profit of Rs. 17,83,000 and in the year 1960 the bank made a net profit of Rs. 9,76,381 (for 8 months 1-5-1960 to 31-12-1960). As regards the State Bank of Travancore, the establishment charges of the Bank for the

years 1958, 1959 and 1960 were Rs. 8,54,000, Rs. 9,13,000 and Rs. 10,51,803 respectively. The bank made a net profit of Rs. 10,24,000 for the year 1958, Rs. 9,95,000 for the year 1959 and Rs. 13,53,364 for the year 1960. On shares of the State Bank of Mysore and 75:84 per cent shares of the State Bank of Hyderabad, the State Bank of Patiala and the State Bank of Saurashtra, 96.70 per cent shares of the State Bank of Bikaner, 82.82 per cent shares of the State Bank of Indore, 88.11 per cent shares of the State Bank of Jaipur, 62.27 per cent shares of the State Bank of Mysore and 75.84 per cent shares of the State Bank of Travancore. In connection with some of these banks the percentage is likely to be reduced as claims from all the shareholders of the pre-existing corresponding banks had not been received.

4.182. The Subsidiaries of the State Bank of India can bear the additional burden imposed by the abolition of Area IV. The Government has very wisely constituted the Integration and Development Fund for meeting the losses which these banks may suffer in opening branches in semi-urban and rural areas in the larger interest of the nation. The State Bank of Hyderabad is even at present conferring larger benefits than those provided in the Sastry Award to employees who are transferred from a higher area to a lower area. Whereas the award provides that in case of transfer from a higher area to a lower area basic pay of the employee concerned should be protected, but allowances such as dearness and house rent should be reduced in accordance with the scale applicable to the lower area, the management agreed to protect the basic salary and all allowances drawn by the employees while at higher area, for the first 12 months of their posting to lower area and thereafter to pay compensatory allowance to cover the difference until it is wiped off in due course by the increments earned in future.

4.183. Some of the reasons given for the abolition of Area IV in connection with the State Bank of India equally apply to its Subsidiaries. Taking every circumstance into account, I am of the view that these banks should also fall in line with the remaining banks in the country in connection with Area IV. In my view, Area IV needs to be abolished.

4.184. The difference in the total remuneration payable by A, B, and C Class banks under the Sastry Award as modified to the clerical staff and the members of the subordinate staff in Area III and in Area IV is very large. At the all-India working class consumer price index No. 123 (Base 1949 = 100) an A Class bank pays in the 1st year of service to a member of the clerical staff in Area III Rs. 127.25, whilst in Area IV it pays Rs. 99.90. The corresponding figures for a B Class bank are in Area III Rs. 120.25 and Area IV Rs. 90.90. The corresponding figures for a C Class bank are in Area III Rs. 114.25 and in Area IV Rs. 87.90. As regards members of the subordinate staff the corresponding figures for A Class banks are in Area III Rs. 80.87 and in Area IV Rs. 65.25; for B Class banks are in Area III Rs. 75.75 and in Area IV Rs. 57; and for C Class banks are in Area III Rs. 70.62 and in Area IV Rs. 42.50. The difference will be further accentuated if the total remuneration

payable under my award in Area III is considered. If Area IV is abolished at once there will be a sudden steep increase in the total remuneration of workmen at present employed in Area IV. It is desirable that the change should be gradual. It is further desirable that in the same place the total remuneration payable to a workman should not differ having regard to the fact whether a bank has opened a branch after my award or before my award comes into force. Accordingly I am providing for a short transitional period during which progressively higher wages will be paid in Area IV until they come in level with those paid in Area III and Area IV will cease to exist.

4.185. I will next consider whether any place which would by reason of its population fall in a lower area should, by reason of the peculiar conditions prevailing in that place, be upgraded so as to be deemed to fall in a higher area. It is urged that the cost of living and the standard of life prevailing in places which are State capitals, hill stations, summer resorts, project areas, newly developed industrial townships and places in the vicinity of large cities are very much higher than at other places falling in the same Area. It is urged that if the areawise classification is to be retained then these places need to be upgraded. The aforesaid argument applied to a number of places which fall within the present Area IV and some of these places would be required to be upgraded if Area IV was to be the normal feature of the wage structure. As I have already pointed out, there has been a considerable difference in the total remuneration at present drawn by workmen in Area IV and by workmen in Area III. It is this largeness of the difference which has contributed to the great depth of feeling behind the arguments advanced in this connection. On the abolition of Area IV, all places falling within Area IV will get upgraded and would fall in Area III though in view of the great disparity in the remuneration, a short time will elapse before the remuneration payable in Area III will apply. There are however some places in Area IV which it is claimed should be upgraded even above the level of Area III. There is a place called Uttarpara which is about six miles from Calcutta. The same falls within the Calcutta industrial belt. The United Bank of India Limited and the United Commercial Bank Limited have treated this place as if it fell within Area I. Having regard to the location of this place and other circumstances, it is but fair that this place should be regarded as falling within Area I, and I direct accordingly.

4.186. There was a demand made that Bhivandi, Dombivli and Pimpri which are at present in Area IV, should be upgraded to Area II, having regard to the local conditions prevailing at Bhivandi, Dombivli and Pimpri. Bhivandi is on the Bombay Agra road and is not far away from either Kalyan or Thana whose cases I am going to deal with separately. The State Bank of India has treated Bhivandi as if it fell within Area II. Dombivli is a few miles away from Kalyan. The Canara Bank Limited has treated Dombivli as if it fell in Area II. Pimpri is an industrial centre near Poona and the United Commercial Bank Limited has treated this place as if it fell within Area II. It is but fair that all these three places, having regard to their special circumstances, should be

treated as falling within Area II, and I direct accordingly.

4.187. There are two places in Area III which it is claimed, should be placed in Area I. They are Kalyan and Thana. According to the latest census figures, the population of Thana has crossed the limit of one lac and would, apart from any other circumstance, be regarded as falling in Area II. Both Kalyan and Thana are on the outskirts of Greater Bombay. Local trains run frequently from Bombay to Thana and Bombay to Kalyan. Both are industrial centres. The State Bank of India has treated these places as if they fell in Area I. Having regard to the peculiar circumstances in connection with these two places, it is but just that these two places should be regarded as falling within Area I, and I direct accordingly.

4.188. There are various places in Area III which, by reason of the peculiar position occupied by those places, are required by workmen to be upgraded as if those places fell in Area II. A claim has been made that Chandigarh, Chandernagore, Chinsurah, Cochin, Ferozepore, Kakinada, Nasik, Pondicherry, Raipur, Shillong, Tirunelveli, Tuticorin should be deemed to fall within Area II. Kakinada, Nasik, Raipur and Tuticorin have, according to the latest provisional official Census figures, a population exceeding one lac and would fall within Area II. The State Bank of India has treated all these places, barring Chandigarh, as falling within Area II. Chandigarh is the capital of the East Punjab State. The Punjab National Bank Limited has treated Chandigarh as if it fell within Area II. Having regard to the peculiar conditions prevailing at each of these places, it is but fair that all these places should be regarded as falling within Area II and I directly accordingly.

4.189. Under this award (I) Area I will comprise (1) City of Bombay including Greater Bombay, (2) City of Calcutta including Howrah, Barrack pore, Behala Alipore, Cossipur, Garden Reach, Baranagore, Tollygunge, South Suburban Municipal Area and Dum Dum, (3) City of Delhi including New and Old Delhi and Delhi Shahdra (4) city of Madras, (5) City of Ahmedabad, (6) City of Hyderabad comprising areas falling within the Hyderabad Municipal Corporation limits, Secunderabad, Secunderabad Cantonment and outlying urban units being University Area, Malkajgiri, Alwal, Zamistapur, Attapur, Fathenagar, Bowenpalli, Lalaguda, Kandikal and Machabolirum. (7) Bangalore comprising areas falling within the Bangalore Corporation limits, area notified under the Bangalore City Improvement Trust Board Act, excluding satellite townships and satellite towns within the Trust Board area, (8) Kalyan, (9) Thana, and (10) Uttarpara and all places which may have a population of more than twelve lacs.

(II) Area II will comprise all cities other than those included in Area I which have a population of one lac or more, and Bhivandi, Chandernagore, Chandigarh, Chinsurah, Cochin; Dombivli, Ferozepore, Kakinada, Nasik, Pimpri, Pondicherry, Raipur, Shillong, Tirunelveli and Tuticorin.

(III) Area III will comprise all places not already included in Area I and

Area II.

4.190. For the purpose of the classification of areas, only the latest available all India Census figures should be taken into account. A similar direction was given by the previous Tribunals and it seems to me to be a salutary direction. Until the final official population figures of the latest 1961 census are available, provisional figures as officially published should be adopted.

CHAPTER V

Item No. 2 : SCALES OF PAY; METHOD OF ADJUSTMENT IN THE SCALES OF PAY;

AND

Item No. 3 : DEARNESS ALLOWANCE WITH PARTICULAR REFERENCE TO THE QUESTION WHETHER ANY PART OF THE EXISTING DEARNESS ALLOWANCE SHOULD BE ABSORBED IN THE BASIC PAY.

Scales of pay

(i) General

5.1 The Sen Tribunal considered it desirable that the basic pay should represent as large a part of the total emoluments as possible and should be fixed at a point below which the cost of living is not expected to fall in the near or foreseeable future and that at the lowest level, the basic wage should be supplemented by dearness allowance ensuring a fair degree of neutralisation of the increase in the cost of living. For this purpose, the Sen Tribunal selected 1944 as the base year. The Sen Tribunal saw great merit in adopting that year as the base year **Inter alia** because the Central Government was then publishing the cost of living index series for 15 towns in different parts of India treating 1944 as the base year and as for the seven towns of Bombay, Ahmedabad, Sholapur, Jalgaon, Kanpur, Nagpur and Madras it had been publishing an index series with August 1939 as the base which could without difficulty be converted to the base year 1944. The Sen Tribunal relied upon the results of Shri Subramaniam's investigations into the budgets of the middle class employees of the Central Government for the period November 1945 to August 1946 while considering the question of (1) consumption units, (2) the difference in cost of living in different areas and (3) the minimum requirements of a lower middle class family. It came to the conclusion that the figures of actual expenditure given by Shri Subramaniam could be used as a basis for arriving at the subsistence level of wages. The monthly requirements of a lower middle class employee for Bombay, Calcutta and Delhi were worked out at Rs. 40 per consumption unit or Rs. 90 for 2.25 consumption units in 1946. The requirements of a lower middle class employee in Class II areas represented by Sholapur, Kanpur, Nagpur and Jamshedpur, were worked out at Rs. 34 per consumption unit and Rs. 77 for 2.25 consumption units in 1946. About Class III areas the Sen Tribunal observed that they comprised very large tracts and since calculations similar to those made in case of Areas I and II were not likely to yield satisfactory results, it assumed a minimum of Rs. 65 per month as representing the requirements of a clerk in such Areas for the year 1946. The Tribunal started with the requirements of 2.25 consumption units in the first year of service of an employee, and went up to the requirements of 4 consumption units in the 25th year of service, in

arriving at the figures of minimum requirements of a clerk in 1946. After reducing these to the level of 1944, it concluded that the following were the figures of monthly requirements of a clerk in a "C" Class bank (working funds below 7½ crores) in 1944 :—

Class of Area	First Year	25th Year
Class I Areas	86	265
Class II Areas	73	225
Class III Areas	62	191

Working on the basis of these figures as the foundation and using the differentials which were fixed by it the wage scales for A, B and C Classes of banks in Areas I, II and III were ultimately built up by the Sen Tribunal after observing the principles that increments should normally show a rising trend and that a time scale should provide for a saving wage after the fifteenth year of service. The peculiarity of Sen Tribunal's wage scales is that there is a base year i.e. 1944 and the dearness allowance is linked to the local indices converted to 1944 = 100. It was due to this linking of dearness allowance with local indices, that appreciable differences in pay of the clerks in various places subsequently became apparent and resulted in considerable dissatisfaction amongst the bank employees. In connection with wage scales of the subordinate staff, the Sen Tribunal relied mainly upon the figures in Shri Deshpande's reports which were in respect of family budgets of industrial workers in different parts of India and came to the conclusion that the minimum requirements per month for a new entrant on the basis of 2.25 consumption units in Class C banks in Class I area would come to Rs. 52, in Class II area would come to Rs. 43 and in Class III area would come to Rs. 35. As regards Class B banks the requirements in Class I, Class II and Class III areas were found to be Rs. 56, Rs. 46 and Rs. 38 respectively. As regards Class A banks the requirements in Class I, Class II and Class III areas were found to be Rs. 60, Rs. 49 and Rs. 40 respectively.

5.2 The Sastry Tribunal reviewed the approach of the Sen Tribunal in Connection with the fixation of wage scales and came to the conclusion that it should devise a more direct approach, a simpler method and a more acceptable technique, keeping clear of all data which was not statistically established beyond doubt and keeping also in mind the Labour Appellate Tribunal's criticism of Shri Subramaniam's Report and cognate matters. The Sastry Tribunal considered the various aspects of Shri Subramaniam's Report and expressed its doubts about its utility for the purpose of wage fixation for which it was never intended as the objective of the report was to provide a basis for middle class cost of living indices. In its view it was not quite safe to accept that report as representing an accurate picture of the economic conditions and modes of living of the bank workmen. In connection with the question as to what should be the size of a family, the Sastry Tribunal observed that the size of the family of a workman should be taken as consisting of 1.8

consumption units at the initial start and that at the 10th year of his service, it should be regarded that a person has a family consisting of a wife and two children, making a total of 3 consumption units. Dealing more elaborately with the problem of a proper co-efficient, i.e. ratio of the relative costs of living of working class and the middle class employees, it has held that this co-efficient was not more than 66-2/3 per cent as against the co-efficient of 80 per cent originally arrived at by Justice Rajadhyaksha in his award regarding the Posts and Telegraphs Departments of the Central Government. The Sastry Tribunal then considered various other factors relating to wage fixation such as (i) the productivity of labour, (ii) the prevailing rates of wages in the same or similar occupations in the same or neighbouring localities, (iii) the level of national income and its distribution and (iv) the place of the industry in the economy of the country. It made its observations as regards the relevancy or otherwise of those concepts in the context of the peculiar conditions prevailing in the banking industry. It then considered the wage scales awarded by various Tribunals in the past in relation to employees of banks in various States, made a comparative study of the wage scales prevalent at that time in the establishments under the Central and the State Governments, it also took a cross-section of the wage map of India for clerical staff and compared the prevailing rates in a mixed bag consisting of industrial concerns, municipalities, insurance companies, Government departments, port-trusts and the Reserve Bank of India. It also studied the prevailing rates of wages in certain industries which were the result of industrial awards. In conjunction with this the recommendations of the various committees which had anything to do with the fixation of wages were also taken into account and a detailed survey of the banking industry and its capacity to pay higher wages was made by making an examination of the profit margins, net returns, provision for reserves, etc., having been fully conscious of the fact that all wages and costs must in the last analysis come out of the gross yield of the industry and that the scales were to be adjusted subject to a minimum, to the capacity to pay. It devised 12 scales being the scales in A, B, C and D Classes of banks in Areas I, II, III. The basic pay under these scales was less than the basic pay in the Sen scales of pay and three more scales of pay were added due to the creation of D Class banks in view of the recommendations of the Rural Banking Enquiry Committee and the nature of the work in rural areas.

5.3. The Sastry Tribunal has considered in detail the position of the Index Numbers which were being published in the country at the time of its deliberations and decided that in the circumstances prevailing at that time, the fixed percentage method with a minimum was eminently suitable for the fixation of dearness allowance in the banking industry for the members of the clerical staff and that the flat rate system was suitable for a similar purpose for members of the subordinate staff. As regards the adjustment of the dearness allowance for future half years commencing from July 1953 to December 1953 onwards the Tribunal considered it proper to link the dearness allowance

to the rise or fall in the all-India working class cost of living index figure 144 (base 1944 = 100). The Labour Appellate Tribunal felt that no bank clerk should receive less than a wage which would not only provide him with bare necessities of life but also give him at least a small measure of comfort, and considered it "a basic principle, well established, that fair wages must have priority over profits". It also held the view that at least in the case of bigger banks the Sastry Tribunal ought to have fixed appropriate wages and not a minimum wage it appeared to have done. The Labour Appellate Tribunal agreed with the views of the Sastry Tribunal as regards the report of Shri Subramaniam in connection with fixation of wage scales but it did not agree with its findings in respect of the size of the family and the co-efficient and regarded that the basis of 2.25 consumption unit was a reasonable basis for calculating the measure of a young man's responsibility at the start and that in the absence of any definite investigation or statistics, the 1.80 co-efficient should be maintained. The Labour Appellate Tribunal has been influenced, while devising its wage structure, by another consideration, namely, that "the clerk in an A class bank in Class I area should receive as his starting total emolument something midway between Rs. 130 (which the Central Government gives to its clerk) and the wages of higher commercial firms, excluding the oil companies to avoid possible contentions." The scales of wages which the Labour Appellate Tribunal finally devised while modifying the Sastry Award, closely followed the pattern of wage scales of the Sastry Tribunal but with a little higher minimum and maximum, except in A Class banks in area-1 where the same minimum and maximum were kept. It retained the Sastry scales of wages for D Class banks with the proviso that they were to remain in force till 31st March 1959 and that thereafter all D Class banks were to step into C Class. It, however, raised the rates of dearness allowance considerably for A, B and C Class banks in order that the total emoluments may be increased and may reach the required level in view of the above-mentioned consideration. About the pay scales of the subordinate staff, the Labour Appellate Tribunal has said that as far as practicable it has considered the same against the background and on the principles discussed by it in connection with the clerical staff. After considering the pay-scales of the Sastry Tribunal and the total emoluments paid by the commercial concerns in Bombay and Calcutta and by the Central Government in Bombay to the members of the subordinate staff, it ultimately decided to retain the wage scales of the subordinate staff awarded by the Sastry Tribunal but increased the dearness allowance payable by A, B and C Class banks in Areas I, II and III. As regards the subordinate staff of D Class banks, the scales of pay and dearness allowance given by the Sastry Tribunal were allowed to remain in operation for five years from 1st April 1954 after which period the scales of the C Class banks were to be applicable to them.

5.4. The Government modified the decision of the Labour Appellate Tribunal by its Order No. S.R.O. 2732, dated 24th August 1954, and Class III area

was limited to towns and cities not included in Class I and Class II which had a population of more than 30,000, and Class IV area was created comprising places not included in Class I, Class II and Class III areas. It also created what is called Class V area comprising places in Class IV area situated in the former Part B and Part C States other than Delhi, Ajmer and Coorg. It laid down scales of pay for all classes of banks in Area IV and completely exempted places in area V from the operation of the Award. The dearness allowance scheme awarded by the Labour Appellate Tribunal in respect of the clerical staff was also modified and the rates of dearness allowance for A, B, C and D Classes of banks for clerks were introduced, which were the same as those prescribed by the Sastry Tribunal. As regards the subordinate staff instead of the dearness allowance as prescribed by the Labour Appellate Tribunal for A, B and C classes of banks and for Areas I, II and III, the dearness allowance for subordinate staff as fixed by the Sastry Award was prescribed.

5.5. The Bank Award Commission enquired into and ascertained the effects on emoluments which the employees were in receipt of prior to August 1954 (a) of the Labour Appellate Tribunal without modification and (b) of the Labour Appellate Tribunal as modified by Government order No. S.R.O. 2732 dated 24th August 1954. This Commission after an elaborate inquiry gave its recommendations which were accepted **in toto** by Government and were enforced by the enactment of the Industrial Disputes (Banking Companies) Decision Act, 1955. Subsequently, as regards the banks incorporated in Travancore Cochin State, except the Travancore Bank, the Travancore-Cochin Banking Inquiry Commission made enquiries to ascertain whether the terms and conditions of service of workmen of the banks (except the Travancore Bank) incorporated in the Travancore Cochin State, to which the provisions of the Industrial Disputes (Banking Companies) Decision Act, 1955 applied should be modified and if so, in what respect, having regard **inter alia** to the effects which the terms and conditions of service that may be recommended by the Commission, were likely to have on the general economy of the area. The recommendations of this Commission resulted in the enactment of the Industrial Disputes (Banking Companies) Decision Amendment Act, 1957. Broadly speaking, as a result of the recommendations of these two Commissions, Area IV along with the wage scales and dearness allowance for that area prescribed by the said Government modification order for the various classes of banks, came to be retained, but the exempted area, generally known as Area V was abolished; C Class of banks were divided into two further classes viz., C-1 Class of banks i.e. banks which were capable of paying the dearness allowance according to the Labour Appellate Tribunal decision, and C-2 Class of banks i.e. banks which were not in a position to pay the dearness allowance in accordance with the decision of the Labour Appellate Tribunal and which would be paying dearness allowance at a lesser rate. The provision that D Class banks automatically step up to C Class as from 1st April 1959 gave place to the recommendation of the Bank Award Commission that the position of these banks should be reexamined at the

end of five years from 1st April 1954 with a view to considering the structure of wages and allowance for their employees. The Labour Appellate Tribunal's formula of adjustment of dearness allowance was revised, but in this respect the Commission was keen to see that whatever alternate formula was devised should have the merit of interfering as little as possible with the Labour Appellate Tribunal's wage structure and of ensuring results not significantly different from those achieved by the Labour Appellate Tribunal's formula. In the exercise of the powers conferred upon it by sub-section (5) of section 3 of the Industrial Disputes (Banking Companies) Decision Act, 1955, the Central Government has on 13th February 1960 made an adjustment in the dearness allowance formula.

The present wage scales and dearness allowance in the banking industry are, therefore, the result of (a) the Sastry Award, (b) the modifications made in the Sastry Award by the Labour Appellate Tribunal's decision, (c) the modifications made by the Government modification Order No. SRO-2732 dated 24th August 1954 (d) the part restoration of the Labour Appellate Tribunal's decision after the incorporation of the recommendations of the Bank Award Commission in the Industrial Disputes (Banking Companies) Decision Act, 1955 (e) the further restoration of the Labour Appellate Tribunal's decision in respect of the banks in the State which is now known as Kerala State by reason of the recommendations of the Travancore-Cochin Banking Enquiry Commission whose recommendations were incorporated in the Industrial Disputes (Banking Companies) Decision Amendment Act, 1957 and (f) the modification made by the Government in the dearness allowance adjustment formula on 13th February 1960. The wage scales and the scheme of dearness allowance which have thus emerged are given below :—

CLERICAL STAFF

Class 'A' Banks

Area			
I	----	----	Rs. 85—5—100—6—112—7—140—8—164—9—227—EB—9—245—10—265—15—280
II	----	----	Rs. 77—4—85—5—100—6—112—7—140—8—164—9—209—EB—9—245—10—255
III	----	----	Rs. 73—4—85—5—100—6—112—7—140—8—164—9—200—EB—9—245
IV	----	----	Rs. 66—3—69—4—85—5—100—6—112—7—140—8—164—9—182—EB—9—227

Class 'B' Banks

Area			
I	----	----	Rs. 77—4—85—5—100—6—112—7—140—8—164—9—209—EB—9—245—10—255
II	----	----	Rs. 69—4—95—100—6—112—7—140—8—164—

9—191—EB—9—236

III	----	----	Rs. 66—3—69—4—85—5—100—6—112—7—140—8—164—9—182—EB—9—227
IV	----	----	Rs. 57—3—69—4—85—5—100—6—112—7—140—8—156—EB—8—164—9—200
Class 'C' Banks (Including C-2)			
Area			
I	----	----	Rs. 69—4—85—5—100—6—112—7—140—8—164—9—191—EB—9—236
II	----	----	Rs. 63—3—69—4—85—5—100—6—112—7—140—8—164—9—173—EB—9—218
III	----	----	Rs. 60—3—69—4—85—5—100—6—112—7—140—8—164—EB—9—209
IV	----	----	Rs. 54—3—69—4—85—5—100—6—112—7—140—8—148—EB—8—164—9—191

Class 'D' Banks

Area			
I	----	----	Rs. 57—3—69—4—85—5—100—6—112—7—140—8—156—EB—8—164—9—200
II	----	----	Rs. 54—3—69—4—85—5—100—6—112—7—140—8—148—EB—8—164—9—191
III & IV	----	----	Rs. 51—3—69—4—85—5—100—6—112—7—140—EB—8—164—9—182

SUBORDINATE STAFF

Class 'A' Banks

Area			
I	----	----	Rs. 40—2—54—1—70—2—72
II	----	----	Rs. 36—2—54—1—69
III & IV	----	----	Rs. 34—2—54—1—68

Class 'B' Banks

Area			
I	----	----	Rs. 36—2—54—1—69
II	----	----	Rs. 34—2—54—1—68
III & IV	----	----	Rs. 32—2—54—1—67

Class 'C' Banks (including C-2)

Area			
I	----	----	Rs. 34—2—54—1—68
II	----	----	Rs. 32—2—54—1—67
III & IV	----	----	Rs. 30—2—54—1—66

Class 'D' Banks

Area I	-----	-----	Rs. 32—2—54—1—67
Area II	-----	-----	Rs. 30—2—54—1—66
Area III & IV	-----	-----	Rs. 28—2—54—1—65

5.6 The Scheme of dearness allowance in the banking industry is as under:—

DEARNESS ALLOWANCE

Clerical Staff

(a) For A, B and C-I Class of banks

Area	Minimum		Maximum		
Area I	Rs. 50	-----	First Slab of Rs. 100	-----	50%
		-----	Second Slab of Rs. 100	-----	40%
		-----	Thereafter	-----	35%
Area II	Rs. 45	-----	First Slab of Rs. 100	-----	45%
		-----	Second Slab of Rs. 100	-----	35%
		-----	Thereafter	-----	30%
Area III	Rs. 40	-----	First Slab of Rs. 100	-----	40%
		-----	Second Slab of Rs. 100	-----	30%
		-----	Thereafter	-----	25%
Area IV	Rs. 25	-----	33-1/3% of pay (basic pay, special allowance and officiating allowance) with a maximum of Rs. 40.		

(b) For C-2 and D Class of Banks

	Rate	Minimum	Maximum
		Rs.	Rs.
Area I	33-1/3%	35	70
Area II	"	30	60
Areas III and IV	"	25	40

Subordinate Staff

For A, B, C-1, C-2 and D Class of Banks,

	Area I	Area II	Area III	Area IV
	Rs.	Rs.	Rs.	Rs.
A Class Banks	42/50	40/-	37/50	25/-
B Class Banks	40/-	37/50	35/-	20/-
C-1 Class Banks	37/50	35/-	32/50	10/-
C-2 Class Banks	15/-	12/-	10/-	10/-
D Class Banks	13/-	12/-	10/-	10/-

Dearness Allowance Adjustment Formula.

If the average all-India cost of living index for any quarter after the 31st March, 1959 should rise or fall by more than five points as compared to 144 (1944 = 100), the dearness allowance payable for the succeeding quarter shall be raised or lowered, in the case of clerical staff by one-fourteenth, and in the case of subordinate staff by one-twentieth, of the dearness allowance admissible at the index level of 144 for each variation of five points.

Explanation :— “quarter” means the period of three months ending on the last day of March, June, September or December.

5.7. The All India Bank Employees Association has made demands for higher wage scales etc., on the basis that during the period of operation of the aforesaid scales of wages and dearness allowance, radical changes have, taken place. It has, referred to (1) important changes in the national economy, (2) the fast deterioration in the living conditions, and (3) the change in the wage concept. It has pointed out that a clerk in a D Class bank in the first year of his service (working capital upto one crore) in class I area (Calcutta-Bombay) draws at the cost of living index figure of 170(1944 = 100) Rs. 112.50 per month as against a member of the subordinate staff similarly situated who draws Rs. 56/- per month. In Class IV area the respective amounts drawn are Rs. 86.25 and Rs. 40.50 per month. It is urged that a good number of the bank employees in different parts of the country were drawing much less than their counterparts working in any comparable concerns in those parts. The Association further states that the wage structure applicable to banking industry at present was determined on a basis which has changed. It has submitted that the entire economy situation in the country has undergone a radical change that two successful Five Year Plans had been launched and executed; that the industrial potential had gone up; that the prices were soaring, particularly of the foodstuffs and other consumer goods; that there was a sharp decline in the purchasing power of the common man; that the living conditions of today stood no comparison with those of the earlier period that the norms of a need based wage stood crystallised as a result of the resolution passed by the 15th Tripartite Labour Conference; that the wages fixed in the year 1953 were wholly out of date and unreal and that an immediate upward revision of the wage structure of bank employees in the light of the changed circumstances had become necessary.

5.8. In connection with principles and basis of wage fixation the Association has relied upon the expected increase in the national income by 25 per cent by the end of the Second Five Year Plan, the unanimous resolution of the Lok Sabha towards the end of 1954 for the establishment of a Socialistic Pattern of Society, the views of the Planning Commission, the directive principles in the Constitution and the concept of minimum wage and fair wage as given by the Committee on Fair Wages. The Association has submitted that in order to ascertain the requirements of a worker for the purpose of wage fixation, it is imperative to take a particular cost of living figure as the basis of calculation which should be such that below it the cost

of living is not expected to go down in the foreseeable future, and that the basic wage should represent as large a part of the total emoluments as possible. The Association has submitted that the all India working class consumer price index number 105 for the year 1956 in the series 1949 = 100 should be taken as the base. It considers the norms laid down by the 15th Labour Conference as inadequate. According to the Association even on the footing of these norms a minimum of Rs. 140/- was payable to any bank workman in any part of the country on the 1956 average prices at the working class consumer price index No. 105 (1949=100). Applying the 80 per cent co-efficient to Rs. 140/-, the Association contends that a middle class employee will need Rs. 252/- for the satisfaction of his minimum needs, and that the minimum wage payable to a clerk in any bank in any part of the country at the working class consumer price index number of 105 (1949-100) would be Rs. 252/-.

5.9. The All India Bank Employees Federation holds the view that circumstances have materially changed since the modified Sastry Award came into force and it advances the following grounds in support of its contention :—

- (1) The banking industry as a whole has immensely prospered and tremendously expanded.
- (2) Cost of living has substantially gone up throughout India.
- (3) National income under the First and the Second Five Year Plans has considerably increased.
- (4) Prevailing rates of wages in other industries have also considerably gone up during the last five years due to settlement and awards.
- (5) Unanimously agreed norms of minimum subsistence wage have been evolved at the 15th Indian Labour Conference and the Central Wage Boards have been appointed to fix the need based wage subject to the capacity of the industry, some of which have made their recommendations which are being implemented.
- (6) The wage scales according to the modified Sastry Award were not at all adequate to ensure minimum subsistence wage for the clerical and subordinate staff, having regard to the high cost of living prevailing all over the country.
- (7) Not only the rise in the cost of living should be fully neutralised but there should be improvement in the real standard of living of the employees.
- (8) The nature of work in the banking industry requires greater skill, accuracy, responsibility and hard labour than that required in other industries.

The Federation states that on the basis of the norms laid down at the 15th Indian Labour Conference, the national minimum subsistence wage for the lowest paid unskilled worker comes to about Rs.150/- per month, and taking the generally accepted view that the cost of living of the middle class

employees is 80 per cent more than that of the working class employee, and having regard to other relevant factors and the revision of pay and allowances of the officers' staff in the banks during the last five years, a revision of scales of pay is fully justified.

5.10. Some other unions and associations of employees have also advanced similar arguments in justification of their demand for revised and higher scales of pay for the bank employees.

5.11. In the Statement of claim filed by the State Bank of India Staff Union, Andhra Pradesh, Vijayawada, it is pointed out that in April 1950 the Prime Minister had made a statement in the Parliament to the effect that Government was committed to the principles of fair wages as recommended by the Fair Wages Committee. It has pleaded for the fixation of a minimum wage on the basis of pre-war prices because as stated by it prices have been fluctuating during and after the war, with the result that it was not easy to get reliable figures for ascertaining the cost of the minimum requirements of workmen and that the more, reliable figures of prices of food, clothing, rent, etc., before the war would be a better basis for calculation of the minimum wage. According to the union the resolution of the 15th Indian Labour Conference was a compromise where the Labour was made to sacrifice heavily for the sake of unanimity and the only benefit conferred was that in the future wage fixation, workers would not have to cover the whole ground once again but to start with the guaranteed minimum, though the minimum was very low and unsatisfactory in several ways. The union has however calculated the minimum needs of workmen on the basis of the formula laid down by the 15th Labour Conference taking the consumer price index number 360 in 1939 = 100 series, and has arrived at the minimum wage of Rs. 127.87 per mensem but has claimed a minimum wage of Rs. 125/- for the lowest paid employee in the State Bank of India. Applying the 1.80 co-efficient it has demanded a minimum of Rs. 220/- for a clerk in The State Bank. The All India State Bank of India State Federation has closely followed the logic and conclusions of the State Bank of India Staff Union, Andhra Pradesh. The State Bank of Patiala (All Cadres) Employees Association has pleaded that since this bank has been re-constituted as a subsidiary of the State Bank of India, it should be completely merged with the State Bank of India, or in the alternative pay scales and service conditions and other benefits enjoyed by the employees of the State Bank of India should be enforced also for the employees of the State Bank of Patiala.

5.12. The scales of pay demanded by the various Associations and Unions of bank employees for the various classes of banks in respect of the clerical staff and subordinate staff are set out in the table below :—

S. No.	Name of the Employees' Association or Union	Wage Scales demanded for various Classes of banks (Clerks and Subordinates),

	A	B	C
	Clerks		
1. All India Bank Employees Association.	Rs. 220—10—240 12 1/2—290—15— 365-20-425—25 -550	Rs. 190—10—240 121/2i—290—15— 365-20—425-25 -475.	Rs. 170—10-240 —121/2-290—15— 365—20—425.
	Subordinate		
	Rs. 125-5—155 -6-185-7—192 -8-232-9—250	Rs. 112-4-120 -5-155-6-185 -7-192-8-224	Rs. 100-4-120 -5-155-6-185 -7-192-8-200
	Clerks		
2. All India Bank Employees Federation.	Rs. 150—10—250—15- 400-20—500	Rs. 125-10-225—15- 375-20-475.	
	Stenographers and Steno Typists.		
	Rs. 200-15—350—30- 450—25—550	Rs. 175-15—325—20— 425-25-525	
	Drivers		
	Rs. 110—5-135-6-165 —8—265.	Rs. 105-5-160-7-230	
	Subordinates		
	Rs. 75-3—90-4-110- 5—135—5—165	Rs. 70 -3-85-4-105— 130-6—160	
	Clerks		
3. All India State Bank of India Staff Federation	Rs. 220—10—240— 12 ^{1/2} —290—15—365- 20-425-25-550 Sub-Accountants and Head Cashiers. Rs. 500-20-700		
	Subordinate		
	Rs. 125-5—155-6- 185-7-192—8 232—9—250		
	Other categories (Drivers, Compositors, Distributors Pressmen).		
	Rs. 175—5-205-6- 235—7—242—8— 282—9—300		

4. The State Bank of India Staff Association (Delhi Circle).	Clerks Rs. 160—10—280—15—400		
	Subordinate		
	Rs. 75-4-95-120-6—150		
	Clerks		
5. State Bank of Patiala (All Cadres) Employees Association.	Rs. 150-10-200-15-350		
	Subordinates		
	Rs. 65-3-80-4-100- 5—125		
	Drivers		
	Rs. 100-3-115-4- 135-5-160		
	Clerks		
6. The Vadodra Raja Bank Nokar Sangh.	Rs. 150-10-200 —12½—275—20— 375—25—500	Rs. 120-10-200 -12½-275-20- 375-25-425	Rs. 100—10—200 -12½-275-20- 375
	Subordinates		
	Rs. 85—5—100—6 —112-7-140-8- 164-9-245	Rs. 77-4—85—5— 100-6-112-7— —140-8-164-9-227	Rs. 73-4—85—5 100-6-112—7— 140-8—164-9-218
	Clerks		
7. The Indian Overseas Bank Employees Union, Madras.	Rs. 225-10-275- 15-350-20-550		
	Subordinates		
	Rs. 125—5-165-6-183 —8—215		
	Clerks		
8. The Cochin Commercial Bank Employees Association.	Rs. 70—5-90—6 114—7—142—8— 174—9—210		
	Subordinates		
	Rs. 35-2-65—1-70		

		Clerks	
9.	The Central Bank of India Employees Association, Patna.	Rs. 150—10—250-15-400	Rs. 125-10-225-15-375
10.	The Central Bank of India Employees Association, Muzaffarpur.		
11.	Bihar Provincial Central Bank of India Employees Association, Muzaffarpur.	Subordinates Rs. 75—3—90—4-110—5—135—6—165	Rs. 70—3—85—4—105—5—130—6—160
		Clerks	
12.	The Central Bank of India, Employees' Association, Amritsar.	Rs. 150—10—250—15—400	
		Subordinates	
		Rs. 75—3-90—4-110-4-135-6-165	
		Clerks	
13.	The Allahabad Bank Employees, Union, Calcutta.	Rs.220-10-260—15—350—20—450—25-550	Rs.190-10-260-15-335-20-435-25-485
		Subordinates	Rs.170-10-240-12½ -290-15-365-20—425
		Rs. 125-5-155-6-185-7-192-8-232-9-250	Rs.112-4-120-5—155—6-185—7-192-8-224
		Clerks	Rs.100-4-120-5-155-6-185-7-192-8-200
14.	Employees Association of the Union Bank of Bijapur and Sholapur. Subordinates	Rs. 170—10—240—12½-290—15—365-20-425	
		Rs. 100—4—120—5—155-6—185-7-192—8-200.	

5.13 The State Bank of India Staff Union, Vijayawada, The State Bank of India Employees Association (Bengal Circle), The All India Bank of Baroda Employees Federation, the South Gujarat Bank of Baroda Employees Union, have all demanded wage scales for the members of the clerical staff and the subordinate staff which are the same as those demanded by the All India Bank Employees Association for A Class banks.

5.14. In the above table the expression A class, B class and C class will have different meanings attached to them having regard to the demands made by various unions and associations of workmen. Most of the all-India Unions have indicated that they have framed the pay scales demanded by them on the basis of the norms laid down by the 15th Indian Labour Conference Resolution. As has been indicated earlier, the All India Bank Employees Association has given the indication that its pay scales are in relation to the base year 1956 when the average all-India index number was 105 in 1949=100 series. Some unions of workmen in the State Bank of India have framed their demands on the all-India consumer price index No. 360 with base 1939 = 100. Several unions have not mentioned the consumer price index level at which they have framed their pay scales. A large number of unions have however adopted the All India Bank Employees Association's scales.

5.15. The All India Bank Employees Association has stated that by providing a minimum of Rs. 220/- in the pay-scale in A Class banks it did not mean that the junior-most clerk in A group of banks would be getting a fair wage on the 1956 price level and that it was not even half the fair wage.

5.16. The banks have, in general, denied the allegations made by the employees in their various statements of claim and have refuted the contentions raised by them in favour of a revision in the existing wage structure. It is denied that any radical changes have taken place. It is their contention that the present basic pay and dearness allowance in the banking industry have been laid down after elaborate enquiry and after taking into consideration all factors and circumstances appropriate for wage fixation, including the principles laid down by the Fair Wages Committee. A reference has been made to the observations of the Bank Award Commission in paragraph 49 of its report where the Commission has observed that the wages given to employees in A class banks border on the higher level of a fair wage and those given to employees in B class banks border on the lower level of a fair wage. It is stated that if the principles laid down by the Fair Wages Committee were taken into consideration, it would be clear that the present rates of emoluments of the bank employees were fair and even generous. It is pleaded that the demand for wage increase should be Examined, bearing in mind, inter alia, the economic policy and the economic situation in the country.

5.17. In regard to the understanding reached at the 15th Tripartite Labour Conference at which the norms of the "need based wage" were laid down some of the banks point out that the resolution related to industrial workmen, that the resolution did not apply to banks, that no representatives of banks

were present, that the problems of banks were not examined by Conference and that what was sought to be achieved by the resolution of that conference was an ideal which was impossible of attainment within of reasonable period of time. The correctness of the various components of the resolution which deal with consumption units and minimum requirements of food, clothing, etc. has been disputed. The use of 80 per cent coefficient while fixing the wage scales of the clerical staff from the wage scales of the subordinate staff, is also not accepted. The banks by and large have pleaded their inability to pay wages according to the estimates of need based wage made by the employees. The Exchange Banks and the State Bank of India do not plead incapacity to pay reasonable wages but they deny that they can afford to pay or could reasonably be called upon to pay the need based wage of the order calculated by the workmen. The correctness and soundness or relevance of taking the year 1956 as the base year for the fixation of wage scales has not been accepted. It is urged that the mere fact that the Second Five Year Plan was undertaken in 1956 is not a ground for taking the year 1956 as the base year. It is denied that there was no chance of the cost of living going down below the level existing in the year 1956. On the other hand, it is considered that in the near future projects undertaken during the First and the Second Five Year Plans should begin to yield results with every possibility of the prices being kept under control. The contention of the employees that there has been a tremendous rise in the cost of living resulting in sharp decline in the purchasing power of the common man is not accepted. It is stated that the average rise of five points a year during the last three years in the all India working class consumer price index was due to the failure of crops and easy money conditions, and that for the removal of these Conditions the Government was taking steps. The other reasons given on account of which some of the bankers consider that the prices of essential commodities will be coming under control are that with the recent agreements made by India with foreign Governments, more and more food would find its way into the country on easy payment basis, that as a result of the emphasis on improvement in agriculture in the Third Five Year Plan food production will increase, bringing down the food prices and that more consumer goods will be rolled out on account of the investment in heavy industries during the First and the Second Five Year Plans. Some of the banks recognise the necessity of taking a particular cost of living figures for the purpose of wage fixation, but they consider that the said figure will always remain a matter of conjecture as it was difficult to determine the level below which the cost of living was not expected to fall in the near future. It is submitted that in demanding a wage fixation at the index No. of 105 the intention of the employees was to have as large a part of the dearness allowance consolidated in the basic pay as possible. In connection with the contention of the employees that the national income has increased and therefore they should have a share of it, some of the banks urge that the question of augmenting of national income is quite distinct from the question of distribution of national income, that there is a

shift in the pattern of national income distribution and that the need of the country today was the ploughing back of a substantial portion of the national income into the various projects for the development of the country. It is submitted that in case a consolidation of dearness allowance with the basic pay is envisaged, its overall effect on provident fund, gratuity, pension etc., must be considered before arriving at any conclusion.

5.18. On behalf of the State Bank of India and its Subsidiaries, the peculiar position and the special features of these banks and their functions and obligations are required to be kept in view. It is urged that these banks are now in the public sector and that the emoluments of their employees should not be out of step with the emoluments paid to other employees in the public sector.

5.19. On behalf of the State Bank of Patiala in reply to the statement of claim of the State Bank of Patiala (All Cadres) Employees Association the peculiar position of the existing wage structure has been explained in the following manner:—

“With reference to the resume of service conditions contained in the Employees’ Association’s Statement of claim, it is submitted that prior to 1st April 1960 the Bank of Patiala (the predecessor of the present bank) was run as Department of the State Government and was neither a banking company nor a banking corporation and as such, was not covered by any Reference or Award, including the Sastry Award. The bank’s staff was governed by the State Regulations upto 1954, when Staff Rules were framed under the Bank of Patiala Regulation and Management Order, 1954. The pay scales and other benefits for the employees of the Bank were initially laid down more or less on the same basis as in the case of the employees of the State Government working in the Secretariat. Revision of grades were, however, made in 1957 and 1958 and these were not in any manner based on any revision that may have been effected by the State Government in the pay scales of their employees. The Employees’ Association’s contention that the grades and service conditions of employees prior to 31st March 1960 were at par with employees of the State Government is therefore, not correct. In 1957, on the employees of the Bank putting forth demands for revision of their pay scales etc., the Bank’s Board of Directors offered new pay scales etc. generally on the lines of the Sastry Award, as modified, to the members of the clerical and subordinate staff, giving an option to such members of the staff as wanted to retain the old grades etc., do so. These revised grades were not implemented in the case of the clerical staff as the vast majority of that staff opted for the old grades of pay etc.”

5.20. It is submitted that when bringing this bank within the ambit of the

common award for the banking industry :—

- (a) there should be no retrospective effect given to any award or pay scales or allowances or other benefits and
- (b) the bank's workmen should be given the option to choose between the new pay scales, allowances, benefits etc., and the existing pay scales, allowances, benefits, etc., in their totality and not on the basis of picking and choosing the best from each set.

As regards the employees' association's demand that the bank should be entirely merged with the State Bank of India, or that in the alternative, pay scales and service conditions applicable to the workmen employed in the State Bank of India should be extended to the employees of the bank, It is submitted that the constitution of the Subsidiary banks is under an Act of Parliament, namely, the State Bank of India (Subsidiary Banks) Act, 1959, that under it each Subsidiary bank was a separate entity although controlled by the State Bank, the Reserve Bank and the Central Government and that Subsidiary banks were expected to stand on their own feet. It is stated that the State Bank of India assisted them by way of subsidies only for the purpose of meeting the cost of any specific programme of development undertaken with the approval of the State Bank of India and such losses or expenditure as might be approved by the State Bank of India with the consent of the Reserve Bank, it being one of the objectives of constituting Subsidiary banks to make possible the extension of banking and credit facilities to rural and semi-urban areas in former part B States and to provide finance for small scale industries and co-operatives. It is further stated that even with the present pay structure it was uneconomical for the Subsidiary banks to open branches and operate in small areas where no avenues of making profit were available but that the same had to be done by reason of statutory obligations and in the larger national interests. It is submitted that if the pay structure etc., of a Class A bank was imposed on the State Bank of Patiala or any other Subsidiary bank, they would not be in a position to carry out their obligations without being a burden on the public exchequer.

5.21. The Kerala Bankers' Association has invited attention to the peculiar feature of Kerala which is advancing money on landed property. It has also invited attention to the majority report of the non-satutory committee appointed by the Government of Kerala to go into the question of fixation of salaries and allowances of employees of the non-award banks, consisting of four representatives of the Bankers' Association and four representatives of the Kerala Employees' Union under the Chairmanship of Shri K. T. Ninan Koshi. This committee has by a majority made recommendations about the salaries and other allowances of employees in the non-award banks.

5.22. The Travancore-Cochin Bankers' Association, Kottayam, has pointed out that its four member banks (1) Palai Central Bank, (2) Travancore Forward Bank, (3) Indian Insurance and Banking Corporation Limited and (4) South Indian Bank Limited were making payments to employees according

to the Sastry Award as modified. In connection with the principles and basis of wage fixation on which the workmen have placed reliance in connection with revision of their wage scales, the Association submits that they can only be applied in advanced countries like the United Kingdom or the United States of America where the per capita national income is high and that in an under-developed country like India where the standard of living is much lower the level of wages will have to depend upon the capacity of the industry to pay and should have relation to the level of wages in other industries depending upon the area of operation and other relevant matters. The Association is against the merger of a part of the dearness allowance with the basic wage as it considers that the totality of the burden would become heavy.

5.23. The Northern India Banks Association has pleaded that the Sastry Tribunal was of the view that the paying capacity of D Class banks, "most of whom had migrated following the partition of the country from the territories now forming the part of West Pakistan", was very low and that the same was the reason why the scales of pay fixed by the Sastry Award for such class of banks were upheld by the Labour Appellate Tribunal decision, by the Government modification order and finally by the Bank Award Commission. The Association has expressed itself in favour of taking the base year of 1949 = 100 The Association considers that the existing minimum and maximum of the scales are fair and reasonable, but in case the Tribunal found it necessary to change the scales of pay the Association has proposed the following scales of pay applicable to clerical and subordinate staff in C class banks

Clerks	
Area I	Rs. 70—5—105—6—147—7—196—8—252—EB—9—315.
Area II	Rs. 65—5—100—6—142—7—191—8—247—EB—9—310.
Area III	Rs. 60—5—95—6—137—7—186—8—242—EB—9—305.
Area IV.	Rs. 55—5—90—6—132—7—181—8—237—EB—9—300

Peons

Areas I to IV Rs. 52—2—102.

5.24. The National Bank of Lahore which is a member bank of the Northern India Banks Association has by a separate statement pleaded that the wage structure should be such as to be within the capacity of the industry to bear in the light not only of its present position but also its future possibilities and responsibilities. It has pointed out that the National Bank of Lahore, is paying "(a) profit basic wage to its employees, (b) a dearness allowance much above the one fixed by the Awards which are enforced, (c) Provident Fund benefit much above the one fixed by the award, (d) gratuity and bonus, (e) medical aid" and it is pleaded that there should be no change in the wage structure of its employees. The bank has expressed itself against the merger of dearness allowance with basic wage. The bank is not prepared to accept the view that there is no chance of the cost of living going down below the level that existed

in the year 1956 and considers that the whole economy of the country was being so worked and planned that the cost of living should come down steeply to the level which existed in pre-war days as under the Third Five Year Plan, complete self-sufficiency in food and cloth is envisaged, free compulsory education at certain standards has been promised, deficit financing has been abandoned as a method of future finance, complete check on inflation is in view, and heavy taxes are in the offing.

5.25. The Bharatha Lakshmi Bank admits the principle of “pay according to capacity” and suggests the creation of 5 areas on the basis of population, the respective figure being (1) 10 lacs and over, (2) more than 5 lacs but less than 10 lacs, (3) one lac and above but less than 5 lacs, (4) 30,000 and above but less than 1 lac and (5) less than 30,000. The scales of pay for the five areas in respect of Class D banks with working funds of less than rupees one crore as suggested by the bank are as under :—

	For Clerical Staff
Areas 5 and 4 :	Rs. 51-3-69-4-85-5-100-6-112-7-140-8-164-9-182.
Areas 3 and 2 :	Rs. 54-3-69-4-85-5-100-6-112-7-140-8-164-9-191.
Area 1 :	Rs. 57-3-69-4-85-5-100-6-112-7-140-8-164-9-200.
	For Subordinate Staff
Area 5 and 4 :	Rs. 28-2-54-1-65.
Area 3 and 2 :	Rs. 30-2-54-1-66.
Area 1 :	Rs. 32-2-54-1-67.

5.26. The Gadodia Bank, while referring to the change of circumstances pointed out by the workmen for a revision in their wage scales, states that the Sastry Award as modified provides for a “compact link for the present and future adjustment in case of changes that take place” and that the “wage scales are wedded to the cost of living index and as and when there is any rise in cost of living index, the employees are being compensated within the frame work of the recommendations.” Another point which this bank has raised is that the standard of recruitment of clerks and other employees is different in A Class banks and D Class banks. The bank is against the merger of dearness allowance with the basic wage. According to the bank, a minimum wage under the Minimum Wages Act is the accepted standard by which the wage structure could be built. The Jaya Laxmi Bank does not consider the fixation of a uniform minimum wage for all areas based on living index figures obtaining in big cities as proper. The wage scales demanded by workmen have been considered as beyond the capacity of small banks and a plea has been made for the retention of the present wage structure. The Miraj State Bank has taken the point of jurisdiction on the ground that the bank is still governed by the Bombay Industrial Relations Act, 1946, that the agreement reached in conciliation proceedings on 25th June, 1952, under the said Act was applicable to all branches of the bank, that under section 116 of the said Act an agreement or settlement which has been entered into and registered remained in force and binding on the parties until it was terminated by two

months’ notice by either party, that such notice had not been served by workmen on the bank and that the said agreement was legally binding on the workmen. On merits, the bank opposes the demand of the employees about the pay scales and considers that the pay scales and dearness allowance under the above mentioned agreement were adequate and no further increase or improvement in them was called for either from the point of view of the capacity of the bank to pay or from the point of view of the needs of the workmen.

5.27. The scheme of basic wages and the scheme of dearness allowance in force at present are the result of the working of many minds at various levels and provide a pattern which is unique. The wage structure differs according to the class of banks and according to the area which the banking establishments are situate. At the all-India working class consumer price index No. 123 in the series 1949 = 100 an employee in the clerical grade in the first year of his service in Area I is paid by A Class banks Rs. 85 as basic pay and Rs. 67.85 as dearness allowance, by B Class banks Rs. 77 as basic pay and Rs. 67.85 as dearness allowance, by C-I Class banks Rs. 69 as basic pay and Rs. 67.85 as dearness allowance, by C-2 Class banks Rs. 69 as basic pay and Rs. 47.50 as dearness allowance and by D Class banks Rs. 57 as basic pay and Rs. 47.50 as dearness allowance. As regards a member of the subordinate staff in the first year of his service, the picture is somewhat different. In Area I and at the same index figure of 123, A Class banks pay Rs. 40 as basic pay and Rs. 53.13 as dearness allowance, B Class banks pay Rs. 36 as basic pay and Rs. 50 as dearness allowance, C-I Class banks pay Rs. 34 as basic pay and Rs. 46.87 as dearness allowance, C-2 Class banks pay Rs. 34 as basic pay and Rs. 18.75 as dearness allowance and D Class banks pay Rs. 32 as basic pay and Rs. 16.25 as dearness allowance.

5.28. In Area II, at the same index number of 123 in the series 1949=100 a member of the Clerical staff in the first year of his service is paid by A Class banks a basic pay of Rs. 77 and dearness allowance of Rs. 61.05, by B Class banks a basic pay of Rs. 69 and dearness allowance of Rs. 61.05, by C-I Class banks a basic pay of Rs. 63 and dearness allowance of Rs. 61.05, by C-2 Class banks a basic pay of Rs. 63 and dearness allowance of Rs. 40.70 and by D Class banks a basic pay of Rs. 54 and dearness allowance of Rs. 40.70.

5.29. In Area II a member of the subordinate staff in the First year of his service is paid at the same index No. 123 by A Class banks a basic pay of Rs. 36 and dearness allowance of Rs. 50, by B Class banks a basic pay of Rs. 34 and dearness allowance of Rs. 46.87, by C-I Class banks a basic pay of Rs. 32 and dearness allowance of Rs. 43.75, by C-2 Class banks a basic pay of Rs. 32 and dearness allowance of Rs. 15 and by D Class banks a basic pay of Rs. 30 and dearness allowance of Rs. 15.

5.30. In Area III at the same index number a member of the clerical staff in the first year of his service is paid by A Class banks a basic pay of Rs. 73 and dearness allowance of Rs. 54.25, by B Class banks a basic pay of Rs. 66 and dearness allowance of Rs. 54.25, by C-I Class banks a basic pay of Rs. 60 and dearness allowance of Rs. 54.25, by C-2 Class banks a basic pay of Rs. 60 and dearness allowance of Rs. 33.90 and by D Class banks a basic pay of Rs. 51 and dearness allowance of Rs. 33.90. The wage picture as regards the subordinate staff in Area III, at the same index number, is that under similar circumstances A Class banks pay a basic pay of Rs. 34 and dearness allowance of Rs. 46.87, B Class banks pay a basic pay of Rs. 32 and dearness allowance of Rs. 43.75, C-I Class banks pay a basic pay of Rs. 30 and dearness allowance of Rs. 40.62, C-2 Class banks pay a basic pay of Rs. 30 and dearness allowance of Rs. 12.50 and D Classes banks pay a Basic pay of Rs. 28 and dearness allowance of Rs. 12.50.

5.31. In Area IV at the aforementioned index figure a member of the clerical staff in the first year of his service gets Rs. 66 as basic pay and Rs. 33.90 as dearness allowance in A Class banks, Rs. 57 as basic pay and Rs. 33.90 as dearness allowance in B Class banks, Rs. 54 as basic pay and Rs. 33.90 as dearness allowance both in C-I Class banks as well as in C-2 Class banks and Rs. 51 as basic pay and Rs. 33.90 as dearness allowance in D Class banks. A member of the subordinate staff in this Area under similar circumstances is paid Rs. 34 as basic pay and Rs. 31.25 as dearness allowance by A Class banks, Rs. 32 as basic pay and Rs. 25 as dearness allowance by B Class banks, Rs. 30 as basic pay and Rs. 12.50 as dearness allowance by both C-I and C-2 Class banks and Rs. 28 as basic pay and Rs. 12.50 as dearness allowance by D Class banks.

5.32. The total emoluments payable under the Sastry Award as modified at the all-India working class consumer price index No. 123 base 1949 =100, to all members of the clerical and subordinate staff in the first year of service in various classes of banks and in various areas are as under :—

Total emoluments in various Classes of banks

Areas	A Class	B Class	C Class		D Class
			C-I	C-2	
		Clerks			
Area I	152.85	144.85	136.85	116.50	104.50
Area II	138.05	130.05	124.05	103.70	94.70
Area III	127.25	120.25	114.25	93.90	84.90
Area IV	99.90	90.90	87.90	87.90	84.90
		Subordinate			
Area I	93.13	86.00	80.87	52.75	48.25
Area II	86.00	80.87	75.75	47.00	45.00
Area III	80.87	75.75	70.62	42.50	40.50

Area IV 65.25 57.00 42.50 42.50 40.50

5.33. It will be seen from the above that the total emoluments (i.e. basic wage plus dearness allowance) payable by A, B and C-I class of banks in Area I, in Area II and in Area III are fairly correlated. The differences in the amounts payable by D Class banks by C-I Class banks in Area I, Area II and Area III are large. The differences in the amounts payable in Area IV and payable in Area III by A, B, and C-I Classes of banks are also large. There is a considerable gulf between the emoluments payable in Areas I, II and III by C-I Class banks and by C-2 Class banks though all of them fall within one common class regard being had to the working funds. Anomalous situations arise when, banks get upgraded from Class D to Class C-I by reason of their working funds touching or crossing, the limit of Rs 1 crore for the requisite period and when by reason of the increase in population or as a result of any voluntary action of a bank, or as a result of any agreement or award, a place in Area IV is upgraded to Area III. When a B Class bank gets upgraded and becomes an A Class bank, the emoluments payable to the members of the clerical staff in Area I in the first year of service increase from Rs. 144.85 to Rs. 152.85, the percentage of increase being 5.52. When a C-I Class bank gets upgraded to B Class, the emoluments of a similar employee increase from Rs. 136.85 to Rs. 144.85 the percentage of increase being 5.84. When, however, a D Class bank gets upgraded to C-I Class under the terms of the Sastry Award as modified on its working funds reaching or crossing the limit of one crore for the requisite period, on such upgradation a member of the clerical staff in the first year of service who is drawing Rs. 104.50 will receive Rs. 136.85, the percentage of the increase being 30.8. A C-2 Class bank whose working funds might be very much more than those of such newly upgraded bank will pay Rs. 116.50 only as against Rs. 136.85 payable by such newly upgraded bank. On similar upgradation of a D Class bank to C-I Class the percentage of increase in the emoluments of a member of the clerical staff in the first year of service in Areas II and III would be 30 and 34.5 respectively. As regards a member of the subordinate staff in the first year of his service the percentages of such increase in Areas I, II and III on such upgradation of a bank from Class D to Class C-I will be 67.6, 68 and 74 respectively as against only 6.3, 6.7 and 7.2 percentages of increase on upgradation of a bank from Class C-I to Class B in Areas I, II and III respectively and 8.3, 6.3 and 6.7 percentages of increase on upgradation of a bank from Class B to Class A in Areas I, II and III respectively. When a place in Area IV is upgraded to Area III, a C-I Class bank will have to give to an employee in the clerical grade in the first year of his service an increase from Rs. 87.90 to Rs. 114.25, a B Class bank would have to give an increase from Rs. 90.90 to Rs. 120.25 and an A Class bank would have to give an increase from Rs. 99.90 to Rs. 127.25. When, however, a place in Area III is upgraded to Area II or a place in Area II is upgraded to Area I the incidence of increase is very much less. Similar anomalies will be found in respect of the emoluments

payable to the members of the subordinate staff when a place in Area IV is upgraded to Area III. Similar anomalies can be pointed out in respect of employees who have put in various periods of service.

5.34. Before I consider the various demands made on behalf of the workmen and the submissions of the banks, I shall first consider the general principles of wage fixation.

(ii) Principles of Wage Fixation

5.35. This Tribunal has been constituted under the Industrial Disputes Act, 1947. The preamble to the Act indicates that the said Act was enacted to make provision for the investigation and settlement of industrial disputes, and for certain other purposes appearing in the said Act. Under section 7B, the Central Government is empowered to constitute one or more National Industrial Tribunals for the adjudication of the industrial disputes which, in the opinion of the Central Government, involve questions of a national importance or for the adjudication of industrial disputes which are of such a nature that industrial establishments situated in more than one State are likely to be interested in, or affected by, such disputes. In considering disputes the adjudication whereof involves questions of a national importance it would not be out of place to refer to the following words of the Preamble to the Constitution of India which express the will of the people of India :—

“We, the People of India, having solemnly resolved.....to secure to all its citizens : Justice, social, economic and political; Equality of status and of opportunity; and to promote among them all Fraternity assuring the dignity of the individual..... give to ourselves this Constitution.”

By the Directive Principles of State Policy embodied in Article 43 of the Constitution it is provided that the State shall endeavour to secure, by suitable legislation or economic organisation or in any other way to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities.

5.36. On 21st December 1954 the Lok Sabha adopted a resolution by which the establishment of a socialistic pattern of society has been accepted as the objective of State Policy with the consent and concurrence of all the political parties in the country. The adjudication in respect of the matters referred to the Tribunal has to be done in the background of the statement in the Preamble to the Constitution, the Directive Principles of State Policy and the resolution unanimously adopted by the Lok Sabha.

5.37. The jurisdiction of a National Industrial Tribunal in determining matters which come before it is in certain respects wider than the jurisdiction of an ordinary Court of law. An ordinary Court of law proceeds on the footing that no power exists in the Courts to make contracts for persons and that the

parties must make their own contracts. The Courts reach their limit of power when they enforce contracts which the parties have made. An Industrial Tribunal is not so fettered and may create new obligations or modify contracts in the interest of industrial peace, to protect legitimate trade union activities and to prevent unfair practice or victimisation. It has been so held by the Supreme Court in *Rohtas Industries Ltd. v. Brijnandan Pande and others*, 1956 Supreme Court Report 800, 1956 (II) Labour Law Journal 444 at page 449. As observed by Ludwig Teller in *Labour Disputes and Collective Bargaining*, Vol. I at page 536 :—

“Industrial arbitration may involve the extension of an existing agreement, or the making of a new one, or in general the creation of new obligations or modifications of old ones, while commercial arbitration generally concerns itself with interpretation of existing obligations and disputes relating to existing agreements.”

The Federal Court in the case of *Western India Automobile Association Ltd. v. Industrial Tribunal and others*, 1949 Federal Court Report 321 at page 345, 1949 Labour Law Journal 245, has observed that the above statement by Ludwig Teller was a true statement about the functions of an Industrial Tribunal in Labour disputes. The relations between employers and employees are no longer left to the free play of economic forces. The concept of social and economic justice as embodied in the Directive Principles of State Policy comes into play. The needs of the industry have to be harmonised with the needs of the workmen and the dignity of the individuals. To secure a living wage is the objective of State Policy. Before a living wage can be secured to workmen various factors have to be considered. The industry concerned must have the capacity to bear the burden of a living wage to workmen.

5.38. Wages have been considered under three different heads :—

- (1) Living Wage,
- (2) Fair Wage, and
- (3) Minimum Wage.

These concepts have been fairly dealt with in the report of the Committee on Fair Wages. A large part of its conclusions has been accepted by the Supreme Court in the case of *Express Newspapers (Private) Ltd. and another v. The Union of India*, 1959 Supreme Court Report 12, 1961(1) Labour Law Journal 339. The most expressive definition of a living wage is that given by Justice Higgins of the Australian Commonwealth Court of Conciliation in the *Harvester case*. A living wage is defined by Justice Higgins as one appropriate for “the normal needs of the average employee, regarded as a human being living in a civilised community.” This cryptic pronouncement has been explained by Justice Higgins by saying that a living wage must provide not merely for absolute essentials such as food, shelter and clothing but for “a condition of frugal comfort estimated by current human standards.” It must be a wage “sufficient to insure the workman food, shelter, clothing, frugal comfort, provision

for evil days, etc. as well as regard for the special skill of an artisan if he is one." In a subsequent case he observed that "treating marriage as the usual fate of adult men, a wage which does not allow of the matrimonial condition and the maintenance of about five persons in a home would not be treated as a living wage" In the Report of the Committee on Fair Wages it is stated in paragraph 7 as under :—

"there is general agreement that the living wage should enable the male earner to provide for himself and his family not merely the bare essential of food, clothing and shelter but a measure of frugal comfort including education for the children, protection against ill-health, requirements of essential social needs, and a measure of insurance against the more important misfortunes including old age."

5.39. A reference may be made to the following observations of Mr. Philip Snowden at pages 1 and 6 of "The Living Wage" in connection with the concept of a living wage and the problem of converting the concept into monetary terms :—

"It may be possible to give a precise or satisfactory definition of a living wage, but it expresses an idea, a belief, a conviction, a demand. The idea of a living wage seems to come from the fountain of justice which no man has ever seen, which no man has ever explained, but which we all know is an instinct divinely implanted in the human heart. A living wage is something far greater than the figures of a wage schedule. It is at the same time a condemnation of unmerited and unnecessary poverty and a demand for some measure of justice."

"The amount of the living wage in money terms will vary as between trade and trade, between locality and locality. But the idea is that every workman shall have a wage which will maintain him in the highest state of industrial efficiency, which will enable him to provide his family with all the material things which are needed for their health and physical well being, enough to enable him to qualify to discharge his duties as a citizen."

The Supreme Court in the case of Standard Vaccum Refining Company of India Ltd., v. Its workmen (including clerical staff) and another (Petroleum Refineries Employees' Sabha) reported in 1961(1) Labour Law Journal page 227 at page 234 has observed that it is in the aforesaid broad and idealistic sense that a reference has been made in Article 43 of the Constitution to the living wage. The concept of a Living Wage is not a static concept. In connection with the concept of basic minimum wage, fair wage and living wage, the Supreme Court has in the aforesaid case observed at page 233 as under:—

"the concepts of these wages cannot be described in definite words

because their contents are elastic and they are bound to vary from time to time and from country to country.....
What is a subsistence wage in one country may appear to be much below the subsistence level in another; the same is true about a fair wage and a living wage; what is a fair wage in one country may be treated as a living wage in another, whereas what may be regarded as a living wage in one country may be no more than a fair wage in another."

It has further observed at page 239 that under the living wage a workman would be entitled to claim an optimum diet as prescribed by Dr. Aykroyd. Similarly the requirements as to clothing and residence which have been recognised in the tripartite resolution, though appropriate in reference to a need based minimum wage would have to be widened in relation to a living wage. Besides, in determining the money value of the living wage it would be necessary to take into account the requirements of "good education for children, some amusement, and some expenditure for self development."

5.40. In connection with the concept of a minimum wage, it has been observed by the Committee on Fair Wages that a minimum wage must provide not merely for the bare sustenance of life but for the preservation of the efficiency of the worker by providing for some measure of education, medical requirements and amenities. It has been further observed that the minimum wage must be paid irrespective of the capacity of the industry to pay the same. In connection with the concept of minimum wage a reference is necessary to the resolution passed at the 15th Labour Conference held at New Delhi on 11th and 12th July, 1957 wherein certain norms have been laid down. The same have been considered at some length in another part of this award.

5.41. In connection with the fair wage, it is observed by the Committee on Fair Wages that there was complete unanimity of opinion that the fair wage should on no account be less than the minimum wage. The Supreme Court in the case of the Express Newspapers (Private) Ltd. has observed at page 364 that the fair wage is "a mean between the living wage and the minimum wage." As observed by the Committee on Fair Wages while the lower limit of the fair wage must obviously be the minimum wage, the upper limit is equally set by what may broadly be called capacity of industry to pay. Between these two limits the actual wages will depend on :—

- (1) the productivity of labour;
- (2) the prevailing rates of wages in the same or similar occupations in the same or neighbouring localities;
- (3) the level of the national income and its distribution; and
- (4) the place of the industry in the economy of the country.

According to the Report of the Committee on Fair Wages in determining the capacity of an industry to pay, it would be wrong to take the capacity of

a particular unit or the capacity of all industries in the country. The relevant criterion should be the capacity of a particular industry in a specified region to be ascertained by taking a fair cross section of that industry. The Supreme Court in the case of the Express Newspapers (Private) Ltd. at page 366 has observed that:—

“The capacity of an industry to pay should be gauged on an industry-cum-region basis after taking a fair cross-section of that industry. In a given case it may be even permissible to divide the industry into appropriate classes and then deal with the capacity of the industry to pay classwise.”

5.42. The level of wages should be so fixed as to enable the industry to maintain production with efficiency. The fair wages fixed should not be so out of tune with wages in other industries in the region as to cause movement of labour and consequent industrial unrest. The Supreme Court in the case of Express Newspapers (Private) Ltd. has observed at page 336 as follow:-

“The main consideration which is to be borne in mind is that the industry should be able to maintain production with efficiency and the fixation of rates of wages should be such that there are no movements from one industry to another owing to wide disparities and employment at existing levels is not only maintained but if possible increased.”

5.43. E. M. Burns in the book “Wages and the States” has at page 387 referred to various considerations which have to be borne in mind when fixing wages.

“It would be necessary to inquire **inter alia** into the elasticity of demand for the product, for on this depends the extent to which employers could transfer the burden of the increased wage to consumers. It would also be necessary to inquire how far the enforced payment of a higher wage would lead employers to tighten up organisation and so pay the higher wage without difficulty.

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Similarly it frequently happens that an enhanced wage increases the efficiency of the lowest paid workers : the resulting increase in production should be considered in conjunction with the elasticity of demand for the commodity before the ability of a trade to pay can fairly be judged.

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Again unless what the trade can bear be held to imply that in no circumstances should the existing rate of profit be reduced, there is no reason why attempts should not be made to discover how far it is possible to force employers to bear the burden of an increased rate without driving them out of business. This would involve an

investigation into the elasticity of supply of capital and organising ability in that particular trade, and thus an inquiry into the rate of profits in other industries, the ease with which transferences might be made, the possibility of similar wage regulation extending to other trades, and the probability of the export of capital and organizing ability, etc.”

5.44. In the First Five Year Plan the authors thereof have observed at page 584 as follows :—

- 2 (a) All wage adjustments should conform to the broad principles of social policy and disparities of income have to be reduced to the utmost extent. The worker must obtain his due share in the national income.
- (b) The claims of labour should be dealt with liberally in proportion to the distance which the wages of different categories of workers have to cover before attaining the living wage standard.

5.45. The principles of industrial adjudication have been well set out in the decision of the Supreme Court in the case of M/s. Crown Aluminium Works v. Their Workmen, reported in 1958 (1) Labour Law Journal page 1 at page 6 in words following which may well be reproduced here :—

“Though social and economic justice is the ultimate ideal of industrial adjudication, its immediate objective in an industrial dispute as to the wage structure is to settle the dispute by constituting such a wage structure as would do justice to the interests of both labour and capital, would establish harmony between them and lead to their genuine and wholehearted co-operation in the task of production. ** In achieving this immediate objective industrial adjudication takes into account several principles such as for instance, the principle of comparable wages, productivity of the trade or industry, cost of living and ability of the industry to pay. ** ** In deciding industrial disputes in regard to wage structure one of the primary objectives is and has to be the restoration of peace and good will in the industry itself on a fair and just basis to be determined in the light of all relevant considerations.”

5.46. This Tribunal will have to keep in mind these principles to the extent that they are applicable in the circumstances of the case.

5.47. The problem of wage determination cannot be considered in isolation from the larger economic and social background obtaining in the country. A delicate balance has to be struck between fair wages to workers and officers fair profits to the shareholders and fair service at reasonable rates to the community, after taking into account the share of the Government in profits in the shape of taxes and after considering the amounts of reserves and depreciation necessary for the stability and healthy functioning of the industry. From the purely economic point of view the wage policy has to take into

account the inflationary pressures. It is necessary to provide for wage differentials based on job evaluation as the economic structure in India' is not founded on the principle : "to each according to his needs and from each according to his capacity."

(iii) The 15th Indian Labour Conference

5.48. The Second Five Year Plan at page 579 refers to one important aspect of wage policy, namely, the laying down of principles to bring wages into conformity with the expectations of the working class in the future pattern of society.

5.49. The Planning Commission set up an official Study Group to examine the data and information available in the country in connection with framing suitable guide-lines for the settlement of wage demands. The Study Group held a series of meetings between June and October, 1956 and considered various issues affecting the question of wages. It then appointed a Sub-Group to prepare material which could be presented in the form of a Report. This Sub-Group recommended to the Study Group that rather than drawing up a formal report, it would be better if notes were prepared on different aspects of wage problems and sent to the wage fixing machinery. This plan was approved by the Study Group and the following four notes were drawn up :-

- (a) Some general principles in the determination of industrial wages in India.
- (b) Principles of Wage Fixation. (A Study of Industrial Awards).
- (c) Determination of Minimum Wages, and
- (d) Share of Wages in Factory output.

These notes were circulated with a view that the 15th Indian Labour Conference may discuss them and reach conclusions in the light of which the notes could be modified and sent to the wage fixing authorities as conclusions of the Indian Labour Conference. At the meeting of the 15th Indian Labour Conference, which was held in the month of July 1957, a committee was appointed to deal **inter alia**, with an item on the agenda relating to the wage policy during the Second Five Year Plan. The committee considered the four notes placed before it and felt that they would be useful as background material for wage fixation. It took note of the difficulties in assessing quantitatively the individual importance of various factors affecting wage fixation, such as, productivity, cost of living and relation of wages to national income and discussed the wage policy with specific reference to minimum wages and fair wages. The recommendations of this committee were adopted with certain modifications by the 15th Indian Labour Conference. The Resolution of the 15th Indian Labour Conference on the subject provides as under :—

"With regard to the minimum wage fixation it was agreed that the minimum wage was 'need based' and should ensure the minimum human needs of the industrial worker, irrespective of any other considerations. To calculate the minimum wage, the Committee

accepted the following norms and recommended that they should guide all wage fixing authorities, including minimum wage committees, wage boards, adjudicators, etc :

- (i) In calculating the minimum wage the standard working class family should be taken to consist of 3 consumption units for one earner; the earnings of women, children and adolescents should be disregarded.
- (ii) Minimum food requirements should be calculated on the basis of a net intake of 2,700 calories, as recommended by Dr. Aykroyd for an average Indian adult of moderate activity.
- (iii) Clothing requirements should be estimated at a **per capita** consumption of 18 yards per annum which would give for the average workers family of four, a total of 72 yards.
- (iv) In respect of housing the norm should be the minimum rent charged by Government in any area for houses provided under the Subsidised Industrial Housing Scheme for low income groups.
- (v) Fuel, lighting and other "miscellaneous" item of expenditure should constitute 20 per cent of the total minimum wage.

5.50. While agreeing to these guide lines for fixation of the minimum wage for industrial workers throughout the country, the Committee recognised the existence of instances where difficulties might be experienced in implementing these recommendations. Wherever the minimum wage fixed went below the recommendations, it would be incumbent on the authorities concerned to justify the circumstances which prevented them from the adherence to the norms laid down."

5.51. Strong reliance was placed on behalf of the workmen on this resolution passed at this Conference. It was a Conference at which amongst the distinguished persons present were Shri G. L. Nanda, the then Union Minister for Labour and Employment and Planning, Shri Morarji Desai, the then Union Minister for Commerce and Industry, Shri Jagjivan Ram, the then Union Minister for Railways, Shri Lal Bahadur Sastri, the then Union Minister for Transport and Communications, Sardar Swaran Singh, the then Union Minister for Steel, Mines and Fuel, Shri K. C. Reddy, the then Union Minister for Works, Housing and Supply, Shri Abid Ali, the then Union Deputy Minister for Labour and Employment and Shri L. N. Misra, the then Parliamentary Secretary to the Union Minister for Labour and Employment. Various State Governments were also represented at the Conference. The Employers' Federation of India, the All India Organisation of Industrial Employers and the All India Manufacturers' Organisation were represented at this Conference. On the workers side, there were representatives of the Indian National Trade Union Congress, the All India Trade Union Congress, the Hind Mazdoor Sabha and the United Trade Union Congress.

5.52. It was contended before me that this resolution was binding on

this Tribunal and that this Tribunal was under an obligation to act in accordance therewith. It was further urged that if the Tribunal could not award a minimum wage in accordance with the principles laid down in the said resolution it was incumbent on the Tribunal to justify the circumstances which prevented it from the adherence to the said norms. The words of the resolution on which this submission is founded run as follows :—

“Wherever the minimum wage fixed went below the recommendations, it would be incumbent on the authorities concerned to justify the circumstances which prevented them from the adherence to the norms laid down.”

The resolution represents the views of the 15th Indian Labour Conference and is in the main recommendatory. A Labour Conference is not entitled to give any directions to a Tribunal like the National Industrial Tribunal or to use the language of dictation or command in connection with such a Tribunal and it could not possibly have been the intention of the Conference to do so. As stated in the summary of the proceedings of the 15th Indian Labour Conference, Shri Shantilal Shah, Minister for Labour and Law of the then State of Bombay suggested that “the Committee’s Report might be sent only to wage boards set up by an executive authority and not to those set up by the judicial authority,” It is stated in the summary of the proceedings that the Chairman explained “that Government would have to devise some means to implement the principles on an agreed basis and to ensure their observance as courts could not be forced to follow them.” The 15th Labour Conference is not a statutory body. However eminent may be the persons who attended the Conference, the resolutions passed at the Conference have no binding force.

5.53. It was then urged that this resolution should be regarded as binding, as it constituted an agreement arrived at between all employers in industry, including Government, on the one hand, and all the employees in industry on the other. The resolution passed at this Conference has not been ratified by any of the Governments concerned, or by the employers Federation and Organisations. No evidence has been led before me to show that it has been ratified by workmens’ organisations.

5.54. The Second Commission of Enquiry on Emoluments and Conditions of Service of Central Government Employees addressed a letter on 14th March, 1938 to the Central Government in terms followings :—

“The Commission wish to know whether the Central Government now stand committed to the adoption, during the current Five Year Plan, of a policy of need-based minimum wage, or pay determined by the norms laid down by the Labour Conference; and if so, whether the policy applied to the Central Government’s own employees, as well as to others, * * * * One of the Clauses of the resolution of the Conference provides that wherever the minimum wage fixed was below the norms recommended, it would be incumbent on the

authorities concerned to justify the circumstances which prevented them from adherence to those norms. If possible, it may be clarified whether this clause contemplates departures from the general standard only for exceptional reasons in particular cases, or also on general considerations, such as the present level of national income, stage of economic development, requirements of developmental planning etc.’

A reply was sent thereto towards the end of April 1958 by the Secretary to the Government of India. Department of Expenditure, Ministry of Finance, explaining the Government’s position in the following words :—

“.....The Government desire me to make it clear that the recommendations of the Labour Conference should not be regarded as decisions of Government and have not been formally ratified by the Central Government. They should be regarded as what they are namely, the recommendations of the Indian Labour Conference which is tripartite in character. Government have, at no time, committed themselves to taking executive action to enforce the recommendations.”

The recommendations of this Conference have not been made applicable to employees in the public sector. So far as the banks which are parties to the dispute before me are concerned, by no stretch of imagination it can be said that these banks had expressly or by implication agreed to be bound by the recommendations of the 15th Indian Labour Conference. There is no merit in the contention that there is an agreement arrived at between the banks, which are before me and their employees which makes the resolution binding.

5.55. Apart from its binding character, this resolution which has been unanimously passed by men occupying high responsible positions and status, is entitled to great weight. For the first time in India, norms have been crystalised for the purpose of fixation of a need based minimum wage in a Conference where the participants were drawn from the ranks of Government, industry and labour. These recommendations represent a landmark in the struggle of labour for fixation of a minimum wage in accordance with the needs of the workmen. The resolution lays down what a minimum wage should be. It recognises that the minimum wage was “need-based”. It is a resolution passed in connection with the needs of an “industrial worker.” The norms laid down by it are standardized norms applicable to all industrial workers whatever may be their age and whatever may be the number of years of service they may have put in. The standard of a working class family has been laid as comprising 3 consumption units for one earner, the earnings of women, children and adolescents being disregarded. These three consumption units are intended to provide for one adult male, one adult female and two children. This norm has been laid down for the purpose of fixing a minimum

wage at all stages in the life of a workman. The norm would be 3 consumption units at a time when a workman may be unmarried and may have no children and dependents. This norm is equally applicable at a time when a workman may have more than two children and other dependants to maintain. This norm is laid down even when a worker may have an earning wife. It is a standardized norm representing the average need of a workman having due regard to various stages in his life. The minimum food requirement on the basis of a net intake of 2700 calories has been laid down even though human metabolism is such that after middle age lesser calories would be required than during the earlier period. The norm in respect of the minimum food requirements is a norm not based on the actual quantity of food consumed by workmen in India, but represents the needs of the workmen in connection with what Dr. Aykroyd considered .was required to be consumed.

5.56. It is urged on behalf of the employees that the resolution of the 15th Labour Conference provides a formula which by simple process of mathematical calculation short-circuits laborious steps which would otherwise have to be taken in order to discover the prevailing need-based wage. The matter is not so simple as is sought to be made out. When one looks at the resolution passed at the Conference, it is not clear whether it has recommended a diet according to Table II (Balanced Diet) to be found in Dr. Aykroyd's Health Bulletin No. 23 or according to Table IV (Improved Diet) mentioned in Bulletin. It is further not clear whether the diet to be taken into account is vegetarian diet or non-vegetarian diet. The 2700 calories of food recommended by Dr. Aykroyd are made up of diverse calories to be derived from various items of diet listed by him. The intake of calories recommended by him under different items of food can be obtained from various articles, the cost and the nutritive value whereof vary. The cost would depend upon the quality and the quantity of the articles consumed. 14 ounces of cereals recommended by Dr. Aykroyd can be made up of rice alone or wheat alone or millets alone or a combination of one with the other or of all in various proportions. The cost of the diet would vary with the selection of the articles. As regards clothing, the quality of clothing is not mentioned. Under the resolution fuel, lighting and other "miscellaneous" items of expenditure account for 20 per cent of the total minimum wage. In other words; this expenditure is equal to 25 per cent of the total expenditure on the three items of food, clothing and housing. The actual amount to be provided for fuel, lighting and other miscellaneous expenses would vary according to the size of the expenditure on the items representing food, clothing and housing, the norms in respect whereof are not very clearly specified. In connection with this resolution it has been observed at page 91 of the Third Five Year Plan — a draft outline — published by the Planning Commission as under :—

“On the basis of agreement between the parties, the Indian Labour Conference had indicated the content of the need-based minimum wage for guidance in the settlement of wage disputes. This has

been reviewed in the light of certain questions which had arisen and it has been agreed that the nutritional requirements of a working class family may be re-examined on the basis of the most authoritative scientific data on the subject.”

5.57. The minimum need-based wage has been differently calculated by different organisations of workmen appearing before me. The All India Bank Employees Association has filed a statement showing what according to the Association would be the amount of minimum wage calculated in accordance with the resolution of the 15th Labour Conference. The amount calculated under the item of food comes to Rs. 143.96, the amount calculated under the item of clothing comes to 11.02 and the amount calculated on account of house rent comes to Rs. 27. The total amount of the aforesaid 3 items comes to Rs. 181.98. The amount in respect of the miscellaneous items being equal to 25 per cent of the above three items comes to Rs. 45.50 the overall total amount comes to Rs. 227.47.

5.58. On behalf of the All India Bank Employees Federation a statement has been filed showing that the amount payable in accordance with the resolution of the 15th Labour Conference in connection with food would come to 165.96, in connection with clothing would come to Rs. 11.54, in connection with house rent would come to Rs. 30.50 and in respect of the miscellaneous items would come to Rs. 52 making a total Rs. 260.

5.59. The All India State Bank of India Staff Federation has calculated the amount payable in accordance with the norms fixed by the 15th Labour Conference at the working class consumer price Index No. 360 in the Series 1939 = 100, as under :—

5.60. Rs. 81 for food, Rs. 9 for clothing, Rs. 12.50 for house rent and Rs. 25.37 in connection with fuel, lighting and miscellaneous expenditure totalling in all Rs. 127.87.

5.61. The Second Pay Commission has dealt at length with the norms laid down by the 15th Labour Conference in Chapter VII of its report. In paragraph 10 it has observed as follows :—

“Thus it seems to us that more important than the fact of quantitative definition of minimum remuneration is the content of what is defined; and an examination of the content and its monetary value shows (a) that the minimum remuneration worked out according to the recommended formula may be of the order of Rs. 125 as compared with Rs. 52.50 which, with some exceptions, is the upper limit of minimum wages fixed under the law; (b) that it would be about 70 to 80 per cent higher than the rates generally prevailing in the organised sectors of industry where wages are fixed either by collective bargaining or through conciliation and adjudication proceedings; and (c) that it would be well above the highest wages i.e. Rs. 112 (in cotton textiles industry in Bombay — average for

1958) which any considerable number of unskilled workers are at present getting in the country. Whether right or wrong, this undoubtedly is a new concept of minimum remuneration. We have considered if a minimum remuneration of this size is at all feasible at the present level of our economic development. The per capita income at current prices has varied during the nine years ending 1957-58 between Rs. 246.90 and Rs. 291.50. Taking a standard family as consisting of four members of whom only one is an earner (this is the standard which the Labour Conference, and others concerned with wages have generally adopted), the average income of a family at the highest figure during the nine years would work out to Rs. 1,166 per annum, or about Rs. 97 per mensem. The minimum wage cannot be of the order of Rs. 125, when on the basis of the national income the average for a family works out only to Rs. 97 per mensem. It is not that the entire national income is available for current distribution; a good percentage of it must go towards building up of capital assets, without under-going distribution. A minimum wage pitched above the level of per capita income, and intended for very wide application is obviously one beyond the country's capacity; in ignoring the vital need for savings and investment, such a wage gives no thought to the future; and a wage that exceeds the highest level, and far exceeds the general level in the organised industries is obviously not one needed for protecting those whose living standards are sub-average."

The Second Pay Commission has thereafter proceeded to consider the norm of 2700 calories and after having had the benefit of expert opinion on the subject, came to the conclusion that a considerably less number of calories is adequate. In paragraph 16 the Second Pay Commission observes as under:—

"In the preceding paragraphs we have considered whether a minimum wage of the size implied in the fifteenth Labour Conference recommendations is feasible economically and financially, and we have reached the conclusion that it is not. There is, however, a wide gap between the present minimum remuneration of a Central Government employee (Rs. 75) and the minimum in terms of the Labour Conference recommendations which would be of the order of Rs. 125 per mensem."

The minimum remuneration of the order of Rs. 125 stated therein is for the year 1958. It would be very much more today when the working class consumer price index has risen from 116 (1949=100) for the year 1958 to about 126 for the year 1961. Assuming that the figure of Rs. 125 arrived at by the Second Pay Commission for the year 1958 is correct, the amount of minimum wage at the present index figure of 128 would be Rs. 138. If this be the minimum wage contemplated for industrial workers by the 15th Labour

Conference, the fair wage would be very much higher. The total remuneration paid at present to the member of the subordinate staff by D Class Banks in area IV amounts to Rs. 40.50 in the first year of service and Rs. 77.50 in the 25th year of service at the working class consumer price index No. 123 (1949=100). A Class banks in area I pay by way of basic wage and dearness allowance and House Rent Rs. 101 to the members of the subordinate staff in the first year of service and Rs. 133 in the 25th year of service at the working class consumer price index No. 123 (1949=100).

562. The clerical-staff in banks and the members of the supervisory staff who are workmen cannot be regarded as being covered by these recommendations which are applicable to industrial workers. These norms may at best be applied in connection with the members of the subordinate staff. The wages in the Banking industry are based on graded scales intended to provide for the growing needs of the workmen as they advance in service. The present scales of wages are intended to provide for less than 3 consumption units in the beginning and for larger consumption units in later years of service.

5.63. The recommendations of this Conference require an enquiry to be made by wage fixing authorities about the prices of various articles of food and clothing. As regards Tribunals which have to adjudicate upon disputes relating to wages for workmen employed in various parts of the country, in order to arrive at a just conclusion, it would be necessary for them to have reliable evidence about the prices of various articles of food and clothing, prevailing at various places at various times of the year for some years before proper averages could be worked out for the country or for the areas in which the country may be divided for the purpose of fixation of wages. It would considerably strain the resources of a party to secure reliable data and lead evidence about the same which could stand the test of scrutiny.....

So far as I am concerned, I have not before me evidence or data on which reliance can be placed for the purpose of considering what would be the minimum wage calculated in accordance with the 15th Indian Labour Conference formula, for the country as a whole or for the areas in which places in the country are grouped for the purpose of fixation of wages.

(iv) Index Number

5.64. One objection strongly urged against the present scales of wages in the Banking industry is that they are not linked up to any particular base year. The question of base year is intimately connected with the question of the availability of any machinery for gauging the subsequent rise or fall in the cost of living for the purpose of adjusting the wages fixed with regard to a particular year in the light of changes taking place in subsequent years. In this connection I shall first deal with the question relating to index numbers.

5.65. It is necessary to have a proper consumer price index number in order to ascertain the rise in the cost of living of any particular class of

people. The present all-India working class consumer price index number is prepared only from the point of view of labour employed in factories. There is no similar all-India index for the middle class from whose ranks the members of the clerical staff in the banking industry are principally drawn.

5.66. It is urged that the consumption pattern of the middle class population is somewhat different from the consumption pattern of workers in factories and that the application of the working class consumer price index number whilst considering the rise in the cost of living of the middle class does not seem to be proper. It is urged that even the consumption pattern of labour employed in factories has not remained stationary since the time when various family budget enquiries were made in connection with the aforesaid index series. It is urged that since the constitution of the all-India index series, several new areas have developed under the successive Five Year Plans, that the pattern of the cost of living at those places has completely changed, that the consumer price index number has not been constructed after conducting family budget enquiries at a large number of places which have now assumed importance, that in the process of averaging, some of the important factors have been omitted and that the all-India consumer price index is on the lower side of the actual price level. The Indian Banks Association on the other hand has submitted that while fixing any wage structure it is not possible to arrive at any mathematical accuracies and that the all-India working class consumer price index is the only index available for adjustment of wages on an all-India basis. It has further submitted that the all-India index is the one to which the dearness allowance payable to employees could or should be linked. It denies that the all-India price index is on the lower side of the actual price level. During the hearing Shri Phadke criticised this index series and urged that this series cannot furnish adequate material for the purpose of using it as an exact instrument which could be pressed into service for the determination of a wage or change in the wage scales. He urged that the consumption pattern cannot be uniform and that in connection with an all-India index it was assumed that if the same commodities of the same quality and the same quantity were consumed today as they were being consumed during the base year of the series, the difference in the cost would be indicated by the index number existing today. He pointed out that in order that index numbers may be of any use it was necessary that the base year should be as close to the relevant period as possible.

5.67. As pointed out by the Second Pay Commission, the component series of the all-India index have varying base periods spread over nearly two decades. The indices for many of the important centres have pre-war bases, ranging from 1926-27 to 1939. The others have war-time bases viz. 1944 or 1943-44. The all-India index is, thus, an average of index numbers which have War-time or pre-War bases. The International Conference of Labour Statisticians has recommended that the weighting diagrams of cost of living

index numbers should be revised at least once in ten years on the basis of fresh family budget enquiries. By this standard every one of the series included in the all-India cost of living index is out-moded and requires to be replaced. This series was primarily concerned with the needs of labour employed in factories. The centres included in the series do not by any means form representative samples of urban areas. The former State of Bombay is represented by four centres. Uttar Pradesh and Madras are represented by one centre each. The weighting system adopted is not entirely satisfactory. It is based mainly on factory labour employed in various centres. The State average tends to be based in favour of the larger industrial centres. The weighting pattern is based on the constitution of the provinces as in 1949. Since then there has been a reorganisation of the State without any alteration being made in the weighting system. The constituent series of the all-India index are compiled by different organisations — some by the Central Government and some by the State Governments and the methods adopted in the compilation of the indices are not always the same. The number of items covered also varies from centre to centre, but the variations do not seem to be based on any uniform principles. Housing groups is particularly deficient in all the available indices and miscellaneous group of items has considerable variation. The consumption patterns have not remained stationary since the time, the various family budget inquiries were made in connection with the aforesaid series.

5.68. Shri Phadke, however, is unable to point out any substitute for the series for the purpose of linking the dearness allowance with the rise in the cost of living. The Second Pay Commission has found it necessary to conclude that despite the limitations pointed out by it, the all-India working class consumer price index, currently published “is perhaps the only convenient and suitable tool available for wage adjustments at the national level.” The Labour Appellate Tribunal also in paragraph 106 of its decision has remarked that the all-India consumer price index “provides a suitable anchor for the movements of future dearness allowance and can be usefully applied for that purpose” As regards the applicability of this index series to the middle class from which most of the members of the clerical staff are drawn, the Second Pay Commission has observed that the closeness of the series for the working class and middle class population in Calcutta compiled by the State Government suggested that “the effect of the difference in the consumption pattern on the price index is perhaps not as great as is sometimes made out to be”.

5.69. The all-India working class consumer price index is the only available barometer for the measurement of the pressure of price changes in the country on an all-India level. It is easy to criticise it but there is no available substitute for it. It has served a useful purpose in the past and will have to render service for the present.

5.70. The important question that arises for consideration in connection with the fixation of wage scales in the banking industry is the question of fixing the basic wage with reference to a suitable year as the base year. The Sen Tribunal adopted 1944 as the base year for the purpose of devising the pay-scales. The Sen Tribunal saw great merit in adopting that year as the base year because the Central Government was publishing the cost of living index series for fifteen towns in different parts of India with 1944 as the base year and because for seven towns of Bombay, Ahmedabad, Sholapur, Jalgaon, Kanpur, Nagpur and Madras the respective Governments were publishing the index series with August 1939 as the base, and it was not difficult to convert those series to the base year 1944. Another advantage that the Sen Tribunal saw in adopting 1944 as the base year was that by that date owing to the different rates of increase in the index figures in different parts of India, there was a closer approximation in the actual cost of living than before, so that the differences in dearness allowance at different places, when calculated on the subsequent index figures were not likely to be so marked as they would be if an earlier year was taken as the base year. The Sastry Tribunal did not link its pay scales with any base year. The Labour Appellate Tribunal having noticed this has pointed out that the Sastry Award did not indicate to which year's cost of living it had allied its wage structure and had given no indication as to the point in the cost of living index in relation to which it had fixed its wage scales, that it had not even indicated the percentage of neutralisation provided in giving the dearness allowance and that the Labour Appellate Tribunal had just to consider the total emoluments to enable it to examine the correctness or otherwise of the wage structure devised by the Sastry Tribunal. The Labour Appellate Tribunal itself, has not given any indication in its report of the point of time and the level of the index to which its wage structure was allied. The existing wage structure in the banking industry is not linked to any base year.

5.71. It is urged on behalf of the employees that the basic wage should be linked to some base year and that the subsequent changes in the cost of living should be fully neutralised. The All India Bank Employees Association has claimed that as large a part of the dearness allowance as possible should be merged with the basic pay and that the year 1956 should be the base year when the average all-India working class consumer price index stood at 105 in the series 1949 = 100. In support of this claim, it is contended that owing to the deficit financing for the Five Year Plans and owing to the large credit expansion and high tempo of development expenditure there was no-chance of the cost of living going down below the level that existed in the year 1956 and that there had been a steady rise in prices since the year 1956.

5.72. The All India Bank Employees Association has also claimed that not merely the workmen should have their basic pay fixed at the level of index number 105 but that they should be given 1% of the basic pay for every rise of one point over 105. When at the time of the hearing it was pointed out that

more than 100% neutralisation was implicit in these demands, Shri Sule expressed himself in favour of fixing the year 1949 as the base year instead of the year 1956. The All India Bank Employees Federation by its statement of claim has submitted that the cost of living was not likely to go down to pre-war level nor even to 1944 price level. Some of the organisations of workmen employed in the State Bank of India claimed that basic pay of the employees should be fixed at the cost of living index number 360 in the series 1939 = 100 when the corresponding number was 101 in the series 1949 = 100.

5.73. These claims of the employees have been strongly opposed by almost all the banks. They urge that the fixation of pay-scales with reference to the all-India working class consumer price index No. 105 which was the average for the year 1956 in 1949 = 100 series would be thoroughly unreal, and that the aim of the employees was to have as large a part of the dearness allowance absorbed in the basic pay as possible so that they might secure other benefits in connection with provident fund and gratuity, which were linked up with the basic pay. The Indian Banks Association has in its written statement, in reply to the plea that in order to ascertain the requirements of a worker for the purpose of wage fixation it is imperative to take a particular cost of living figure as the basis of calculation, stated as under:—

" * * * it is true that for the purpose of wage fixation a particular cost of living figure has to be taken as the basis of calculation but what this figure should be must always remain to some extent a matter of conjecture."

Amongst the numerous written statements filed on behalf of banks there is one written statement in which it is pleaded that 1949 should be taken as the base year for which the all-India working class consumer price index number was 100.

5.74. In fixing the base year various factors have to be borne in mind. It must be a year in which the cost of living must have reached a point below which, as far as it is permissible to speculate, it was not expected to fall in the near or foreseeable future. It must be a year with reference to which basic wage could be fixed with convenience. On an examination of the trends of variation in the yearly all-India working class consumer price index number, I find that except for the year 1955, when the all India consumer price index number in the 1949 series had gone down to 96 in view of the special conditions prevailing during that year, it has registered a continuous increase. The figure for the month of August 1961 has been 128 and has continued to remain steady since then. When prices fell in 1955, the Government intervened to reverse the down-ward trend and measures were adopted, including revision of export duty in order to support the agricultural prices. It may not be unsafe to assume that in the interest of national economy and the well-being of the people the Government in future also may not permit the prices to fall below that level. In view of the position of the currency, in view of the large expenditure

envisaged in the fulfilment of the Five Year Plans and the system of deficit financing, it is not expected in the near or foreseeable future that the all-India consumer price index number in this series 1949 = 100 will descend to a level below 100. If a situation does arise when there is such a steep fall in the cost of living that the index number goes below 100, it may be open to the parties to ask for a revision of the wage structure.

5.75. While fixing the basic wage in relation to the year 1944, the Sen Tribunal was guided by the Prime consideration that basic pay should represent as large a part of the total emoluments as possible. At the time when the Sen Tribunal was busy devising a wage structure for the bank employees, the index series which were available were mostly those which were linked to the year 1944 or there were series which were being published with base year 1939 which could easily be converted to the base year 1944. At present the Central Government is publishing the all-India working class consumer price index series which has the year 1949 as its base. It has discontinued publication of the series with the year 1944 as its base as the same was considered to be unsuitable as a permanent basis in view of the abnormal conditions prevailing during that year. If, therefore, a base year has to be devised, it cannot be the year 1944. The year 1939 cannot serve as a base now in view of its distance from the present. All factors favour the acceptance of the year 1949 as the most suitable year for adopting as a base year for the purpose of wage fixation and I adopt the same. This will result in a larger basic pay and a smaller dearness allowance, and the wage structure will present a more realistic picture. The question relating to the desirability of merger of a part of the dearness allowance with the basic pay has been separately dealt with by me later. The objection of the banks to the merger of any part of the dearness allowance with the basic wage on the ground of the increase in the burden that may take place in connection with provident fund and gratuity can be met by suitable provisions which may prevent increases therein except to the extent intended.

(vi) Consumption Units

5.76. The question of pay scales is intimately connected with the question relating to the number of "consumption units" for which provision is to be made thereby.

5.77. Without intending to lay down a rule or formulate a definite principle, the Sen Tribunal believed that it was not likely to be much mistaken if the requirements of an employee in the first year of his service were taken as corresponding to 2.25 consumption units. The Sen Tribunal also considered that in the 8th year of his service an employee has to maintain three consumption units and that towards the end of his service he would have to maintain four consumption units.

5.78. The Sastry Tribunal, however, held the view that the proper method was to provide for an employee and his wife at the initial start and then

provide for reasonable increments for the growing needs of himself and his family including children that are likely to be born. Calculating in accordance with the Lusk co-efficient, the Sastry Tribunal took the view that the consumption units should be taken at 1.8 at the initial start. The Sastry Tribunal said that if the generally accepted view that under the Indian conditions a person has in the 8th year of service a wife and two children should prevail the consumption units in the 8th year of service will come to 3 but in view of the statistics placed before it with reference to the employees of certain banks and the figures which appeared in the census reports it was stated that quite an appreciable number of people remained unmarried even in the age group 25 to 30 and that it was only in the age group 30 to 35 that single men were rare. The Sastry Tribunal considered it more appropriate to take the 10th year of service as the proper stage in which 3 consumption units should be allowed.

5.79. The Labour Appellate Tribunal strongly criticised the Sastry Tribunal's approach and the conclusion in this connection. In paragraph 63 of its decision it has stated as under :—

"We have to take a common sense view of these matters. * * * Wages are necessarily fixed in accordance with the normal expectations of family life even though a particular workman may never marry nor have any dependants. The Sastry Tribunal seems to take the view that only 1.8 consumption units should be provided for at the start, that is, a family of 2 persons, namely, the employee and his present or future wife, and that is less than what has been accepted by the Special Benches of the Labour Appellate Tribunal. We consider the Tribunal's approach to the subject as too narrow in the context of the middle class social and economic conditions of our country whatever may be the circumstances in other parts of the world where family life is less cohesive."

The Labour Appellate Tribunal also observed that if 3 consumption units were to be taken as the mean, 2.25 consumption units would be a satisfactory start. It decided that provision for 2.25 consumption units was a reasonable method of calculating the measure of a young man's responsibility at the start. The Bank Award Commission has considered the criticism levelled by the Labour Appellate Tribunal against the views expressed by the Sastry Tribunal on the question of consumption units as fully justified.

5.80. On behalf of workmen it was contended that wages should be so fixed that a provision was made at the start for 3 consumption units. In support of it reliance was placed on (i) the norms laid down by the 15th Indian Labour Conference, (ii) the size of the family of members of the working class taken by the various enquiry committees, (iii) the recommendation of the Committee on Fair Wages and (iv) consumption units as revealed by the various family budget enquiries conducted by Shri S. R. Deshpande in 1944. Reliance was

also placed on certain enquiries conducted by private agencies in respect of the living conditions of middle class employees in certain places in the Cities of Bombay and Baroda. A statement has also been submitted in connection with the average size of a working class family in various centres in India in the pre-war period. Shri Phadke, has submitted that workmen's needs must be stabilised at 1.6 consumption unit at the start and in no case it should be taken as more than 1.8 consumption units at this stage of the service of a workman. He traced the genesis of the theory of 2.25 consumption units at the start to the Sen Award and strongly criticised the material on which this decision was taken by the Sen Tribunal. The banks have tried to collect some material on this subject. The material place before me, though it may throw some light on the problem is not sufficient and cannot be relied upon for the purpose of deciding the size of the average family of a workman in the banking industry at the start. The Committee on Fair Wages decided that "if the standard family was reckoned as one requiring three consumption units and providing one earner, the decision would be in accord with the results of the family budget inquiries." The 15th Indian Labour Conference has also provided the norm of 3 consumption units. I have already stated earlier while dealing with the resolution of the 15th Labour Conference that this norm is the standardized norm for calculating the wages of an employee throughout the period of his service. Where incremental scales of wages have been provided, and the growing needs of a workman at various stages of his service have to be considered the standardized form which represents the average need of a life time cannot be made the starting point when the need is less. In the absence of sufficient evidence on the subject, I see no reason to differ from the decision of the Labour Appellate Tribunal that 2.25 consumption units would be a satisfactory starting point for an employee for whom it is intended to devise a pay scale.

(vii) Co-Efficient

5.81. Another question of importance in connection with scales of pay relates to the extent of the difference in the cost of living between the members of the subordinate staff and the members of the clerical staff. The 80% co-efficient is sometimes applied for determining the remuneration payable to members of the clerical staff after determining the amount of remuneration payable to members of the subordinate staff. The genesis of the 80% co-efficient can be traced to the award of Justice Rajadhyaksha in the dispute between the Posts and Telegraphs Department and its non-gazetted employees. The way in which Justice Rajadhyaksha arrived at the co-efficient is stated in para 148 of his award as follows : —

"In 1922-24 there was a middle class family budget enquiry in Bombay and it was found that a family consisting of 4.58 persons spent Rs. 138-5-0 per month. *But the average expenditure of the middle class family in the lowest income group (having incomes between Rs. 75 and 125) per month was Rs. 103-4-0. In 1923 the

cost of living Index figure was 155 whereas in 1938-39 it was 104. According to these index numbers the cost of living of the same

family would be $\frac{103 \times 104}{155} = \text{Rs. } 69$ in 1938-39. The lowest income group in the middle class budget enquiry consisted of 3.29 consumption units. Therefore, for an average family of 3 consumption units, the expenditure required in 1938-39 would have

been $= \text{Rs. } 63$. According to the findings of the Rau

Court of Enquiry a working class family consisting of 3 consumption units required Rs. 35 for minimum subsistence. It follows therefore that the proportion of the relative cost of living of a working class family to that of a middle class family of 3 consumption units is 35.63, i.e. the cost of living of a middle class family is about 80 per cent higher than that of a working class family."

The family budget enquiry which constitutes one of the pillars on which this co-efficient rests was started in July 1922 and was completed in August 1924. The total number of family budgets collected was 2000. In addition, 125 single men's budgets were also collected. Out of the 2000 family budgets, 252 were rejected owing to their incompleteness and doubtful accuracy. Only 1748 budgets were accepted for final tabulation. This enquiry was conducted by the Labour Office Bombay. It was restricted to middle class persons having fixed and ascertainable incomes. The enquiry was confined to families with an income of not less than Rs. 50 and not more than Rs. 700 per month. When the tabulation of the data, was, however undertaken, it was found that the number of budgets in the lower (i.e. below Rs. 75 per mensem) and the higher (i.e. above Rs. 225 per mensem) income classes were comparatively few and so in order to make the sample more homogeneous and the results more representative, it was thought better to deal in the report with the budgets falling within the income classes of Rs. 75 to Rs. 225 per mensem. Accordingly 1325 out of the 1748 budgets were considered for the purpose of that report. The classification of these budgets by income classes was as follows :—

Monthly income of family	No. of families	Percentage to total
Rs. 75 and below Rs. 125	524	39.6
Rs. 125 and below Rs. 175	508	38.3
Rs. 175 and below Rs. 225	293	22.1
All incomes	1325	100.0

The group percentage expenditure of the Bombay Middle Class was found as follows :

Groups	Percentage expenditure on each group
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Food	----	----	----	----	43.4
Fuel and lighting	----	----	----	----	5.5
Clothing (excludes bedding)					10.4
Bedding and household necessaries (includes beddings, cooking utensils, etc.)	----	----	----	----	2.5
House Rent	----	----	----	----	14.8
Miscellaneous (including remittances to dependants).	----				23.4
					100.0

From this enquiry conducted in a place like Bombay in the year 1922 - 24 on the one hand and the Report of the Rau Court of Inquiry appointed in the year 1940 confined to the staff of the G. I. P. Railway in relation to investigation concerning the question of dearness allowance on the other, is built up the co-efficient which is sought to be applied by Industrial Tribunals in respect of all-India adjudications. Justice Rajadhyaksha himself was conscious of the difficulties which he was experiencing. In paragraph 148 of his report, he has stated as follows :—

“So far as the middle classes are concerned the difficulty is very considerable. There have been no official family budget enquiries with respect to lower middle classes and the non-official enquiries have not arrived at any particular figure as representing the present day cost of living for the lower middle classes.”

5.82. In the Sen Award, it has been stated at page 30 as follows :—

“It seems to us very likely, particularly in view of the increase in the income of the working classes in most towns since 1939 that the co-efficient applicable today is appreciably less than 80%”.

The Sastry Tribunal in dealing with the co-efficient has observed in paragraph 216 of its award as follows :—

“Mr. Seervai urged that the co-efficient method was erroneous, that though the patterns of living keep on changing in both the classes they do not change in the same direction or to the same extent and no constant co-efficient would be disclosed by different budget enquiries. We certainly cannot take the 80% co-efficient as proved or established because it is derived from a so-called casual relation between the expenditure of a working class family and the expenditure of a middle class family as disclosed by family budget enquiries. It is but a single incident and we cannot say whether the relationship is casual or a mere co-incidence, a chance correspondence between two sets of figures. In Mr. Seervai’s view with no subsequent enquiries to confirm or it may be to contradict we cannot accept the 80 per cent co-efficient as established. Thus the principle of the co-efficient threatened to become more and more vague and more and more of a guess-work. Even the attempt

to buttress the principle by an appeal to figures at which working class budgets balance did not succeed, for budgets very nearly balance even above or below the limits so chosen and we do not know where to draw the line for budget balancing or how to provide for the very human tendency to over-estimate expenditure and under-estimate expenditure.”

5.83. In paragraph 218 it has been further observed as follows :—

“The Central Pay Commission fixed Rs. 90 per mensem as the minimum wage for middle class employees and Rs. 55 for the subordinate staff. The co-efficient would work out at about 64 per cent. **** It is common knowledge that the gap between lower middle class and the working class is narrower now-a-days. In these circumstances, it is proper to hold that the co-efficient may well be taken to be not more than 66 2/3 per cent. We must, however, frankly concede that this is merely an approximation by us and we cannot claim for it a scientific justification on the basis of reliable statistics for the reason that such statistics are not available.”

5.84. In dealing with this matter the Labour Appellate Tribunal in paragraph 68 of its decision has observed as follows :—

“It occurs to us that if in fact the gap between the income of the lower middle class on the one hand and the working class on the other has been narrowed by increases in the later’s wages the more appropriate inference would be that the wages of the lower middle class have not received increases to which they were entitled. In so far as the basic wages are concerned, in the case of many commercial firms the co-efficient is a good deal higher than 1.80; and even if we take the total emoluments in the major industries in Bombay or Calcutta the co-efficient would be found generally to be not less than 1.80. The Central Pay Commission too seems to have accepted the 1.80 co-efficient; for while it gave to the subordinate staff a starting basic salary of Rs. 30 it fixed the wages of the clerk at the initial stage at Rs. 55 which means a co-efficient of 1.80. It was therefore unwise of the Sastry Tribunal in the absence of statistics to negative a co-efficient which has been so generally accepted ** we are clearly for the view that in the absence of any definite investigation or statistics the 1.80 co-efficient should be maintained; for it has been an accepted co-efficient adopted after deliberation and has not been displaced by any organized enquiries.”

5.85. The Second Pay Commission in paragraph 13 of Chapter X of its report has, in connection with any co-efficient observed as follows :—

“We have considered whether there should be any direct, rigid, relativity between manual and clerical staffs, and we have come to the conclusion that the acceptance of any such relativity will be incompatible with the principles for determination of remuneration

of Government servants which we have adopted. * * * * in the United Kingdom while the clerical officer had an increase of about 63 per cent between 1939 and 1954-55, the messenger had an increase of 90 per cent during the same period. But as against that, during the last 2 years the wages of clerks have risen more than those of manual workers. We have not, therefore, sought to determine the pay of clerical and other similar staffs with reference to that of manual workers, but have considered independently what, in the present conditions, would be fair remuneration for each.”

5.86. The All India Bank Employees Association has pleaded that it did not accept the Rajadhyaksha co-efficient of 80% as adequate and that it was of the opinion that for middle class employees the co-efficient cannot be less than 120%. It has further added that even if 80% per cent was accepted as a proper co-efficient the bare minimum wage for a middle class employee would be higher by this percentage. The Association has stated that it has been admitted by all the adjudicators that the minimum wage of a middle class employee should be substantially higher than that of a subordinate employee. It has pleaded that this difference was mainly to account for the cost of education, skill acquired, the multifarious social obligations and the characteristic ways of living of a middle class employee that a middle class employee was called upon to meet along with higher responsibility, obligations which an industrial worker was usually never called upon to meet and that it has been now universally accepted that a considerable co-efficient has to be added in the case of middle class employee to the cost of living calculated for the industrial worker.

5.87. The All India State Bank of India Staff Federation and the State Bank of India Staff Union, Andhra Pradesh, have pleaded that the minimum cost of living of a middle class family is much higher than that of a working class family, that the cost of education has risen to abnormal proportion and parents have to expend considerably on the education higher secondary and college — of their children, that the expenditure on clothing by employees recruited to the ministerial and skilled cadres is far higher than that in a working class family, as such employees are required to appear neatly dressed in the office and maintain decency and decorum in dealing with the public, that the miscellaneous expenditure in the family budget of middle class employees is considerable and is far in excess of that in a working class family and that the minimum wage for a clerk was to be obtained by multiplying the minimum wage of the lowest paid worker by the Co-efficient of 1.80. The South Gujarat Bank of Baroda Employees' Union has stated as under :—

“To find out the minimum requirements of a middle class employee on the above basis, we have to put them approximately @ 70% above the standard of a worker. It has been admitted by several authorities that this difference should be 80% but we felt to scale down the difference and to put it at 70%.”

The All India Bank of Baroda Employees Federation has pleaded that the need of a clerical employee has been estimated according to all expert opinions at varying degrees and the Federation felt that 70% higher wages should be fixed for a clerk than those of a subordinate.

5.88. The Indian Banks Association has submitted that the co-efficient method was erroneous in that though the pattern of living kept on changing in both classes they did not change in the same direction or to the same extent and there could be no constant co-efficient. It denied that for middle class employees the co-efficient could not be less than 120% and also disputed the correctness of 80% as a proper co-efficient.

5.89. The Bombay Exchange Banks Association has pleaded that the very concept of co-efficient should disappear. It also denied that it had now been universally accepted that considerable co-efficient had to be added in the case of middle class employees to the cost of living calculated for the industrial worker. The State Bank of India has submitted that it would be an extremely illusory and incorrect method to arrive at the wages of middle class employees by a process of arithmetical calculation, viz. by applying a co-efficient. The Northern India Banks Association has submitted that no mechanical formula such as that of 80% or 120% co-efficient would satisfy the test of either equity or practicability. It agreed that there should be some difference between the wages of unskilled workers in the banks such as peons and those belonging to clerical cadre. It has stated that the only way of equitably determining the difference was to compare the total emoluments of these two classes with those of corresponding workers in other comparable establishments in the same areas.

5.90. Shri Phadke has strongly criticised this 80 per cent co-efficient and the foundation thereof. This formula rests on the findings of the Rau Court of Enquiry constituted in the year 1940 in connection with a working class family of 3 consumption units requiring Rs. 35 in Bombay City by way of minimum subsistence. In paragraph 75 of the report of the Rau Court of Enquiry itself, a note of caution has been sounded in the following terms :—

“..... in order to determine what classes of employees should be granted a dearness allowance, it is necessary for us to draw, roughly and with the aid of such materials as may be readily available, what has been called a “poverty line”, between incomes that are above subsistence level and incomes that are not. For this limited purpose, no great precision is required : the amount of the dearness allowance we propose to recommend is comparatively small and even if we are in drawing the line, whether on one side or the other, the error is not likely to cause grave inconveniences. We shall, of course, endeavour to do our best with the materials at our disposal; but further materials may show that our estimates are too high or too low. We only wish to emphasize that these estimates,

necessarily diffident are for the limited purpose of deciding at what level of income a war dearness allowance should be given at the present time and our references in this report to the "poverty line" or the "subsistence level" or, the "efficiency level" are not to be construed in any larger sense.'

In the absence of any better material, some of the subsequent Tribunals do not seem to have paid any heed to this caution.

5.91. This co-efficient is also founded on the middle class family budget enquiry held in the year 1922/24. In order to correlate the findings of different inquiries held at different times in connection with different classes of men the figure of Rs. 103-4-0 being the average expenditure of a middle class family in the lowest income group having income between Rs. 75 and Rs. 125 per month in the years 1922/24 has been projected to the year 1938-39. It is stated in the Rajadhyaksha award that the cost of living index figure in 1923 was 155 whereas in 1938-39 it was 104 and that according to these

index numbers the cost of living of the same family would be $\frac{103 \times 104}{155} =$ Rs. 69 in 1938-39. The index figures viz. 155 and 104 have been taken from two different index number series. The figure of 155 is taken from the series which was started with the year 1914 as the base year. The other figure viz. 104 has been taken from the series started in 1933-34.

5.92. Shri Phadke has criticised the accuracy of this method of conversion stating that to arrive at the correct results, it would be necessary not merely to have the same basket of commodities, but the same pattern of consumption, that in fact, the quantities for the two series were not the same, that the pattern of consumption for the base year had changed and that the 1914 series was a series prior to the first world war while the 1933-34 series had been formulated after the great depression which had occurred in the thirties. He submitted that the comparison of these figures could not possibly yield any intelligible results. He pointed out that while the Labour Appellate Tribunal decision laid down that the co-efficient should be 80% while fixing wage scales for the subordinate staff and the clerical staff this co-efficient of 80% was not adhered to. Statements have been filed before me showing that the co-efficient varies from stage to stage, from class to class and from area to area.

5.93. In the year of grace 1962 this Tribunal is in no better position than the earlier Tribunals who have dealt with the matter. The inherent infirmities in this co-efficient have been pointedly referred to before me. I am not at all certain whether I would be very much wiser by an enquiry which may be conducted at present. Expenditure is conditioned by the income received by the class of persons whose expenditure is being considered. By and large, over a period of time, expenditure cannot exceed the income. The only pattern which such inquiry may reveal may be a pattern based on the income of the

class of persons whose case is being considered.

5.94. When emphasis is being placed on a need-based wage and when the needs in respect of food are correlated not to the quantum of food actually consumed or the actual pattern of such consumption, but on the food which ought to be consumed, having regard to the physical needs of the individual the special needs of the middle class in connection with not merely food but all other articles of consumption require to be investigated and norms are required to be evolved which would satisfy the social and economic needs of the middle class. I am in the unfortunate position of not having such material before me.

5.95 Where proper inquiries have been conducted into the needs of both the working class and the middle class, it does not become necessary to resort to any co-efficient. It is only when material exists about one class and not the other, that it becomes necessary to resort to a co-efficient. In the present state of the record, I am unable to arrive at any co-efficient myself and cannot see my way to effect any changes in the existing co-efficients which may be regarded as substantial whilst considering the total emoluments of different classes of workmen employed in A, B and C Classes of banks in Areas I, II and III under this award.

5.96. The ingredients of a pay scale generally are its minimum and maximum, the span, that is the period of time requisite to reach the maximum, the increments provided and the efficiency bar where imposed.

(viii) Ratio between the Minimum and Maximum In Pay Scales

5.97. It is nobody's case that there should be a uniform pay for the workmen employed in banks from the commencement till the conclusion of their service. There, is however, a controversy as regards the ratio which should subsist between the minimum in the scale and the maximum thereof.

5.98. In the Sen Award the difference between the minimum and the maximum basic wage for clerical staff may be taken to be about 1:3 while for subordinate staff it may be taken to be about 1:1.5.

5.99. In the Sastry Award as modified the ratio of minimum basic pay and maximum basic pay for clerks in A Class banks in Area I is 1:3.3. In other classes of banks also it is by about the same. As regards the subordinate staff the ratio for A Class banks in Area 1 is 1:1.8 and for other classes of banks it is about 1:2.

5.100. The All India Bank Employees Association has claimed that so far as the clerical staff is concerned "the difference between the minimum and maximum in the same grade should be approximately 2½ times." In the case of the subordinate staff from the pay scales demanded it appears that the ratio between the minimum and the maximum is required to be 1:2. The Indian Banks Association has contended that there is no cogent reason given why the difference between the minimum and the maximum in the

same grade should be approximately 2½ times for the clerical staff. The Bombay Exchange Banks Association has also taken the same stand as the Indian Banks Association.

5.101. There is no uniform rule so far established in connection with the difference between the minimum and the maximum in connection with scales of pay. There are various factors which may affect the same. An incremental pay Scale is intended to provide for the growing needs of a workman as he advances in age. It is intended to provide for his increased knowledge, experience and efficiency acquired in the course of his service and also to provide him with a saving wage in the later years of his service. The capacity of the industry and the wages in comparable concerns have a part to play. No scientific or logical reason is given for the suggested differences between the minimum and the maximum of the scales of pay for the clerical staff and the subordinate staff. The demands made by the All India Bank Employees Federation reveal the difference of 1:3.3 between the minimum and maximum so far as clerical staff in A Class of banks is concerned. Similar ratio for B Class banks is 1:3.8.

5.102. Having regard to the method adopted by me in constructing wage scales which will appear later, it is not necessary for the purpose of this award to decide what theoretically should be the difference between the minimum and the maximum of the wage scales in an industry like banking.

(ix) Span

5.103. I shall next deal with the question of Span.

5.104. The span of incremental scales of pay fixed by the Sen Award was 25 years. The span provided by the Sastry Award is also 25 years for both the clerical and the subordinate staff.

5.105. The All India Bank Employees Association has demanded that the span should be 20 years for both the clerical and subordinate staff. It has demanded separate scales of pay for workmen discharging duties of a supervisory nature with a span of 9 years.

5.106. The All India Bank of Baroda Employees Federation has claimed that in every class of bank for each category of employees there should be a graded scale of pay with a span of 20 years.

5.107. A more or less similar demands has been made by other organisations of workmen.

5.108. The Indian Banks Association has in its reply, stated that 25 years is the normal span of incremental scales for employees in the country and that the same should be retained. It has submitted that this Tribunal has no jurisdiction to lay down any term or conditions of service including scales of emoluments for those employed in a supervisory capacity who draw emoluments exceeding Rs. 500 per mensem or who exercise either by the nature of the duties attached to the office or by reason of the powers vested

in them functions mainly of a managerial or administrative nature as such employees would not be "workmen" within the meaning of the Industrial Disputes Act and would hence be outside the present adjudication. The Bombay Exchange Banks Association has contended that the claim made by the All India Bank Employees Association is untenable and should be rejected. It says that the whole scale should span at least 25 to 30 years. It is further pleaded that the 20 years span demanded by the workmen for the clerical and subordinate grades would mean that an employee joining at the age of 18 would reach the top of the scale at the age of 38 and that if he were to retire as demanded at the age of 60 years, then he would receive no increment for the last 22 years of his service and realisation of this fact would mean that the employee would not strive to improve his efficiency or take interest in his work.

5.109. The Northern India Banks Association has stated that ordinarily a bank clerk starts his career at the age of 18 to 21 and as the retirement age for him has been fixed, under the existing Award, at 58, the scales framed should extend for a period of at least 35 years, for if the maximum is reached earlier, a sense of discontent and dissatisfaction is needlessly produced at a time when the employee has yet to go many years.

5.110. The banks on the whole, have opposed the employees' demand in this connection.

5.111. In support of the contention that the span should be 20 years, reliance has been placed on behalf of the employees on some of the awards where the span has been 20 years, and on the award in Burma Shell Refineries, where the span has been reduced from 20 years to 16 years (Industrial Court Reporter, October 1958 issue page 1067). It was also stated that there were cases where the span was still shorter.

5.112. In the course of the hearing it was argued on behalf of workmen that if a workman reaches his maximum at the 20th year of service, he would derive other incidental benefits. The amount to the credit of his provident fund which constitutes his saving would increase. It was argued that between the ages of 42 and 50 a man's responsibilities were the heaviest. His son may be going to college and his daughter may have to be married. It was urged that it was necessary that during this period he should enjoy the maximum salary in the scale. It was also argued that during the peak years of his service a man should get increments more often.

5.113. Shri Phadke on behalf of the Indian Banks Association urged that if the maximum in the scale of pay was reached at an early stage, it would cause a sense of frustration among the workmen for number of years of their lives when they stagnate having reached the maximum in the span and that it would result in loss of efficiency and indifference to work. He urged that if a workman after joining service had to remain in service for 35 years, he would, for over 15 years, not receive any increment at all and that 15 years was an

unduly long period of time during which an employee should get no increments at all. The number of years during which he might not receive any increment may even be greater where a workman joins early and superannuates at the age of 58. He further urged that the reduction in span would increase the establishment charges of banks, as the provident fund contribution would be proportionately higher. He urged that the basic wage structure was one integrated whole and every aspect of it whether visible or not on the face of it was inextricably connected with the other and that the real value of the wage structure depended upon the total effect of these inter-acting aspects so that any material change in one was liable to lead to a change in the whole. He stated that the Sastry Tribunal and the Labour Appellate Tribunal had in mind a 25 years scale and the liabilities to be imposed on the bankers included a 25 years span as a salient feature of the scale. He summed up his argument by saying that with the result of the reduction of the span, the cost to the banks would be higher, the return to the banks by way of efficiency in work may be lesser and there was bound to be some element of discontentment in the minds of senior employees for want of increments. He filed a statement showing the financial implications of shortening the span of a scale of pay from 25 years to 20 years on the footing that the existing minimum and the maximum would continue unchanged. The statement shows that it would result in an increase of total emoluments by 7.2 per cent.

5.114 There is considerable force in some of the arguments advanced by Shri Phadke. A reduction in the span would lead to an increase in the wage bill and have its repercussions on the provident fund contribution to be made by banks. Workmen who have reached the maximum in the scale would stagnate for a longer period, the efficiency bar would be crossed earlier and the incentive to continue to remain efficient would be less. A span of 25 years in a service which may last upto 58 years is not unduly long.

5.115. Having considered all aspects of the matter, I do not consider it proper to accede to the demand of the workmen to reduce the span from 25 years to 20 years either for the members of the clerical staff or for the members of the subordinate staff.

5.116. As regards workmen supervisors, I am not providing separate scales of pay for them as stated later and it is not necessary to consider the question of providing a separate span for them.

(x) Increments

5.117. While considering the pay scales the Sen Tribunal observed that increments should normally show a rising trend. The Sastry Tribunal has stated the following in respect of increments :

"A time scale of wages with annual increments is now recognised to be the normal pattern of a wage scale. It is no longer necessary to give elaborate reasons in justification of this system. The growing needs of the workmen's family, the greater experience and improved

efficiency of the workman that comes with length of service in the industry and the desirability of a provision for a saving wage, if possible, after a fairly long period of service are recognised to be good reasons for having a time scale with increments. Besides, there is a valuable psychological effect on the mind of the employee when he is assured that for normal increments he is no longer dependant on the whims of his superior officers, which perhaps would be the case if there were no regular scale."

The Sastry Tribunal in paragraph 85 of its Award directed as follows :—

"Increments should normally be given and stoppage of increments by managements should be only by way of punishment for proved misconduct or gross inefficiency. As a working rule, if in the previous year there are three adverse remarks in the service register of the workman entered against him as a result of the management's enquiry into his conduct and after consideration of any explanation given by him, it may be taken as a prima facie case for stopping the increment at the next stage and for the next year. If an employee's increment is to be withheld, it should only be done after a proper charge-sheet has been framed against him and he has been given adequate opportunity to defend himself. The order in writing withholding the increment should also mention whether it will have the effect of postponing future increments."

5.118. In connection with the general withholding of increments of one and all employees during any particular year due to exceptional circumstances, such as dwindling of profits and the substantial diminishing of prospects of good business, the following directions were given by the Sastry Tribunal :-

"Annual increments for any particular year may be stopped at the discretion of the bank if the ratio of its gross profits to the working funds during the previous year is less than 75 per cent of the average of similar ratios for the four years immediately preceding that previous year provided however,

- (1) no discrimination is made amongst the employees of the bank in the matter of withholding the annual increment and that withholding of the increment applies to the entire staff of the bank consisting of all its officers and the clerical staff (subordinate staff being excluded).
- (2) there shall not be any withholding of increments more than once in any consecutive period of four years."

The Labour Appellate Tribunal slightly altered this direction of the Sastry Tribunal by directing that "the general stoppage may only be allowed if the ratio of gross profits to working funds of the previous year is less than 50 percent of the average of similar ratios in the four immediately preceding years."

5.119. The All India Bank Employees Association submitted that the increments in the grades should be automatic and that part-time employees should also be granted 50 per cent of the rate of increment annually as demanded for a full time incumbent. The banks have in general opposed these demands. The Northern India Banks Association has replied by saying that the grant of increments should not be automatic but should rest on the record of the work done by the employees during the year and the management should have the right to withhold the increment if the work of the employee falls below a certain standard. The Jaya Laxmi Bank is against automatic grant of increments in the grade scales and considers that should depend upon the efficiency of the employee concerned and the management must have a right to review the work of each employee while the question of annual increment is being considered.

5.120. In the course of the hearing, a reference was made to the statements which appear at pages 36 to 38 in the Report of the First Pay Commission about the system of time-scales with increments. The First Pay Commission has observed that "one of the objects of increments being the provision of means to enable an employee to meet his increasing responsibilities and expenditure as he grows in age, the problem would be simpler if the scheme of providing children's allowance and other special allowances asked for by some associations could be adopted." Later on the Commission has stated that the granting of increments has a two-fold significance, one from the point of view of the employee, viz., that as he grows in age he has greater responsibilities to meet and another from the employer's point of view, viz., that even when a man continues in the same grade his work improves in quality and his efficiency also increases as a result of his experience. Employees have filed statement showing the rates of increments provided for the members of the subordinate staff and the clerical staff in certain commercial concerns. Shri Phadke argued that increments should be small to begin with, progressively increasing in quantum and becoming largest at the end. This method was not followed in the case of subordinate staff in the banks as there were increments of Rs. 2 in the beginning and Re. 1 in the end, owing to considerable difficulties involved in adjustment, if this system was reversed. He also urged that the banks should have the power to withhold increments in certain circumstances either in a given case or as a whole.

5.121. The directions given by the Sastry Tribunal are fair. They have also been considered by the Labour Appellate Tribunal and apart from the amendment already referred to they have been retained.

5.122. I have considered the total emoluments received by workman throughout the span period and in fixing pay scales and providing increments I have taken all relevant factors into consideration. As regards the granting stoppage and the withholding of increments I give the same directions as those given by the Sastry Tribunal as modified by the decision of the Labour

Appellate Tribunal.

5.123. The next question that arises for consideration is that relating to efficiency bar.

(xi) Efficiency Bar

5.124 The Sen Award in paragraph 112 provided for one efficiency bar at a fairly late stage in an employee's career. It directed that an efficiency bar should be placed between the seventeenth and the eighteenth year of service in the case of all employees. It observed that efficiency bars existed in government service and had been inserted in nearly all awards relating to scales of pay made by Industrial Courts and Tribunals.

5.125. In the Sastry Award an efficiency bar has been placed at the 20th year of service of an employee both in the clerical grade and the subordinate grade. In the opinion of the Sastry Tribunal it was sufficient to have one efficiency bar in an employee's career.

5.126. The matter in relation to efficiency bars has been discussed at considerable length in the Labour Appellate Tribunal's decision. In connection with the imposition of an efficiency bar, the Labour Appellate Tribunal has observed in paragraph 174 that the imposition of one or more efficiency bars in a running time scale of wages had been considered a necessity since the date of the Islington Commission (Report of the Central Pay Commission, para. 60) and that it was a well recognized adjunct to a wage structure, and has been adopted by the government and also by quasi-government and industrial establishments and had been applied by Industrial Tribunals. It has quoted with approval the remarks of the First Pay Commission, where it has been observed as follows :—

"We are not prepared to ignore the fact that right down from the time of the Islington Commission, all responsible authorities have regarded the principle of the efficiency bar as an indispensable part of the time-scale system, if it is to work satisfactorily"

In the Labour Appellate Tribunal's decision arguments advanced against the imposition of efficiency bars have been fully dealt with. In order to allay apprehensions in the minds of the workmen, the Labour Appellate Tribunal has laid down the following conditions in connection therewith in paragraph 177 of its decision :—

- (a) The efficiency bar shall be at the end of the normal 20th year stage in each scale.
- (b) The efficiency bar shall be applied very sparingly. The general test should be whether the employee's work has fallen below that standard of efficiency normally expected of him at that particular stage of his career when the efficiency at the start has been reinforced by the experience from which he should have profited.
- (c) The circumstances necessitating the proposed imposition of the

bar shall be communicated to the employee and the employee shall be given an opportunity to submit an explanation which shall be duly considered.

- (d) An efficiency bar once imposed shall be reviewed every year and before it is continued the employee shall be given an opportunity to make such representation as he desires. Reasons for continuation of the bar shall be recorded.
- (e) If the workman held up at the efficiency bar improves, he may be allowed to cross the bar and at the discretion of the management may even be placed, at such stage in the running time scale as he would have attained if he had not been held up. In such case the workman shall not be entitled to claim any arrears on the basis as if there had been no bar."

The Labour Appellate Tribunal saw no reason to exclude the members of the subordinate staff from the operation of the efficiency bar.

5.127. The Second Pay Commission has provided for two efficiency bars. The Second Pay Commission in imposing the efficiency bars has observed that it was ordinarily through efficiency bars that a practical discrimination between satisfactory and unsatisfactory workers could be made and that they had, therefore, usually provided an efficiency bar somewhere about the 10th year in scales which were to run for more than 15 years or so and a second efficiency bar at a later stage in scales which were to run for 20 years or longer.

5.128. On behalf of the workmen a claim has been made that increments in the grades should be automatic and that there should not be any efficiency bars whatsoever. It is contended that the scales are formulated on the basis of needs of the employees, that the needs grow with the passing of time and that with the passing of time "the employee's skill and intelligence grow to the advantage of the employer." It is submitted that the efficiency bar was unnecessary in view of the fact that the employees after putting in considerable length of service gain both experience and efficiency and that the efficiency bar laid down at the end of 21 years of service in the last awarded scale was of no use, as at the end of so many years, no question of efficiency could justifiably arise. It is also stated that efficiency bar might be used to the detriment of the employees. It was therefore, submitted that no efficiency bar at any stage be put.

5.129. The Indian Banks Association has submitted that it was erroneous to assume that the skill and intelligence of employees grew to the advantage of the employer with passage of time. It has further pleaded that the management should have the right to see that the workmen keep up the normal standard of efficiency and not lapse into indifference and inefficiency because of the assured prospect of an incremental scale. It is further pleaded that the provision in the Sastry Award for only one efficiency bar at the end of the 20th year of service had been found to be inadequate and ineffective. It is

pleaded that in normal circumstances the management is able to find out whether a particular clerk will turn out to be good within a period of about the first five years and it is suggested that the first efficiency bar should be placed at the 5th year of service. It is further submitted that such a course would be advantageous not only to the employer but also to the employee, because he could have a chance to reconsider whether he had taken up the right occupation and could easily switch over to some other walk in life whilst he was still young if the efficiency bar was applied to him at an early stage in his career. It is further suggested that a second efficiency bar should be placed at the 10th year of service so as to discourage the employee from lapsing into inefficiency and a third efficiency bar should be applied at the 15th year of service. It is submitted that "having only one efficiency bar and that too at a late stage in the scales works as a damper to a really efficient employee because he has no inducement to turn out better work, feeling that he would be treated on a par with his colleagues in the matter of increments irrespective of higher efficiency or superior capacity to turn out better quality of work."

5.130. The Bombay Exchange Banks Association has pleaded that the question of a workman's needs and the question of his efficiency were entirely different concepts. It has pleaded that if the workmen was lulled into the belief that he need not worry about his efficiency being tested and assessed throughout his career and that he would continue to the end of his scale irrespective of his efficiency, a bank would not have a good employee in him. It is submitted that so far as a bank is concerned, in the absence of an efficiency bar, in the event of the bank coming to the conclusion that the workman was inefficient, it would have no option but to dispense with his service whereas if there was an efficiency bar, the workman may be kept at the stage of the bar until his efficiency improved rather than have his service dispensed with. It is further submitted that there should be two efficiency bars in both the clerical and subordinate grades, "one in the earlier part of the scale (say, 5th or 10th year), and the other in the second or later part of the scale (say, 15th or 20th year.)"

5.131. The State Bank of India has pleaded that it would be a retrograde step to abolish efficiency bars as the existence of such bars was in the interest of both the employer and the employees.

5.132. The Northern India Banks Association has submitted that the efficiency bar as prescribed under the existing award was absolutely necessary to ensure continued efficiency and that the management should have the right to withhold increments if the work of the employee fell below a certain standard.

5.133. The Catholic Syrian Bank Ltd. has submitted that in the ordinary course of events efficiency was sure to deteriorate when the remuneration was beyond the control of the management.

5.134. In the course of the hearing Shri Phadke on behalf of the Indian Banks Association emphasised the need for an efficiency bar at the early stages of an employee's career and stated that if an efficiency bar was kept at an early stage, then there was a possibility of securing improvement in the work of an employee.

5.135. There may be something to be said in favour of the contention urged on behalf of the banks that there should be an efficiency bar in the early years of an employee's career as that would enable a bank to mark out efficient from the inefficient after a few years of service of an employee, An employee found to be inefficient may thereafter be more vigilant and improve in efficiency with a view to secure higher increments in the scale of pay. There is, however, no evidence before me about the resultant inefficiency workmen employed as ordinary clerks and as members of the subordinate staff when no such bar is imposed. The banks when engaging employees have ordinarily a number of persons to choose from. In the absence of any evidence showing the adverse effects of the non-imposition of such a bar in the early years of an employee's career, I see no reason to differ from the views of the earlier Tribunals. As regards the imposition of an efficiency bar at the 20th year of service there seems to be good reason for imposing such a bar Where workmen after 20 years of experience and service is found to be inefficient or has degenerated into inefficiency it is necessary that a bank should have a right to prevent him from reaching the maximum in the scale of pay. An employee ordinarily remains in service for a number of years after he has completed 20 years of service. It is but right that an inefficient employee should not draw for all these years the same salary as an efficient employee. This bar is a salutary bar and there is no reason to remove it.

5.136. In the result of an efficiency bar at the 20th year of service in respect of all categories of workmen for whom scales of pay have been provided under this award is imposed subject to conditions similar to those laid down by the Labour Appellate Tribunal in paragraph 177 of its decision quoted above.

(xii) Capacity of the Industry to Pay

5.137. Whilst considering the question of wages in the banking industry, it will be necessary to consider the question of the capacity of the industry to pay wages above the bare minimum wage and the place of the industry in the economy of the country. The question concerning the capacity of an industry to pay wages has been dealt with at some length by the Supreme Court in the case of Express News Papers (Private) Ltd., and another v. The Union of India and others, reported in (1959) Supreme Court Reports, page 12 at pages 89 to 93. As the Supreme Court has observed in that case, the capacity of industry to pay can mean one of the three things, viz., (i) capacity of a particular unit, (marginal, representative or average) to pay, (ii) the capacity of a particular industry as a whole to pay, or (iii) the capacity of all industries

in the country to pay. After considering the various aspects of the matter, the Supreme Court has, at pages 92 and 93 of the aforesaid report, observed as follows :—

“The principles which emerge from the above discussion are :—

- (1) that in the fixation of rates of wages which include within its compass the fixation of scales of wages also, the capacity of the industry to pay is one of the essential circumstances to be taken into consideration except in cases of bare subsistence or minimum wage where the employer is bound to pay the same irrespective of such capacity;
- (2) that the capacity of the industry to pay is to be considered on an industry-cum-region basis after taking a fair cross section of the industry; and
- (3) that the proper measure for gauging the capacity of the industry to pay should take into account the elasticity of demand for the product, the possibility of tightening up the organisation so that the industry could pay higher wages without difficulty and the possibility of increase in the efficiency of the lowest paid workers resulting in increase in production considered in conjunction with the elasticity of demand for the product no doubt against the ultimate background that the burden of the increased rate should not be such as to drive the employer out of business.”

The Supreme Court has observed in an earlier paragraph that in a given case it may be even permissible to divide the industry into appropriate classes and then deal with the capacity of the industry to pay class-wise. The industry of banking, in cases where the banks have branches in more States than one, has been dealt with class-wise, and the capacity of the industry which, so far as the banks before me are concerned, has to be determined class wise. Having regard to the principles enunciated by the Supreme Court, the capacity of the industry considered class-wise will have to be determined after taking a fair cross section of each class. As observed by the Sastry Tribunal the wage structure should be such as to be within the capacity of the Industry to bear in the light not apply of its present position, but of its future possibilities also.

5.138. The industry of banking does not produce goods but produces services. It is an extremely important service which is rendered by banks and on the continued and efficient functioning of banks depends the smooth functioning of a large number of other industries in the country. In order that the economy of the country may develop and other industries may function smoothly, it is necessary that the industry of banking should also develop to meet the growing needs of the country. Banking has to be regarded as a public service and its activity to a certain extent is being regulated in the public interest. There are various provisions in the Banking Companies Act, 1949, and in the Reserve Bank of India Act relating to the regulation and

control of the industry in the larger interest of the country. Banks have to work in a more or less rigid framework set by law. The depositing and investing public always plays for safety for its deposits and stability for its investments. Prudent banker not merely provide for what are sometimes known as secret or undisclosed reserves but provide for easy liquidity of some of its assets in order to meet any emergency. They also consider the advisability of following the policy of maintaining stable dividends. Every effort has to be made to gather the confidence of the public and the depositors so that the working funds and operations of the banks may grow.

5.139. The stability of the industry depends upon the over-riding factor of credit. The banks are very often described as delicate instruments of credit. The failure of the bank has its repercussions on the other banks and on the deposits made with other banks. Great care is required to inspire the confidence of the public. Deposits received by the banks constitute, to a very large extent, the raw material for providing advances to persons needing the same. A bank unlike a manufacturing concern obtains a very large proportion of its working funds from the depositors and only a small proportion from its shareholders. In considering the claims of employees, the claims of the depositors and other constituents of the bank have also to be kept in mind.

5.140. In considering the capacity of the industry of banking to bear the burden of increased wages which may be required to be paid having regard to the workmen's claims based on social justice, it is necessary to bear in mind the claim of the shareholders to a fair return on the capital invested by them.

5.141. Banking is one of the key industries in the country. The successful implementation of the Third Five Year Plan depends to a considerable extent on the successful operation of banking in the country. It is requisite that the available resources of the country should be harnessed for the successful implementation of the Third Five Year Plan. Banks have an important role to play in mobilising the resources of the country and canalizing them to productive purposes. It is necessary that the banking habit should spread throughout the length and breadth of the country so that the unused wealth of the country is not merely gathered but is put to effective use. The dependence of commerce upon banking has in modern times become exceedingly great and matters have reached a stage where the cessation for some length of time of banking activity may paralyse to some extent the economic life of the nation. Bankers issue credit. Large transactions are effected by means of cheques rather than by the exchange of currency. Banks assist the industrial undertakings by underwriting their debentures and shares and occasionally finance the purchase of real property. Banks serve as custodians of stocks and shares and other valuables. Imports into and exports out of the country are financed by banks and documents relating to the goods so imported and exported pass through the hands of the bankers. They have to deal with warehouse warrants, bills of lading, railway receipts, bills of exchange, marine

insurance policies and various other documents. They advance moneys on securities and issue letters of credit and travellers cheques to customers. The functions which the bankers discharge are numerous and varied. The transactions on the Stock Exchange may be affected by the policy adopted by banks in connection with the advance on shares and securities. Transactions of purchase and sale of various commodities may be affected by the policy adopted by banks in connection with the advance on such goods. Expansion or retraction of credit may affect financing of various transactions. The smooth functioning of banks is necessary for the economic growth and welfare of the country. Peace in this industry is requisite for the economic progress of the country at the pace set by the Third Five Year Plan.

5.142. Having regard to these factors, wage scales have to be fixed in connection with each class of banks before me, so that the burden ultimately imposed may not be such as may drive any bank managed with reasonable efficiency, out of business. The wage structure should be such that it should not be unduly below the paying capacity of the bank at the top of the class, nor unduly above the paying capacity of the bank at the bottom of the class, which is reasonably well-managed. One does sometimes come across banks in the private sector which continue to function for a number of years without distributing a naya paisa by way of dividend, which do not show any substantial profits or which show even losses for a number of years without any special reason, when other banks functioning in the same region with smaller working funds and reserves make considerable profits. Such banks which continue to exist for various reasons peculiar to those who run the banks cannot be taken into account to depress the wages of the class in which such banks fall. It would be putting a premium on the existence of unhealthy banks if they are encouraged to continue their activities by the incentive of lower wages.

5.143. There are various restrictive provisions contained in the Banking Companies Act. By Section 17 it is made obligatory on a banking company incorporated in India to create a reserve fund. A banking company is under an obligation "out of the balance of profit of each year as disclosed in the profit and loss account prepared under section 29 and before any dividend is declared" to transfer to the reserve fund a sum equivalent to not less than 20 per cent of such profit until the amount of such reserve fund together with the amount in the shares, premium account, equals the amount of the paid-up capital of the company.

5.144. The All India Bank Employees Association has contended that the banking industry today has stabilised its position firmly, that its growth during the second Five Year Plan period guarantees a tremendous progress the 3rd Five Year Plan period, that in view of the high tempo of the industrial development in this country and fulfilment of the various plan targets there would be a steady flow of deposits in the banks at a more rapid pace than

during the 2nd Plan period, that the progress from 1954 in the banking industry was tremendous, that there was no reason to consider that this progress would not be maintained in future that during these five years the banks earnings as well as profits had almost doubled, that from 1956 to 1959 expansion in banks' credit was of the magnitude of about fifty percent that the pattern of planned development to which the Indian economy was committed would enable the banks to earn more deposits and consequently more profits, that the average of the big banks' dividends for the last five years amounted to 14 per cent, that some of the banks had issued bonus shares- out of the reserves, that the deposits of all banks in India in 1954 were Rs. 960.37 crores, in 1955 were Rs. 1043.80 crores, in 1956 were Rs. 1125.10 crores, in 1957 were Rs. 1346.60 crores, in 1958 were Rs. 1562.20 crores and in 1959 were Rs. 1815.35 crores, that the ratio of establishment charges to gross earnings had decreased, that under the Banking Companies Act the banks had been given the right to show income after making provision for bad and doubtful debts and other usual and necessary provisions and as such it was not possible for anyone to ascertain exactly what their actual earnings were, that it was possible for the banking industry to pay to the employees what was demanded in the Charter of Demands submitted by the All India Bank Employees Association and at the same time, to make profits, pay dividend and build up reserves, both open and secret, that whatever difficulties if any, the banking industry was facing, were due to "mismanagement of the vested interests controlling the banks" and that the remedy for such difficulties was to put more restrictions on the activities of banks' management and ultimately to nationalise the whole of the banking industry in the interest of the country's economy. The All India Bank Employees Federation has submitted that the financial position of the banks as a whole was extremely sound.

5.145. The All India State Bank of India Staff Federation and the State Bank of India Staff Union, Andhra Pradesh, in their statement of claim have pleaded that the resources of the Indian Banking system were expanding at a fast rate, making it a dynamic instrument for financing the development of the economy of the country, that this development has emerged from the phase of inflation which the country has been witnessing for some years, that price inflation had been an element in accelerating capital formation and the expansion of banking system, which in turn, was aided by the process of inflation as an important factor in financing economic development, that an important index of the healthy growth of the banking system and of the steadily increasing banking habit was the ratio of bank deposits to the currency in circulation and that India's ratio improved between 1950 and 1959 from 0.70 to 1.03. As regards deposits, they submit that there were three noteworthy trends. There was a sudden fall in the volume of deposits from the year 1948 to 1949, the contraction in the total deposits being of the order of approximately Rs. 100 crores; from 1949 to 1954 the volume of deposits was in a state of

stagnation which was broken in the year 1955 from which year onwards deposits began to rise progressively and between 1949 and 1958 the volume of total deposits had nearly doubled. They further submit that the ratio of bank credit to industry in India rose from 34.7 per cent of the total credits in June 1953 to 46.2 per cent in April 1959. As regards the State Bank of India, they have submitted that the State Bank of India occupied a unique place in the Indian banking industry, that by its age, its resources, its size, its business and its reputation it enjoyed an unrivalled position in the banking system of the country, that the total deposits of the State Bank of India which stood at Rs. 188.0 crores in June 1955 had steadily risen to Rs. 615.0 crores in April 1960 and formed 31.9 per cent of the total deposits of all scheduled banks in India as compared to 19.1 per cent in June 1955, that the bank's advances (including bills) which amounted to Rs. 110.00 crores in June 1955, steadily went up to Rs. 185.3 crores in June 1959, that in April 1960 the bank's advances had risen to the record level of Rs. 211.9 crores, when they formed 18.8 per cent of the total advances of all scheduled banks as compared to 18.9 per cent at the end of the busy season of 1954-55 and that the bank's investments in Government securities rose from Rs. 87.0 crores in June 1955 to Rs. 297.4 crores in June 1959. They have further submitted that the future of the banking industry was very bright.

5.146. The South Gujarat Bank of Baroda Employees Union has submitted that the Bank of Baroda has made a commendable progress and has built up large reserves and has expanded its banking activities in various parts of India as well as in foreign lands and that it has paid to its shareholders exorbitant dividends and has made huge profits.

5.147. The Indian Banks Association in its reply has observed that the state of the banking industry and its capacity to pay were matters of vital importance and that these matters would have to be investigated before any fresh burdens could be placed upon the industry. It has referred to the various directives issued by the Reserve Bank of India since 1956 restricting the activities of banks. It has referred to the various legal restrictions which act as a brake upon the earning capacity of the banks. These restrictions have been imposed for the stability of banking and in the general interest of the economy of the country, and they have to be taken into account in assessing the paying capacity of the industry.

5.148. The Indian Banks Association has further submitted that "the capacity to pay of the banking industry as a whole has been fully stretched and there is no scope to call on banks to bear any further financial burdens, both in the interest of the industry and the national economy", that if the productivity of labour, the place of industry in the economy of the country and the capacity of the industry to pay were taken into account, it would be clear to the Tribunal that the present rates of emoluments of bank employees were fair and even generous, and that somewhat exaggerated ideas had been formed by the employees about the prosperity of the banking industry. It has

denied that during the period of five years the banks represented by it have doubled their earnings and profits. It has stated that the employees have attempted to paint a very rosy picture and have suggested an era of huge bank profits by merely referring to figures of bank deposits ignoring other relevant factors and materials which alone could present a true and complete picture in its proper perspective. It has pointed out that 67% of the Indian Scheduled Banks have not been able to strengthen their position considering that they have reserves which are less than their paid up capital, 40% of the said banks having reserves less than even 50% of such capital. It has further stated that it was misleading to state that the dividends to the shareholders of the banks are at the rate of 14%. It has also submitted that a mere rise in profits of the banks was no justification for granting higher emoluments to the employees since the need to make proper allocations out of such profits in the interest of stability and safety of the industry could not be ignored.

5.149. The Bombay Exchange Banks Association has stated that the Exchange Banks did not plead incapacity to pay reasonable wages. It points out that "banking is a labour intensive occupation, establishment costs forming the major part of working expenses." It has denied that the progress from 1954 to date has been 'tremendous'. It has further stated that the profits made up to date were moderate, that it would be unrealistic merely to refer to earnings and profits without at the same time considering the increase in cost and expenses particularly establishment charges and that the establishment expenses of the foreign scheduled banks have risen at a much faster pace than their profits. It has pointed out that banks have to maintain large reserves to ensure that the depositors' interest are safeguarded and to avoid the possibility of a serious monetary crisis and that statutory provisions had been enacted in respect of reserve funds and of compulsory deposits with the Reserve Bank of India mainly for these purposes. It further points out that if a healthy dividend was not maintained, it would be reflected in the market price of the shares and would affect the depositors' confidence with serious repercussions on the banks resulting in fall of deposits and contraction of business with consequential effect on employment. It has submitted that the claim made by the workmen that "the future of the banking industry and at least the picture of the coming five to seven years can be foretold", was extraordinary, naive, optimistic and incorrect. It further points out that "overall level of bank deposits depends primarily on the volume and velocity of currency in circulation which is determined by the Government's economic, monetary and fiscal policies." It further states that there was no doubt that the spread of the banking habit had led to a higher level of deposits, but in the ultimate analysis, over a long period, the growth must depend on the factors outlined above. It has submitted that with greater and greater control by the Reserve Bank of India, it was impossible to postulate what the profit position would be in the near future and that it was not correct to merely take into account the rise in profits ignoring the rise in working expenses. It denied that if the

Charter of Demands of the All India Bank Employees Association were implemented by the banks, it would still be possible for banks to make profit, pay reasonable dividends and build up adequate reserves. It denied the allegations of mismanagement and stated that as regards the question of nationalisation, that was a matter best left to the legislature.

5.150. The Northern India Banks Association has pleaded that banking industry is subject to numerous well-known risks, such as losses arising from depression in Trade and Industry, fluctuations in the value of Government and other Stock Exchange securities and losses due to frauds on the part of the borrowers, clients and members of the staff. It has further stated that the fact that investors in industries have generally reaped much large profits than investors in bank shares, not only in India but all over the world, shows that real banking profits bear no comparison to profits in industry, if the relative investment of capital is taken as a basis for the measurement of profits. It has pointed out that as a result of the partition of the country banks which had activities in areas now forming part of West Pakistan, suffered very heavy losses, with the result that some of them had to write off not only the reserves but also the major part of their capital (varying from 50 per cent to 100 per cent) apart from losses which they had to transfer to their depositors. The Association submits that the banking industry was not a "productive" industry but only a "conservative" industry and by the very nature of its activities, being the core of the financial system, it had invest a large percentage of its funds in Government securities which investment had resulted in lot of depreciation as borne out by the experience of the past years. It further points out that banking is an industry for the conservation of the nation's resources and it is subject to upheavals caused by war pestilence and Government deficit financing to an extent unknown to productive units of industry. The banks had also to keep their investments diversified and thus in working out the real paying capacity of the banking industry, large sums had to be earmarked as provision for losses caused by change in money rates and by political or natural calamities which might occur at long intervals. The Association has submitted that the banking industry as a whole could not bear any further increase in the wage bill and that it would be difficult for the banks to meet their rapidly increasing establishment charges based on the automatic operation of the time scale of increments in the existing award and the consequent increase in the dearness allowance, house allowance, provident fund contributions, bonus, gratuity, etc. It has observed that there was no doubt that since 1954 the deposits of the banks have increased as also their gross earnings. It has pointed out that the increase in the net earnings, owing to a rapid increase in establishment charges and other items of expenditure had not however been such, as to enable the banks, after making provisions which prudence dictates and which the law wisely envisages, to step up the dividends substantially. It further says that heavy establishment charges were one of the very important contributing factors to

the inability of the banks to give satisfaction to the shareholders and that in the case of many of the member banks, the handicap of losses, resulting solely from the partition of the country, had been such as to have made a distribution of any dividend impossible since 1947. It points out that out of 35 banks adversely affected on account of displacement from West Pakistan, only 14 had been able to survive and out of these, only 3 had been able to pay dividends and these too, after missing the same for several years. It further submits that the really important thing was not the increase in bank deposits, but the effect that the increase has in net earnings of banking institutions, and judging from the increase in reserves and distribution of dividends, this increase could not be deemed, by any test, as exceptional. It points out that the net profits of most banks had not been enough to enable them, over the years, to raise their statutory reserves to the level of their paid-up capital, and that some of the banks had not been able even to write off depreciation in their investment in Government and other stock exchange securities. It refers to the absence of any provision or wholly inadequate provision by most banks in respect of the accumulated liability on account of gratuity and/or the retirement benefits due to the employees even under the existing award.

5.151. The State Bank of India in its reply, has stated that its major shareholder is the Reserve Bank of India which ploughed back a major portion of the dividends payable to it particularly to finance the State Bank in meeting a portion of the losses incurred by the new branches opened by the State Bank as also by those opened or to be opened by the State Bank's Subsidiaries in rural and semi-urban areas. The State Bank denied that the finances of the State Bank would not be affected even if all the demands of workmen were conceded in full. It stated that if the demands were met fully, it would involve the State Bank in an additional expenditure of Rupees five crores or thereabouts per annum only in respect of its workmen staff in India.

5.152. The State Bank has submitted that if the Tribunal took the view that the employees had established a case of "changed circumstances," it should also be borne in mind that the State Bank was by Statute required to do what other commercial banks would not think it advisable to do, namely, opening branches in rural and semi-rural areas, that the State Bank, in the national interest, has to encourage and support small scale industries, co-operative institutions, etc., by providing cheaper finance and that the State Bank through a network of its branches has also to take over Government treasuries and sub-treasuries and deal with Government transactions as agent of the Reserve Bank.

5.153. The Travancore-Cochin Bankers' Association, representing the Palai Central Bank Ltd., the Travancore Forward Bank Ltd., the South Indian Bank Ltd., the Indian Insurance & Banking Corporation Ltd., the Marthandam Commercial Bank Ltd., the Trivendrum Permanent Bank Ltd. and the Nadar Mercantile Bank Ltd., has referred to the following peculiar problems and features relating to banking in Kerala State :—

- (a) The large number of small banks.
- (b) The keen competition between the small units operating here and the bigger units who had opened branches here.
- (c) The high rates of interest, the small units had to pay for their deposits.
- (d) The absence of marketable securities for utilisation of funds in these banks.
- (e) The high proportion of time deposits when compared to the rest of India.
- (f) Low proportion of demand deposits in the absence of large scale industries operating in the area.
- (g) The restrictions or directions imposed by the Reserve Bank of India in regard to unsecured advances or advances against real estate.
- (h) Higher costs in obtaining deposits from a net work of rural branches.
- (i) The absence of Small Scale Industries or Large Scale Industries in the area to afford utilisation of Bank's funds or acquiring deposits at lower cost.
- (j) Competition from bigger banks operating in this area.
- (k) The small size of the banks-operation of the Banking Companies Act.
- (l) High rates of taxation.
- (m) Difficulties of banks to increase capital.
- (n) Difficulties on account of delays in Courts for realising the amounts sued for.
- (o) The difficulties the banks may have to face on the passing of the several legislations which are awaiting assent of the President of India.
- (p) . The peculiarities of the area where the banks are operating, in reference to the economical background of the population and the agricultural economy.

After pointing out these, the Association states that although the deposits of the banks may show a rise, the earning capacity had fallen, and that during the last four years, its member banks had not made any more progress so as to enable them to meet any additional burden, but on the contrary, their earning capacity had been reduced. The Association has submitted that the problems of the banks in Kerala State would have to be treated on a special basis as they could not be put on par with banks operating in the rest of India.

5.154. The Kerala Bankers Association, representing the Catholic Syrian Bank Ltd., the Cochin Commercial Bank Ltd. and 5 other banks which are not before me points out that the banks in Kerala had been advancing upto eighty per cent of the total deposits and that it was because these banks were keeping up the higher percentage of advance that they were able to show profit, that the Reserve Bank was insisting on all banks that the above

ratio should not exceed sixty per cent and that on compliance with the same there would be a substantial reduction in the profits. It further points out that the Reserve Bank had required that the security on landed property should not exceed twenty per cent of the total advance of sixty per cent and that the same would result in reduction of profits and that any additional financial burden at this stage was sure to upset the working of the banks.

5.155. It has been pleaded on behalf of the eight Subsidiaries of the State Bank of India that the special position and the special features of these banks and the obligations which they had to discharge and the restrictions that had been imposed on them should be taken into consideration when adjudicating upon the disputes between the Subsidiary banks and their workmen.

5.156. The National Bank of Lahore has submitted that the picture painted by the All India Bank Employees Association of the prosperity of the banking industry was more or less an illusory one. It has submitted that any further increase in the wage bill would result in the imposition of an unbearable burden on the industry. The Bharatha Lakshmi Bank Limited has submitted that the bank had not been able to pay dividend for the last 11 years as its profits were insufficient and any greater burden placed on it would surely result in depletion of capital. It has submitted that any increase in salary disproportionate to the resources and the capacity of banks would spell ruin of small banks. In connection with the statement that from 1954 onwards the banking industry has made tremendous progress in all directions and increased their earnings and profits, the bank has submitted that this was one phase; that a large number of banks had gone out of existence during that period was the other phase of development in the banking industry and that it was unwise to consider one phase and ignore the other. The Gadodia Bank has referred to the grave circumstances and acute problems which banks had to face on account of growing legislative control and the rising cost of operation without any corresponding increase in income or improvement in productivity. The bank has submitted that the Indian banking in its role as "resource mobiliser and credit purveyor" for the economy of the country, could best play its part only when it was not saddled with more expenses than what it had to pay in the present circumstances and that the banks' capacity to pay more was out of question. It has further submitted that the grades which were fixed by the Sastry Award were the maximum that were warranted by the capacity of banks to pay or even by the economic condition of the country. The Vijaya Bank has submitted that it would be impossible for it to bear any additional burden on account of increase in the salary or on account of increase in the dearness allowance or other allowances to be paid to its employees. The Miraj State Bank has submitted that the financial position of the bank was very weak and that the bank did not have capacity to pay any higher wages or to afford any better conditions of work than those that were now made available to the workmen by the bank. The

Hindustan Commercial Bank Limited has submitted that the bank was not in a position to shoulder larger financial burden in the shape of increased emoluments to the workmen of the bank and prayed that no additional burden be imposed on the bank.

5.157. In connection with the question of banks' capacity to pay reasonable wages, the Bombay Exchange Banks Association on behalf of its 12 member banks reached an understanding on 18th August 1960 with the All India Bank Employees' Association in Miscellaneous Application No. 10 of 1960 made by the All India Bank Employees' Association for directions for production of certain documents. A reference to the said understanding has been made in words following :—

"The All India Bank Employees' Association do not press their above application for production of documents, etc., against the various Exchange Banks concerned in the reference ***** on the understanding that the Exchange Banks do not plead incapacity to pay reasonable wages as may be awarded by the Tribunal."

A similar understanding was reached between the Bombay Exchange Banks Association and the All India Bank Employees' Federation on the same day in connection with Miscellaneous Application No. 25 of 1960 filed by the All India Bank Employees' Federation for directions for production of certain documents.

5.158. There are numerous statements which have been filed on behalf of the employers and the employees in connection with the paying capacity of the banks on various footings.

5.159. The Indian Banks Association at the time of the hearing pointed out that the banks would be required to pay a considerable amount by way of premia to the Deposit Insurance Corporation in connection with the scheme of insurance in respect of deposits made by depositors. A statement has been filed by the Indian Banks Association showing that its A Class member banks would have to pay insurance premia varying from Rs. 1,40,632/- to Rs. 9,78,108/- its B Class member banks would have to pay premia varying from Rs. 41,366 to Rs. 98,084 and its C Class member banks would have to pay premia varying from Rs. 6,560/- to Rs. 34,561/-. The State Bank of India has filed a statement showing that at the provisional rate of 5 N.P. per Rs. 100/- per annum the State Bank of India would have to pay approximately a premium of Rs. 13.86 lacs.

5.160. The Balance Sheets and Profit and Loss accounts of banks have been filed before me. A statement has also been filed showing the effect on the profits of a number of banks if a 10 per cent overall increase in emoluments takes place. The Indian Banks Association has exhibited a letter, dated 17th June, 1961 written by the Deputy Economic Adviser of the Reserve Bank of India to the Indian Banks Association containing certain proposals made by the Reserve Bank of India for strengthening the capital funds of banks and

raising cash reserves and liquidity requirements of banks. In the course of the letter, the trends in paid-up capital and reserves of commercial banks in general have been discussed and the same contains a fair assessment of the progress of the banking industry. It would not be out of place to set out **in extenso** the following extract therefrom :—

“In the course of the last decade, the Indian banking system has passed through a phase of vigorous business expansion following the increasing economic activity under the stimulus of the First and the Second Five Year Plans. Reflecting the substantial rise in the developmental expenditure and the level of economic activity, particularly since 1955, deposits of Indian commercial banks (excluding P. L. 480 deposits) have nearly doubled while, during the same period, bank credit has risen by two and a half times and the ratio of credit to deposits has risen from 49 per cent as at the end of December, 1950 to 69 per cent at the end of December, 1960. There has also been a change in the distribution of bank credits; credit to industry, which in December, 1950 constituted 32 per cent of the total credit, accounted for 51 per cent of the total as on October 30, 1960. Further, a few of the commercial banks have been venturing into new lines of activity such as term lending to industry, underwriting of new issues with the concomitant risk of having to hold unsold shares, guaranteeing of deferred credit payments, etc. The profits of the Indian scheduled banks have doubled between 1950 and 1960. In contrast, the growth in capital and reserves has been very slow, particularly in relation to the growth of deposits. The total paid-up capital and reserves of Indian scheduled banks increased between 1950 and 1960 by only Rs. 9 crores to Rs. 68 crores. The increase in paid-up capital component during the period was only Rs. 2.3 crores. The ratio of paid-up capital and reserves to deposits has, therefore, been steadily declining from 13 per cent in 1939 to 9 per cent in 1950 and further to 5 per cent in 1960 excluding P.L. 480 deposits). As at the end of January, 1961, the ratio of paid-up capital and reserves to deposits was below 5 per cent in the case of 23 banks of which 9 were large banks (having deposits above Rs. 25 crores). The ratio of only paid-up capital to deposits was below 3 per cent in the case of 23 banks of which 10 were big banks.”

It is also stated in the said letter that the further fast pace of expansion in deposits, advances, etc., during recent years as well as the changing pattern of bank lending make it desirable now to prescribe higher standards in regard to paid-up capital and reserves. This statement shows the great expansion of banking industry during recent years with only a small increase in the paid-up capital and reserves to the extent known. The total deposits of scheduled banks in the last 5 years excluding the P.L. 480 figures are as follows :—

1956	Rs.	1047 crores
1957	Rs.	1186 crores
1958	Rs.	1318 crores
1959	Rs.	1474 ,crores
1960	Rs.	1566 crores.

5.161. As regards the general economic conditions of the country, it may suffice to make a reference to the report of the Central Board of Directors of the Reserve Bank of India for the year 1st July, 1960 to 30th June, 1961. It is stated in this report that during the accounting year ended June 30, 1961 — which broadly corresponds with the final year of the Second Five Year Plan — the favourable developments in the Indian economy were a rise in aggregate investment, an encouraging advance in agricultural output and a record rate of increase in industrial production; that the expansion in bank credit to the private sector and to Government led to a further sharp increase in money supply during the year; while the expansion in the former was larger than last year, that in the latter was smaller and that the wide spread boom in economic activity was also reflected in the ebullience of stock and capital markets and unusual activity in the new issue market for the greater part of the year. In connection with monetary situation and banking trends, it was observed as follows :—

“In the monetary sphere, reflecting the continuing high tempo of economic activity both money supply with the public and scheduled bank credit showed a larger expansion than in the preceding year. Money supply with the public rose by Rs. 204 crores (adjusted for withdrawals of special currency from Kuwait, referred to below) or 7.5 per cent, as compared to Rs. 171 crores or 6.8 per cent in 1959-60. As in the previous year, the bulk of the expansion in 1960-61 also occurred under currency with the public, which accounts for more than two-thirds of total money supply. The growth in money supply in the Second Plan period (end-March 1956 to end-March 1961) was significantly larger than in the First Plan period, the aggregate net expansion amounting to Rs. 722 crores or 33.1 per cent as compared to Rs. 199 crores or 10.1 per cent in the First Plan.”

In connection with the scheduled bank credit, it has been observed that the scheduled bank credit, which had expanded by Rs. 139 crores in 1959-60, rose further by Rs. 163 crores (to Rs. 1288 crores) during the said year under review. It is further observed as follows :—

“The expansion in 1960-61 occurred together with a decline in deposit resources (inclusive of P.L. 480 funds) of Rs. 35 crores; in contrast, the expansion in 1959-60 took place alongside a rise of Rs. 228 crores in deposit resources (inclusive of P.L. 480 funds). Exclusive of P.L. 480 funds, as explained earlier, deposit liabilities showed a

rise of Rs. 130 crores in 1960-61 as compared to Rs. 163 crores in 1959-60. On the basis of the annual average figures, the rise in bank credit during the year as compared to the previous year was sharper still being Rs. 185 crores as compared to a rise of Rs. 99 crores, on the average in 1959-60. The comparatively smaller slack season contraction was a major factor contributing to the larger credit expansion in 1960-61. As against a decline of Rs. 118 crores in the 1958 slack season and of Rs. 79 crores in the 1959 slack season, the contraction in the 1960 slack season was barely Rs. 20 crores; a decline in advances against seasonal commodities was mostly offset by increased credits against industrial goods. The expansion in the 1960-61 busy season, on the other hand, exceeded the previous busy season's record level of Rs. 189 crores by Rs. 10 crores. The credit-deposit ratio rose sharply from 57.2 per cent at end-June 1960 to 71.1 per cent by end-March 1961 and stood at 66.7 per cent at end-June 1961; excluding P.L. 480 funds, the ratio worked out to 72.9 per cent at the end of June 1961 as compared to 68.8 per cent a year before. It may be noted that credit expansion in the Second Plan period proceeded at a much faster rate than in the First Plan, the aggregate net rise in the period 1956-61 being of the order of Rs. 575 crores or 76 per cent as compared to about Rs. 200 crores or only 35 per cent during the period 1951-56."

The achievements of the Second Five Year Plan have been summed up in the report in the following words :—

"The achievement of the Second Five Year Plan which has just ended remains impressive, despite the foreign exchange crisis early in its course, the vicissitudes of nature's bounty and a steady rise in prices throughout the period. It is true that not all targets have been fulfilled, but commandable advance on a wide front has been attained in production and standards of living and welfare services and in preparing the groundwork for further advance in the Third Plan. In spite of the vagaries of the monsoon and the inadequacies of organisation, agricultural production went up by 16 per cent over the Plan period and the output of foodgrains by 20 per cent, though the output of 1960-61 is expected to fall short of the target of 80 million tons by 2 million tons. Industrial production made an impressive advance of 40 per cent. National income at constant prices is estimated to have risen by 19.6 per cent, as against a rise of 18.4 per cent over the First Plan period. Plan outlay at Rs. 4,600 crores was Rs. 100 crores higher than the revised target, though Rs. 200 crores below the original target; allowing for the rise in prices, investment in real terms shows a greater shortfall in relation to the target. On the other side of the medal, exports were

stagnant, net invisible income was rapidly on the decline, and balance of payments deficit widened considerably resulting in a fall of Rs. 600 crores in foreign exchange reserves, which was thrice the figure originally estimated notwithstanding the fact that foreign aid was far in excess of the original provision. The pressure of aggregate demand in the economy was intensified and largely contributed to the rise of about 30 per cent in the price level over the five-year period. On balance there has been over the Plan period a definite advance in terms of aggregates but the net improvement as measured by increase in per capita national income has been modest owing to the growth in population."

In connection with the Third Five Year Plan it has been observed in the said report as follows :—

"The Third Plan envisages over the five years an aggregate investment of Rs. 10,400 crores, an increase in the ratio of investment to national income from 11 per cent in the Second Plan to 14.15 per cent in the Third Plan, an increase in the ratio of savings to national income from about 8.5 per cent to nearly 11.5 per cent, a substantial rise in agricultural and industrial production and an increase in national income of about 30 per cent. With additional taxation of Rs. 1,710 crores and the combined total of market borrowings and small savings at Rs. 1,400 crores, the deficit financing required has been reduced to the level of Rs. 550 crores, which is expected to be non-inflationary, if the output targets are realised."

In the "Trend and Progress of Banking in India during the year 1960 published by the Reserve Bank of India it is stated in paragraph 80 and 81 as under:—

"Indian banking achieved significant progress in all aspects of its business during the years 1956-60, and thus responded satisfactorily the requirements of the Second Plan. The growth of deposits was substantial; it was of the order of 85 per cent for the scheduled banks. The number of bank accounts, which is an important indicator of the spread of banking habit, also rose markedly by about 55 per cent as compared to only 13 per cent in the First Plan period. The bulk of the increase was in the savings and fixed deposit accounts of small men, though this meant a rise in the cost of service of banks. The loan accounts increased by 83 per cent, almost by the same rate as in the First Plan period. Equally impressive was the rise in the volume of other services of banks such as issue of drafts and telegraphic transfers and collection and negotiation of bills, both inland and foreign.

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Gratifying as the progress has been so far, the banking system has to gear itself to meet the challenge of the Third Plan, the

investment target of which is about 50 per cent higher than of the Second Plan. The indications are that the volume of work to be handled by the banking system might well be nearly doubled in the Third Plan period.”

Reliance has been placed upon a speech delivered by Shri H. V. R. Iyengar, Governor of the Reserve Bank of India, as President of the Indian Institute of Bankers at the annual general meeting held on 10th August, 1961. In the course of his speech he has observed that it was refreshing to recall that a phase of stagnation of bank shares in recent years had also been followed during the last year by an impressive advance, the index of bank shares having risen over the year upto July 15 from 185.9 to 225.3 as against a modest increase in the general index of variable dividend securities from 176.4 to 182.6.

5.162. On behalf of the employees of the State Bank of India, Bengal Circle, reliance has been placed on a speech delivered by Shri P. C. Bhattacharya, Chairman of the State Bank of India, at the 6th Annual General Meeting of the shareholders held at Bombay, wherein he has referred to the net profits of the bank after the usual and necessary provisions had been made and which showed an increase from Rs. 1.87 crores to Rs. 2.18 crores during the year 1960. In his speech he has stated that the bank has been able thereby not only to strengthen its reserve fund and other funds to a greater extent than last year but also to declare a dividend of Rs. 22.75 per share for the year, thus restoring practically the net dividend that was previously available to the shareholders.

5.163. On an application made by the All India Bank Employees Federation and 2 other unions I passed an order on 20th January 1961, in connection with 62 banks under the provisions contained in section 34A(2) of the Banking Companies Act, requiring the Reserve Bank of India to furnish to me a certificate in respect of each of the said banks as provided by the said section after taking into consideration the principles of sound banking and all relevant circumstances concerning the said banks, stating whether I should not take into account any amount as such reserves and provisions of the banking company concerned or may take them into account specifying the extent of the amount to which only I may so take them into account in determining the paying capacity of the banks in connection with any financial burden that may be imposed upon them as a result of my award. The Reserve Bank has furnished to me the requisite certificates and in making my award, I have duly considered the same.

5.164. In considering the burden which the banking companies would have to bear by reason of an increase in the establishment charges, one cannot lose sight of the fact that such increase would result in the diminution of the taxable income of the companies concerned. Such reduction in the taxable income would also result in the reduction in the amount of taxes

which the banks would otherwise have to pay under the Income Tax Act. Under the Scheme of the Indian Income Tax Act prevailing for some time the taxes payable by a company in respect of the taxable income of the company amount to 45 per cent thereof. A further 5 per cent increase is envisaged in the new budget as presented to Parliament. In the result, any increase in the establishment charges will be offset by reduction of taxes to the extent of about 50 per cent of such increase.

5.165. As far as it is humanly possible to foresee the future, apart from any major calamities that may occur, the future of banking and of banks, except of a few small units, is bright.

5.166. I have before me material from which to judge the paying capacity is considered having regard to the paying capacity of a fair cross section considered classwise and if the industry is considered unitwise. As regard the banks falling in Class A, the Exchange Banks do not plead incapacity to pay reasonable wages. Whether one looks at a fair cross section of the banks falling in Class A or considers the individual units in the Class, these banks without any difficulty, would be in a position to bear the burden of the increase in remuneration and of the increase in the other benefits and amenities provided under this award.

5.167. As regards the banks falling in Class B, whether the paying capacity is considered having regard to the paying capacity of a fair cross section of the class or even of the individual units, they would be able to bear the burden of the increase in remuneration and of the increase in benefits and amenities provided under this award. I have in the chapter relating to the classification of banks and areas dealt with individually the case of the Subsidiaries of the State Bank of India which constitute a major part of banks falling in this class.

5.168. As regards the banks falling within Class C, if a fair cross section of this class is taken, they would be in a position to bear the burden of the increase in remuneration and of the increase in benefits and amenities provided under this award. I have also taken care to examine the case of several banks falling within this class unitwise while dealing with the question relating to classification of banks. Some of the weaker units which may find it difficult to bear the burden of this award applicable to Class C banks have been separately listed and put in the Excepted List.

5.169. As regards the banks shown in the Excepted List, I have considered their case unitwise and I have provided for workmen employed in those banks what I regard as the minimum wage. In my view, they would or should be able to bear the burden imposed under this award.

5.170. To the extent that I found that a sudden change of service conditions might lead to a precipitous increase in the burden on some of the banks. I have provided the necessary relief.

(xiii) The National Income

5.171. Another factor to be taken into consideration is the national income and its distribution. The net national output at factor cost i.e. the national income at current prices and at 1948-49 prices and the per capita net output at current prices and at 1948-49 prices for the years 1951-52 to 1959-60 were as follows :-

National income	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60
At current prices in Rs 100 crores	99.7	98.2	104.8	96.1	99.8	113.1	113.9	126.0	128.4
At 1048-49 prices in Rs. 100 crores	91.0	94.6	100.3	102.8	104.8	110.0	108.9	116.5	117.6
Per capita net output									
At current prices in Rupees	274.0	266.4	280.7	254.2	260.6	291.5	298.8	316.5	318.4
At 1948-49 prices in Rupees	250.1	256.6	268.7	271.9	273.6	283.5	277.1	292.6	291.6

The 1959-60 level of national income according to preliminary estimates represented a rise of about 12 per cent over the 1955-56 level. Under the heading "organised banking and insurance" the output at current prices for 1959-60 according to preliminary estimates was Rs. 1.4 abja (100 crores) as against Rs. 0.9 abja (100 crores) for the year 1955-56.

(xiv) Productivity of Labour

5.172. One of the factors to be taken into account in fixing wage Scales is the productivity of labour. As observed by the Sastry Tribunal, the awards of industrial tribunals and courts make no more than a passing reference to the productivity of labour. In banking industry, it is very difficult to fix standards of work by means of time and motion studies, by piece rate method or by incentive method of wage payment. The industry of banking is not concerned with the production of goods. The Bank Award Commission has observed that banking is not a productive business from the ordinary common sense point of view so that the first out of the four principles laid down by the Committee on Fair Wages, viz., the productivity of labour, cannot so much apply to the industry of banking. The efficiency of workmen in the banking industry does play a part in inspiring and establishing confidence of the public in banks, but there are hardly any standards by which to measure the productivity of labour in banks in terms of the services rendered by the banks or the profits made by the banks.

(xv) Erosion.

5.173. The workmen have strongly urged that their present wages are inadequate, that the present formula of dearness allowance does not provide

for them full or adequate neutralisation in respect of the rise in the cost of living and that consequently erosion has taken place in their total emoluments in terms of purchasing power. It is the contention of the workmen that money has its value in terms of its purchasing power, that when prices of goods consumed by the workmen increase, the workmen with the same amount of money can buy less quantity of those goods and that consequently there results a reduction in their real wages. They plead that if there had been a direct and visible cut in their wages they would have resisted the same but in the case of such indirect cuts they suffer the same in misery. The Sastry Tribunal by linking the dearness allowance with the consumer price index numbers has provided relief to a certain extent but it is claimed that the relief is not full.

5.174. The following table indicates what has been termed the arithmetical erosion in the emoluments (excluding house rent allowance) of the bank employees in the various classes of banks in Area I at the all-India Working class consumer price index number 169, base 1944=100, equivalent to 123 base 1949 = 100, on the hypothetical basis that the emoluments prescribed by the Sastry Award as modified were prescribed at the all-India working class consumer price index number 144 (base 1944=100).

Erosion in Emoluments of Employees in Banks.

(In Rupees and Naye Paise)

Year of Service	A Class		B Class		C Class	
	Clerks	Subordinates	Clerks	Subordinates	Clerks	Subordinate
1.	5.58	3.69	4.19	3.19	2.81	3.04
2.	6.45	4.04	4.89	3.54	3.50	3.39
3.	7.32	4.39	5.58	3.89	4.19	3.74
4.	8.19	4.73	6.45	4.24	4.89	4.08
5.	8.80	5.08	7.32	4.58	5.58	4.43
6.	9.40	5.43	8.19	4.93	6.45	4.78
7.	10.11	5.77	8.80	5.28	7.32	5.13
8.	10.81	6.12	9.40	5.62	8.19	5.47
9.	11.51	6.30	10.11	5.97	8.80	5.82
10.	12.21	6.47	10.81	6.32	9.40	6.17
11.	13.00	6.64	11.51	6.49	10.22	6.51
12.	13.80	6.82	12.21	6.67	10.81	6.69
13.	14.59	6.99	13.00	6.84	11.51	6.86
14.	15.48	7.17	13.80	7.01	12.21	7.03
15.	16.42	7.34	14.59	7.19	13.01	7.21
16.	17.30	7.51	15.48	7.36	13.80	7.38
17.	18.19	7.69	16.42	7.53	14.59	7.56
18.	19.20	7.86	17.30	7.70	15.48	7.73
19.	20.16	8.03	18.19	7.88	16.42	7.90
20.	21.17	8.21	19.20	8.06	17.30	8.08

21.	22.13	8.38	20.16	8.23	18.19	8.25
22.	23.14	8.55	21.17	8.40	19.21	8.43
23.	24.23	8.73	22.13	8.58	20.16	8.60
24.	25.33	8.90	23.14	8.75	21.17	8.77
25.	26.94	8.07	24.23	8.92	22.13	8.94

5.175. The Workmen's claim for revision on the basis of erosion has been opposed by the banks. Apart from the question whether full neutralisation should be allowed or not, that the demands as made by the workmen are not warranted by the limited extent of the erosion.

(xvi) Prevailing Rates of Wages in Comparable Concerns

5.176. One of the important factors to be taken into account in fixing wage scale is the prevailing rates of wages in the same or similar occupations in the same or neighbouring localities.

5.177. The Sastry Tribunal in considering the prevailing rates of wages has observed that helpful comparisons could be made between wages in major banks and those in small banks, between banks on the one hand and certain industries on the other, between the bank awards and the awards in insurance companies, oil companies and textile companies and that the rates of pay in certain departments of Government such as the Posts and Telegraphs and in State Governments would also furnish material for the construction of a pay scale for the bank workmen. It also referred to the report of the First Pay Commission and stated that there were several affinities between bank workmen and Government clerks, bank subordinates and Government menials. The Sastry Tribunal has set out the scale of pay for clerks in the service of the various State Governments and also in the service of the Central Government. In paragraph 260 of its award it has observed as follows :

“Or again we may take a cross section of the wage map of India for clerical staff and compare the prevailing rates in a mixed bag consisting of industrial concerns, municipalities, insurance companies, government departments, Port Trust and Reserve Bank of India.”

The Sastry Tribunal has then set out the emoluments received at the initial start by members of the clerical staff of various concerns in this mixed bag. It has also given a summary of the emoluments given to clerks under the more important award relating to various concerns.

5.178. The Labour Appellate Tribunal after referring to the fact that the Sastry Tribunal had set out in its award the total emoluments of a mixed batch of industries and Government and quasi-Government institutions stated that it had collected other material also. The Labour Appellate Tribunal has thereafter set out the total emoluments payable to a clerk at the initial start in 28 different concerns. After considering the emoluments payable in these

concerns, the Labour Appellate Tribunal in paragraph 102 of its decision observed as follows :—

“In our view the clerk in an ‘A’ class bank in class I area should receive as his starting total emolument something midway between Rs. 130 (which the Central Government gives to its clerk) and the wages of the higher commercial firms (excluding the oil companies to avoid possible contentions).”

In the course of its decision it has further stated as follows :—

“It is true that quite a number of the concerns whose total emoluments we have given are industries but as we have said before a clerk is no less a clerk whether he is in an industrial concern or in a bank; his duties are in the main clerical even though the nature of such clerical duties may vary from concern to concern. There are however in the list a number of concerns which are in the main commercial although some of them may have allied industrial units. Bearing in mind the principal considerations already enunciated and taking a conservative view, we are satisfied that the minimum total emoluments of a clerk in an ‘A’ class bank in class I area should be raised to something between Rs. 140 and Rs. 145 and suitable variations will have to be made for other classes of bank employees in the different areas.”

Since the date of the decision of the Labour Appellate Tribunal the Second Pay Commission has made its report and there has been an upward revision of the total emoluments payable to employees in the Central Government. The total emoluments payable to a lower division clerk at Bombay at the initial start have gone up from Rs. 130 inclusive of compensatory allowance and house rent to Rs. 156 inclusive of compensatory allowance and house rent. As regards the concerns referred to by the Labour Appellate Tribunal there has been a considerable upward revision in the total remuneration of employees. The following is a comparative statement showing the changes that have taken place since the date of the Labour Appellate Tribunal decision in the total emoluments payable to a clerk at the initial start by a large number of concerns referred to by the Labour Appellate Tribunal :—

Concerns mentioned in	Total minimum emoluments as shown in the Labour Appellate Tribunal decision	Total minimum emoluments when the all-India index number was 123 (Base 1949=100)	Remarks
paragraph 100 of the Labour Appellate Tribunal Decision			

Bombay

1.	Burmah Shell	----	----	195.00	224.65	
2.	Standard - Vacuum	----	----	190.00	224.65	
3.	General Motors	----	----	170.00	—	Closed down
4.	Ford Motors	----	----	154.56	—	Closed down
5.	Glaxo Laboratories	----	----	161.69	192.32	
6.	Imperial Tobacco	----	----	195.00	225.00	
7.	Hindustan Vanaspati	Hindustan				
8.	Lever Brothers	--	Llvers	174.87	220.00	
9.	United Traders					
10.	Tata Oil Mills	----	----	154.56	178.65	
11.	Volkart Brothers (Voltas)			135.00	183.60	
12.	Greaves Cotton	----	----	154.56	193.50	(Under appeal in Supreme Court)
13.	Swastik Oil Mills	----	----	149.56	179.75	
14.	Larsen & Toubro	----		161.12	190.86	
15.	Grahams Trading Co.	----		154.56	168.54	
16.	Imperial Chemicals	----		139.00	176.00	
17.	Tata Industries			120.00	—	Not available
18.	Associated Cements	...		138.00	169.00	
19.	Oriental Assurance	...		124.50	154.39	Now part of Life Insurance Corporation
20.	Reserve Bank of India			142.50	—	Under adjudication
21.	British Insulated Calenders Cables Ltd. (Indian Cables)			138.00	178.00	
22.	Bombay Gas Co.			125.00	—	Not available
23.	Fortes, Forbes Campbell			151.00	161.25	

Note :- Existing dearness allowance in the concerns in Bombay is calculated on Bombay consumer price index slab (411-420) for February 1961 at 420 Bombay index number when the corresponding all-India consumer price index with base as 1949, was 123.

If the method adopted by the Labour Appellate Tribunal for the purpose of fixing the total emoluments of a clerk in an A Class bank in Area I is adopted, there is a good case made out for revision of the emoluments of workmen in the banking industry.

(xvii) New Scales of Pay

5 179. There is considerable material placed before me to show that as a result of the awards of adjudicators and wage boards and agreements arrived at between employers and employees, there has been a considerable increase in the level of total emoluments paid by various concerns. Some of these are comparable and some are not. By and large, they show that there is an upward trend in wages payable both to the members of the clerical staff and members of the subordinate staff.

5.180. It has been strongly urged on behalf of the banks that the Sastry

Award as modified having linked the dearness allowance with the consumer price index number has provided for an increase in the amount of wages having regard to the increase in the cost of living and that no case exists for any further increase in the remuneration payable to workmen. There is no doubt that workmen are being paid more today than what they were receiving at the time when the Labour Appellate Tribunal's decision was implemented. The workmen, however, contend that there is no increase in their real wages and that, on the contrary, there is considerable erosion in their real wages having regard to the increase in the cost of living and the reduction in the purchasing power of money. The arithmetical erosion that has taken place has already been set out earlier in this chapter. A member of the clerical staff employed by an A Class Bank in Area I in the first year of his service receives at the Index No. 123 (1949=100) by way of basic pay and dearness allowance Rs. 152.85 and Rs. 8 as house rent allowance if he is employed at Bombay and Calcutta and Rs. 6 as house rent allowance if he is employed at other places with population over 7 lakhs. The question that arises for consideration is whether what is being given under the Sastry Award as modified is sufficient having regard to the changes in the circumstances that have taken place.

5.181. Having considered all aspects of the matter, I am of the view that to the extent that prevailing rates of wages in similar occupations in the same localities play a part in the fixation of wages, the workmen have made out a case for an upward revision of their emoluments.

5.182. For the purpose of constructing the pay scales one of the important factors to be considered is the need of the workmen at various stages of their lives whilst they are in service. For this purpose workmen may be divided broadly in two categories, namely, those who are members of the clerical staff and those who are members of the subordinate staff. The case of the members of the supervisory staff is being separately considered by me. It would be necessary to consider what would be the minimum wage and what would be a fair wage. In order that a proper wage structure may be constructed in an all-India industry like banking with banks having branches spread all over the country, widely differing in size and earning capacity and situated in places which are not similar to one another, it would be necessary to have an enquiry made as regards the needs of the workmen in various areas, having regard to the class of society from which they generally hail, having regard to the conditions prevailing at the places where they are working and having regard to the social and economic conditions prevailing in the country. The pattern of consumption, the prices of essential commodities and the needs of the workmen vary in different parts of the country. Even at the same place the needs of the workmen differ having regard to the strata or class of society from which they are drawn and having regard to the various stages in their lives.

5.183. Decisions of Tribunals given in the past have been very strongly criticised before me as having been given without adequate data. Even the

norms adopted have been questioned. The data before me which may be considered reliable and on which a decision could be based in connection with the needs of the members of the clerical staff and the members of the subordinate staff in various areas in the country in which the offices of banks are situated, at various stages of their lives is meagre. Even as regards the prices of necessities like food, clothing and housing in various parts of the country, there is hardly any reliable evidence. When wage scales have to be constructed with reference to a base year it would be proper to consider the needs of the workmen having regard to that base year and having regard to the type of wage intended to be provided. After fixing such pay scales a formula for payment of the dearness allowance would have to be evolved to provide against the changes in the cost of living above the level prevailing in the base year. Unfortunately, there is no material before me from which I could build up wage scales with reference to the needs of workmen in terms of money for the base year referred to by me.

5.184. From the very nature of the proceedings before me it is not open to me to carry on any independent inquiry or investigation of my own for the purpose of gathering material from which such scales could be built up.

5.185. In the absence of such material, the best thing that I can do under the circumstances is to consider what generally should be given by way of total emoluments consisting of basic pay and dearness allowance to workmen in different classes of banks in different areas having regard to all the available material before me and having regard to the various factors which play a part in the fixation thereof. In order to construct pay scale with reference to the base year 1949, it would be necessary to consider what should be provided with reference to that base year having regard to the scheme of dearness allowance which would yield what is generally intended to be given at the index level at which it is intended to be given. For the purpose of constructing such pay scales, I have adopted the following conversion formula :— For every decrease of one point in the all India working class consumer price index number base 1949=100 below the aforesaid level there should be, in the case of the members of the clerical staff a three fourth per cent decrease in such total emoluments, i.e. the rate of the notional neutralisation to be taken into account should be 75 per cent. As regards the members of the subordinate staff, I have considered that for every decrease of one point from such level there should be one per cent decrease in such total emoluments, the rate of neutralisation in their case being 100 per cent. The question of neutralisation has been dealt with in detail in the chapter relating to dearness allowance.

5.186 In constructiong the Pay scales for workmen employed in A Class banks B Class banks and C Class banks excluding banks in the Excepted List in Area I, Area II and Area III I have provided a combined running scale which would facilitate further adjustments when a bank is upgraded to a 'higher class or a place is upgraded to a higher Area. I have constructed the

pay scales for workmen employed in banks in the Excepted List keeping in view the limited paying capacity of those banks. I have provided for them total emoluments consisting of basic pay and dearness allowance which I consider to be the minimum.

5.187. Having very carefully considered every aspect of the matter, I fix the following pay scales for workmen other than those belonging to the subordinate staff with reference to the base year 1949.

SCALES OF PAY

'A' Class Banks

In Rupees

Area

- I : $\frac{140-6-182-11-281-13-307-15-322-E.B.-15-337-16-369-18-405}{(1-7 \quad 9 \quad 2 \quad 1 \quad 1 \quad 2 \quad 2)}$ year
- II : $\frac{130-5-140-6-182-11-281-13-294-E.B.-13-307-15-337-16-369}{(1-2 \quad 7 \quad 9 \quad 1 \quad 1 \quad 2 \quad 2)}$ years
- III : $\frac{120-5-140-6-182-11-270-E.B.-11-281-13-307-15-337}{(1-4 \quad 7 \quad 8 \quad 1 \quad 2 \quad 2)}$ years

'B' Class Banks

Area

- I : $\frac{130-5-140-6-182-11-281-13-294-E.B.-13-307-15-337-16-369}{(1-2 \quad 7 \quad 9 \quad 1 \quad 1 \quad 2 \quad 2)}$ years
- II : $\frac{120-5-140-6-182-11-270-E.B.-11-281-13-307-15-337}{(1-4 \quad 7 \quad 8 \quad 1 \quad 2 \quad 2)}$ years
- III : $\frac{112-4-120-5-140-6-182-11-248-E.B.-11-281-13-307}{(1-2 \quad 4 \quad 7 \quad 6 \quad 3 \quad 2)}$ years

'C' Class Banks except Banks in the Excepted List

Area

- I : $\frac{120-5-140-6-182-11-270-E.B.-11-281-13-307-15-337}{(1-4 \quad 7 \quad 8 \quad 1 \quad 2 \quad 2)}$ years
- II : $\frac{112-4-120-5-140-6-182-11-248-E.B.-11-281-13-307}{(1-2 \quad 4 \quad 7 \quad 6 \quad 3 \quad 2)}$ years
- III : $\frac{104-4-120-5-140-6-182-11-226-E.B.-11-281}{(1-4 \quad 4 \quad 7 \quad 4 \quad 5)}$ years

(The combined running scale will therefore be as follows:—

104-108-112-116-120-125-130-135-140-146-152-158-164-170-176-182-193-204-215-226-237-248-259-270-281-294-307-322-337-353-369-387-405).

Banks in the Excepted List

Area

- I : 96-4-120-5-140-6-182-11-204-E.B.-11-259
(1-6 4 7 2 5) years
- II: 88-4-120-5-140-6-182-E.B.-11-237
(1-8 4 7 5) years
- III : 80-4-120-5-140-6-170-E.B.-6-182-11-215
(1-10 4 5 2 3) years.

5 188. Having very carefully considered every aspect of the matter, I fix the following pay scales for members of the subordinate staff with reference to the base year 1949.

'A' Class Banks

Area

- I: 86-1-105-E.B.-1-108-2-112
(1-19 3 2) years.
- II : 80-2-86-1-102-E.B.-1-107
(1-3 16 5) years.
- III: 74-2-86-1-99-E.B.-1-104
(1-6 13 5) years.

'B' Class Banks

Area

- I: 80-2-86-1-102-E.B.-1-107
(1-3 16 5) years.
- II: 74-2-86-1-99-E.B.-1-104
(1-6 13 5) years.
- III: 68-2-86-1-96-E.B.-1-101
(1-9 10 5) years.

'C' Class Banks except Banks in the Excepted List

Area

- I: 74-2-86-1-99-E.B.-1-104
(1-6 13 5) years.
- II : 68-2-86-1-96-E.B.-1-101
(1-9 10 5) years.
- III: 62-2-86-1-93-E.B.-1-98
(1-12 7 5) years.

(The combined running scale will therefore be as follows:

62-64-66-68-70-72 74-76-78-80-82-84-86-87-88 89-90-91 -92-93-94-95-96-97-98-99-100-101-102-103-104-105-106-107-108-110-112.)

Banks in the Excepted List

Area

- I : 50-1-69-E.B.-1-74
(1-19 5) years.
- II : 46-2-50-1-67-E.B.-1-72
(1-2 17 5) years.
- III : 42-2-50-1-65-E.B.-1-70
(1-4 15 5) years.

(xviii) Poddars, Money-Testers, Collecting Sircars and Gollas

5.189 Under the Sastry Award it is provided that persons known as poddars, money-testers, collecting sircars and gollas should be classed as clerks but it is provided that in their case the maximum will be "the pay at the end of the twentieth year of service". There is a small number of such persons still employed in the State Bank of India and in a few other banks. In some banks these persons are already treated as clerks, in all respects. On behalf of the workmen it has been claimed that poddars, money-testers, collecting sircars and gollas should be treated on the same footing as the employees in the clerical grade in all respects.

Once these persons have been employed in the clerical grade, there is no particular reason pointed out to me why they should have a lower maxima provided for them. Taking everything into consideration I think it is desirable that this limit upon the maxima should be removed and that these employees should be treated like other employees in the same grade and I direct accordingly.

5.190. I give directions similar to those contained in paragraph 121 (5) of the Sastry Award. That paragraph runs as follows :—

"No employee shall have his basic pay reduced by being transferred to an area where a lesser pay scale applies even though such basic pay may be more than the maximum of the scale fixed for the new station, and he will continue to have the usual increments as from such basic pay onwards. An employee who is transferred to a place where a higher pay scales applies shall have the benefit of such higher scale of that area, i.e. his basic pay should be refixed in the higher scale according to the length of service rendered by him, together with the benefits of any special increment and subject to the deduction of any increment withheld. If, however, such an employee is reverted back from a higher area to a lower area he will thereafter be governed by the pay scale of that area provided however he has not completed a total service of one year in the higher area."

(xix) Part-time Employees

5.191. The Sastry Tribunal in paragraph 123 of its award has observed that part-time employees cannot expect payment at the full rates provided by it. It fixed for them a minimum of one-third of the appropriate rate of pay and

dearness allowance of full time employees if such part-time employees worked for not less than 7 hours per week. That Tribunal did not think it appropriate to lay down a more detailed graduated scale in accordance with the hours of work. The All India Bank Employees Association has claimed that there should be no part-time employees except sweepers and cleaners and that part-time employees who are required to work for not more than three hours a day should at least be granted 50 per cent of the scales demanded for full time employees. Demands have also been made by the All India Bank Employees Federation, the All India State Bank of India Staff Federation and the State Bank of India Staff Union, Andhra Pradesh, and others with a view to achieving improvements in the present conditions of service of this category of employees. These claims made on behalf of the workmen have been opposed by the banks. There does not appear to be any cogent reason for acceding to the demands of the workmen in this connection. In the present state of the record it is not possible for me to give any directions other than those given under the Sastry Award. I direct that a minimum of one-third of the appropriate rate of pay and dearness allowance should be given to part-time employees if such part-time employees work for not less than 7 hours per week, this being the minimum prescribed for them.

(xx) Apprentices

5.192. About apprentices the Sastry Tribunal in paragraph 124 of its award has stated as follows :—

“As regards apprentices, those who are unpaid will not be workmen within the definition of the term. Such of them as are paid will, no doubt, satisfy the terms of the definition. It is not possible for us to lay down a general pay scale etc. for them. That will depend upon the nature and quantity of work that is entrusted to them. As this is a variable element a uniform rule is not possible. It must be left to the discretion of the banks to decide which apprentices should be paid and if so, how much.”

The scales of pay provided by me are not intended to apply to apprentices and I give directions in connection with them similar to those quoted above from the Sastry Award.

(xxi) Probationers

5.193. The All India Bank Employees Association, the All India Bank Employees Federation, the All India State Bank of India Staff Federation and other workmen's organisations have demanded that the service conditions pay and allowances applicable to permanent workmen should also be applicable to probationers. This demand has been opposed by some of the banks. No case has been made out for modifying the provisions of the Sastry Award in this connection, and I give a direction similar to the one in the Sastry Award that the probationers should be paid the same emoluments as have been fixed for confirmed workmen and that the above pay scales laid

down by me will apply to the probationers also.

(xxii) Cooks and Domestic Servants

5.194. It sometimes happens that banks pay for persons who are employed as cooks and domestic servants to do the work exclusively for officers of the bank at the residence of such officers. By reason of the fact that they have been employed by the bank, they may be liable to be regarded as workmen. In paragraph 334 of its award the Sastry Tribunal has held that domestic servants who are appointed and paid by the bank are workmen. Some of them may be provided with a place of residence free of charge and some of them may be provided with free food. I have not before me the exact terms and conditions under which they work. Even if they were workmen I am unable to lay down any scales of pay for them in the absence of any material on which the same could be laid down. The scales of pay herein provided are not intended to apply to them. The banks will be at liberty to fix such emoluments for them as they consider reasonable and just.

5.195. Cases of employees have been brought to my notice where they are attached to establishments of banks situated in a higher area but are posted for work in places situated in a lower area where the bank has no establishment. This often happens in the case of godown keepers. In such cases I direct that the employees will draw wages applicable to the establishments to which they are attached.

(xxiii) Supervisory Staff

5.196. The Sastry Tribunal has provided special allowances for supervisors, superintendents, sub-accountants, departmental in-charges and employees in charge of treasury pay offices employed in A, B, C and D Classes of banks, the amounts provided being Rs. 50, Rs. 45, Rs. 40 and Rs. 35 respectively.

5.197. The All India Bank Employees Association has by its statement of claim demanded separate scales of pay for “workmen doing supervisory nature of duties for the different classes of banks.” The scales demanded for them are as under :—

Supervisory Grade II

“A” Class Banks	: Rs. 400—25—525—30—645.
“B” Class Banks	: Rs. 340—20—400—25—525—30—555.
“C” Class Banks	: Rs. 300—20—400—25—500.

Supervisory Grade I

“A” Class Banks	: Rs. 500—25—525—30—675—35—780.
“B” Class Banks	: Rs. 450—25—525—30—675—35—710.
“C” Class Banks	: Rs. 400—25—525—30—645.

It has not in its statement of claim specified the categories of persons who should be put in supervisory grade II and the categories of persons who should be placed in supervisory grade I. The only thing that has been stated

is as under :—

“Workmen doing supervisory work in ditlerent banks and designated as Assistant Managers, Accountants, Sub-Accountants, Joint Accountants, Assistant Accountants, Junior and Senior Assistants, Junior and Senior Officers, Supervisors, Probationary Assistants, Departmental Incharges, persons performing supervisory work like Head Cashiers, Cash Key Holders, Cashiers-in-charge of cash, Treasurer Representatives, Head Clerks, Custodian Safe Deposit Valuts, Section Officers, Passing Officers, Tellers, Checkers etc. should all be placed in appropriate supervisory grades.”

In paragraph 59 of its statement of claim the Association has stated that the above list is not exhaustive and that the Association will submit at the time of the hearing various other nomenclatures and the duties performed by these catgories of workmen to enable this Tribunal to place them in the proper supervisory grades.

5.198. The All India Bank Employees Federation has asked for a grade of Rs. 250-15-400-25-650 for banks in group A which according to its charter of demands is to consist of banks with working funds of Rs. 15 crores and more and a grade of Rs. 200-15-350-20-550 for banks in group B which is to consist of banks with working funds of less than Rs. 15 crores for the supervisory staff viz., “Assistant Managers, Sub-Managers, Sub-Agents, Superintendents, Accountants and/or Officer Grade I, Additional or Assistant Accountants, Supervisors and/or Officers Grade II, Departmental Incharges, Sub-Accountants, Junior Officers, Probationer Assistants, Clerks Incharges, Cashier Incharges, Officer Incharges, Head Cashiers, Senior Assistants, Junior Assistants, Tellers, Godown Inspectors, Inspectors Auditors, Treasurer’s Representatives, Head Clerks, Chief Clerks, Assistants, Caretakers and Caterers etc.”

5.199. The All India State Bank of India Staff Federation has claimed a special grade of Rs. 500—20—700 for Sub-Accountants and Head Cashiers.

5.200. Some more unions have made claims in respect of the Supervisory Staff and the grades as claimed by them are given below :—

- | | | |
|--|------------------------|------------------------------|
| 1. State Bank of Patiala
(ALL Cadres)
Employees Association. | Supervisory Grade II : | Rs. 280-20-400-25-525-30-645 |
| 2. Indian Overseas Bank
Employees' Union,
Madras. | Supervisory Staff : | Rs. 400-25-525-30-675 |
| 3. Vadodra Rajya Bank
Nokar Sangh. | Supervisory Grade I : | |
| | A : | Rs. 450-30-570-35-745 |
| | B : | Rs. 400-25-500-30-590-35-650 |

- | | | |
|---|------------------------|------------------------------|
| | C : | Rs. 350-25-450-30-600 |
| | Supervisory Grade II : | |
| | A : | Rs. 350-25-450-30-600 |
| | B : | Rs. 300-20-380-25-455-30-515 |
| | C : | Rs. 260-20-350-25-475 |
| 4. South Gujarat Bank of
Baroda, Employees
Union, Surat. | Supervisory Grade I : | Rs. 500-25-525-30-675-35-780 |
| | Supervisory Grade II : | Rs. 400-25-525-30-645 |
| 5. Allahabad Bank
Employees Union,
Calcutta. | A : | Rs. 450-25-525-30-675-35-780 |
| | B : | Rs. 400-25-525-30-675-35-710 |
| | C : | Rs. 350-25-475-30-655 |
| 6. Central Bank of
India Employees
Association, Amritsar. | | Rs. 250-15-400-25-650 |

The letters A, B and C represent the class of banks.

5.201. The All India Bank of Baroda Employees Federation has made the same demand as the All India Bank Employees Association. The Central Bank of India Employees Associations at Patna and Muzaffarpur and the Behar Provincial Central Bank of India Employees Association, Muzaffarpur have followed the All India Bank Employees Federation in making their demands. The Vadodra Rajya Bank Nokar Sangh has included Assistant Managers, Sub-Managers, Sub-Agents, Superintendents, Accountants and/or Officer Grade I in Supervisory Grade I, and in Supervisory Grade II, It has included Assistant Accountants, Supervisors, and/or Officers Grade II, Departmental in charge, Sub-Accountants, Junior Officers, Probationary Assistants, Clerks in charge, Cashiers in charge, Officers in charge, Head Cashiers. Senior Assistants, Junior Assistants, Tellers, Godown Inspectors, Inspectors, Auditors, Treasurers, Representatives, Head Clerks, Chief Clerks, Assistants, Caretakers and Caterers etc. The State Bank of Patiala (All cadres) Employees Association has pointed out that the following grades were introduced by the bank for the supervisory staff from 1st October 1958 :—

- Grade I : Rs. 340—20—500—EB—25—550—EB—30—730.
Grade II : Rs. 175—15—220—EB—20—320—EB—20—440—EB—20—500.
Grade III :Rs. 130—12 1/2—155—EB—15—200—EB—15—290—EB—20—310.

The Association has submitted that besides Accountants and Assistant Accountants who are at present designated as B and C Class Managers, the Senior assistants, stenographers and head cashiers, should be placed in Supervisory grade II.

5.202. The All India Bank of Baroda Employees Federation has, by a

supplementary statement, pointed out that all employees who are promoted by the Bank of Baroda to the Assistant's Grade have to sign an agreement which, it is alleged, is completely one-sided and did not give adequate protection to employees who signed it. The Federation has therefore demanded that in connection with the emoluments payable to the employees working in the supervisory cadre, the Bank of Baroda should be specifically directed to discontinue the practice of requiring the Assistant to sign the agreement referred to above.

5.203. The Indian Banks Association has in its written statement contended that the Tribunal has no jurisdiction to lay down any terms or conditions of service including scales of emoluments for those employed in a supervisory capacity who draw emoluments exceeding Rs. 500 per mensem or who exercise either by the nature of the duties attached to the office or by reason of the powers vested in them functions mainly of a managerial or administrative nature, as such employees would not be "workmen" within the meaning of the Industrial Disputes Act and would be outside the present adjudication. Without prejudice to the said contention, it has submitted that "there is no scope or justification for laying down separate scales for supervisory grades and in any event, the scales demanded are very much on the high side." It has further submitted that mere designation or nomenclature cannot decide the grade which is solely determined by the nature of duties performed and the responsibilities undertaken by the individual employee concerned. The Bombay Exchange Banks Association has contended that the present reference covered only those employees who fell within the definition of "workman" contained in the Industrial Disputes Act, 1947. It has submitted that the Tribunal should not prescribe pay scales for the supervisory cadre "as it will not be possible, with a fluctuating dearness allowance scheme, to postulate at what stage an employee performing supervisory duties ceases to be a workman." The State Bank of India, in reply to the statement of claim of the All India State Bank of India Staff Federation, in connection with its demand for a grade for sub-accountants and head cashiers, has submitted that all employees exercising supervisory duties and drawing emoluments over Rs. 500 per month are not workmen within the meaning of the Industrial Disputes Act and are not covered by this adjudication and that in particular the sub-accountants and head cashiers of the banks are not workmen. The State Bank of Patiala has opposed the demand that senior assistants and stenographers should be placed in the Supervisory Grade II and has stated that the senior assistants performing the same duties as junior assistants except for a few who have been entrusted with restricted checking and passing powers and that it would be unreasonable to place them in the Supervisory Grade. It is urged that this Tribunal has no jurisdiction to deal with employees who do not all within the definition of 'workman' contained in the Industrial Disputes Act, 1947 and that even in the case of employees exercising supervisory powers and drawing wages below Rs. 500, this Tribunal should

not attempt to fix a wage scale as it could not be postulated, at what stage in the scale such an employee would be drawing by way of wages as defined in the Act an amount over Rs. 500. It is also submitted that this Tribunal has no jurisdiction to deal with employees exercising managerial functions or with supervisory staff carrying out administrative functions and duties. The Kerala Bankers Association objects to any claim as regards a scale of pay for the supervisory staff. The Northern India Banks Association has submitted that considering the nature of work performed by employees in the supervisory grades, the existing allowances payable to them are adequate, that in view of the peculiar nature of banking business and the need for entrusting to officers, at each branch office, responsible jobs, involving the grant of powers of attorney, all members of the supervisory staff holding a power of attorney should be classed with the managers and officers entrusted with administrative duties and should be taken out of the category of workmen. The National Bank of Lahore has contested the demands of the employees about pay scales to the supervisory staff and has submitted that there is no justification for introducing separate scales of pay for workmen discharging duties allotted to them and that mere designation associated to the duties performed by a workman cannot entitle him to any higher wage. The Bharatha Lakshmi Bank has submitted that there should be no supervisory Grades I and II for D Class banks. It has pointed out that the supervisory Grade II suggested, by the employees for C Class banks is even 'costlier' than the grade of Agents of this bank which is Rs. 140—10—240 besides dearness allowance and rent free quarters or rent in lieu thereof and that the highest point in this grade is less than the starting point in the grade suggested by the employees. The Jaya Laxmi Bank considers the grades demanded for Supervisory Grade II and Supervisory Grade I as beyond the capacity of small banks and suggests that there should be no supervisory grades. The Miraj State Bank has submitted that on any showing the bank is bound to be classified in D Class, that the demand made by the All India Bank Employees Association so far as the grade of the supervisory staff is concerned, is not applicable to the Miraj State Bank as there was no demand in respect of Supervisory staff of D Class banks and that if any such demand was made the bank should be permitted to file its written statement. It has, however, submitted that the demand made against the C Class banks in respect of the supervisory staff is high and that the same should be rejected.

5.204. In connection with the supplementary statement of claim of the All India Bank of Baroda Employees' Federation relating to service conditions of employees in the supervisory cadre designated as assistants in the bank, the Bank of Baroda has submitted that these assistants cannot be equated with the supervisors in the clerical grade who get a special allowance as prescribed under the Sastry Award, that these officers have a very wide scope to rise high according to their merits and can go up to the highest executive position in the bank, that their emoluments in the earlier years of service may

not be high but they form the junior executive cadre and are the potential senior executives. It has, therefore, submitted that these persons form a separate class whose terms and conditions of service must by the nature of things be left to the bank and that the Tribunal should refuse to lay down any service conditions for them. It further states that it has taken good care of these officers and that they could not be benefited by the Tribunal laying down any hard and fast rules about their terms and conditions of service, and that the bank is the best judge of the merits of these officers and therefore a request is made that no directions be given on this issue. The Bank further submits that if the Tribunal lays down terms and conditions of service of the supervisory staff and holds that the assistants in the bank drawing a total emolument of less than Rs. 500 are covered by this reference, then an option be given to such assistants to choose between the totality of the terms and conditions of service as prescribed by this Tribunal and the conditions of service that might be in force from time to time in the bank, and that the assistants who opt for the conditions under the award would not have to sign the agreement and therefore a direction on the point of agreement to be signed by the assistants will not be necessary.

5.205. On behalf of the All India Bank Employees Association, it was stated at the hearing that supervisory grade II had been demanded for the supervisors who are now receiving a supervisory allowance under the Sastry Award and that supervisory grade I was demanded for "bona fide supervisors", in the sense in which that expression was used in America in the Fair Labour Standard Act.

5.206. At the hearing Shri Sule submitted (1) that workmen under the Industrial Disputes Act can raise an industrial dispute for themselves and for a section of them at any level; (2) that persons who are at present workmen can raise an industrial dispute as regards their service conditions, not only at all stages when they continue to be workmen but also when having regard to a future possibility they cease to be workmen and continue in service of the same employer; (3) that workmen can raise an industrial dispute for employees in the same establishment who are non-workmen right from the start, provided they have a direct or substantial interest in the dispute of those non-workmen and have a community of interest with them. It was urged that workmen were entitled to raise a dispute about the scales of pay and other service conditions of the members of the supervisory staff irrespective of the amount of wages payable to them.

5.207. On behalf of a number of banks it was denied that there was any community of interest between the supervisory staff and the clerical and subordinate staff or that the clerical and subordinate staff were directly or substantially interested in the terms of employment of the members of the supervisory staff. It was stated that no demand relating to the supervisory staff had been made and presented to the banks. It was submitted that the Tribunal had no jurisdiction to provide wage scales for persons who were not

workmen and that the wage structure as a whole would be rendered bad in law even if a part of it was bad in law as the Supreme Court had clearly indicated in the Express Newspapers case that the wage structure was an integrated whole. It was submitted that in so far as the supervisory staff could be dealt with under an award there should be an overriding clause to the effect that at no stage and in no case the monthly wages should exceed the upper limit of Rs. 500. It was submitted that in respect of those workmen who were doing supervisory work only as a part of their duties (sometimes called "Sastry supervisors") the directions given by the Sastry Tribunal about special allowance in paragraph 164(b) of its Award should be retained, that some such provision should be made for those supervisors who came within the ambit of the extended definition of 'workman' under the Industrial Disputes (Amendment) Act, 1956 and that option should be given to them for choosing between the special allowance awarded by the Tribunal and the pay scales which may be in force in banks,.

5.208. The question about the jurisdiction of the Tribunal to make an award in connection with members of the supervisory staff has been argued by both the sides at considerable length. The expression "workman" has been defined by section 2(s) of the Industrial Disputes Act, 1947, as under :-

"Workman" means any person (including an apprentice) employed in any industry to do any skilled or unskilled manual, supervisory, technical or clerical work for hire or reward, whether the terms of employment be expressed or implied, and for the purposes of any proceeding under this Act in relation to an industrial dispute, includes any such person who has been dismissed, discharged, or retrenched in connection with, or as a consequence of, that dispute, or whose dismissal, discharge or retrenchment has led to that dispute, but does not include any such person

- (i) who is subject to the Army Act, 1950, or the Air Force Act, 1950, or the Navy (Discipline) Act, 1934; or
- (ii) who is employed in the police service or as an officer or other employee of a prison, or
- (iii) who is employed mainly in a managerial or administrative capacity; or
- (iv) who, being employed in a supervisory capacity, draws wages exceeding five hundred rupees per mensem or exercises, either by the nature of the duties attached to the office or by reason of the powers vested in him, functions mainly of a managerial nature."

This definition shows that except for the persons specified in clauses (i), (ii), (iii) and (iv) the expression "workman", *inter alia*, means any person employed in any industry to do any supervisory work for hire or reward, whether the terms of employment be expressed or implied. Even if a person has been employed in any industry to do any supervisory work for hire or reward, he is not liable to be considered to be a workman if he is employed mainly in a

managerial or administrative capacity or who exercises, either by the nature of the duties attached to the office or by reason of the powers vested in him, functions mainly of a managerial nature. Another exception provided is in the case of persons employed in a supervisory capacity, who draw wages exceeding Rs. 500 per mensem. The moment such persons draw wages exceeding Rs. 500 per mensem they would cease to be workmen. The expression “wages” has been defined by section 2(rr) of the Industrial Disputes Act, 1947, to mean “all remuneration capable of being expressed in terms of money, which would, if the terms of employment, express or implied, were fulfilled, be payable to a workman in respect of his employment or of work done in such employment, and includes—

- (i) such allowances (including dearness allowance) as the workman is for the time being entitled to;
- (ii) the value of any house accommodation, or of supply of light, water, medical attendance or other amenity or of any service or of any concessional supply of foodgrains or other articles;
- (iii) any travelling concession; but does not include —
 - (a) any bonus;
 - (b) any contribution paid or payable by the employer to any pension fund or provident fund or for the benefit of the workman under any law for the time being in force;
 - (c) any gratuity payable on the termination of his service.”

5.209. The All India Bank Employees Association has claimed wages which in numerous cases exceed Rs. 500 per mensem for persons employed in the banking industry to do supervisory work for hire or reward. It seeks to justify the claim on the ground that workmen having regard to the definition of the expression “industrial dispute”, were entitled to raise a dispute in connection with the terms of employment “of any person”. The expression “industrial dispute” has been defined by section 2(k) of the Industrial Disputes Act as under :—

“ ‘Industrial dispute’ means any dispute or difference between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected, with the employment or non-employment or the term of employment or with the conditions of labour, of any person.”

It was submitted on behalf of the employees that they had a right to raise a dispute not merely in connection with the terms of employment of any workman, but also in connection with the terms of employment of a person who did not fall within the definition of the expression “workman”.

5.210. The definition of the expression “industrial dispute” has come up for consideration on several occasions before Tribunals and Courts of Law. The Supreme Court, in the case of Workmen of Dimakuchi Tea Estate (Assam Chah Karmachari Sangh) and Dimakuchi Tea Estate, reported in 1958 (1)

Labour Law Journal at page 500 (same as 1958 Supreme Court Reports, Page 1156) had occasion to consider the meaning of the expression “any person”. In dealing with the question whether a dispute in relation to a person who is not a workman falls within the scope of the definition of industrial dispute given in section 2(k), the Supreme Court has observed that the expression “any person” cannot mean anybody and everybody in this wide world, that a person in respect of whom the employer-employee relation never existed or can never possibly exist cannot be the subject matter of a dispute between employers and workmen and that the definition clause must be read in the context of the subject-matter and scheme of the Act and consistently with the objects and other provisions of the Act. In dealing with the provisions as they stood prior to the enlargement of the definition of the term “workman” by the Industrial Disputes (Amendment) Act, 1956, the Supreme Court has observed as follows :—

“The Act is primarily meant for regulating the relations of employers and workmen — past, present and future. It draws a distinction between “workmen” as such and the managerial or supervisory staff and confers benefit on the former only.”

The Supreme Court has further stated that it seemed fairly obvious that if the expression “any person” was given, its ordinary meaning, then the definition clause would be so wide as to become inconsistent not merely, with the objects and other provisions of the Act, but also with the other parts of that very clause. It is also stated that the dispute between the employers and workmen must be a real dispute capable of settlement or adjudication by directing one of the parties to the dispute to give the necessary relief to the other and that “it is also obvious that the parties to the dispute must be directly or substantially interested therein, so that if workmen raise a dispute, it must relate to the establishment or part of the establishment in which they are employed”. As observed by the Supreme Court; the expression “any person” in the definition clause means a person in whose employment or non employment or terms of employment, or conditions of labour, the workmen as a class have a direct or substantial interest, with whom they have, under the scheme of the Act, a community of interest.

5.211. In dealing with the question of persons belonging to the supervisory staff, having regard to the definition of the term “workman” as it then stood, the Supreme Court, at page 509, has expressed itself in the words following:-

“Can it be said that workmen as a class are directly or substantially interested in the employment, non-employment, terms of employment or conditions of labour of persons who belong to the supervisory staff and are, under provisions of the Act, non-workmen on whom the Act has conferred no benefit, who cannot by themselves be parties to an industrial dispute and for whose representation the Act makes no particular provision ? We venture

to think that the answer must be in the negative.”

At page 510 the Supreme Court has observed as under :—

“It is the community of interest of the class as a whole — class of employers or class of workmen — which furnishes the real nexus between the dispute and the parties to the dispute.”

5.212. On behalf of- the employees it is contended in the present case that they have a direct and substantial interest in the dispute relating to the members of the supervisory staff, even if some of them may not be ‘workmen’ within the meaning of the definition given in the Act. They contend that a person who is employed in a supervisory capacity, who is drawing wages which do not exceed Rs. 500 and who is a workman within the meaning of the amended definition of that expression is interested in receiving wages in excess of Rs. 500 and in demanding a scale of wages which would take him beyond Rs. 500 and that he is entitled to raise such a dispute even though when he receives wages in excess of Rs. 500 he would cease to be a workman. In such circumstances, all persons belonging to this class would have a direct and substantial interest in asking for a scale of pay which would take them beyond Rs. 500. This, however, would not justify the making of a claim for a scale which, at the very commencement, provides them with “wages” as defined in section 2(rr) in excess of Rs. 500. In that event, whoever is fitted in that scale would not be a workman at any stage in that scale and the mere fact that some workmen may, by way of promotion or otherwise be fitted into that scale, would not give the workmen as a class that community of interest which is necessary for the purpose of raising an industrial dispute in connection with such non-workmen.

5.213. Even though by reason of the community of interest, workmen may be entitled, having regard to the definition of the expression “industrial dispute’ to raise a dispute in connection with the terms of employment of themselves when they become non-workmen by reason of their wages exceeding the limit of Rs. 500, there is another objection in connection with the adjudication of such a dispute by a National Industrial Tribunal. A National Industrial Tribunal is constituted under the provisions of section 7B of the Industrial Disputes Act, 1947, for the adjudication of industrial disputes, which, in the opinion of the Central Government, involve questions of national importance or are of such a nature that industrial establishments situated in more than one State are likely to be interested in, or affected by, such dispute. Under the provisions of section 10(1 A) the Central Government is empowered, where it is of opinion that any industrial dispute exists or is apprehended and the dispute involves any question of national importance or is of such a nature that industrial establishments situated in more than one State are likely to be interested in, or affected by, such dispute and that the dispute should be adjudicated by a National Tribunal, to refer the dispute or any matter appearing to be connected with, or relevant to, the dispute, “whether it relates to any matter specified in the Second Schedule or the Third Schedule”, to a National

Tribunal for adjudication. Before the Central Government can refer a matter, it must relate to any matter specified in the Second or the Third Schedule. The Second Schedule deals with matters which ordinarily fall within the jurisdiction of Labour Courts. Item 6 in the Second Schedule refers to “all matters other than those specified in the Third Schedule”. This item cannot cover a dispute relating to the fixation of wages of any class of persons. Section 7 of the Act says that the appropriate Government may, by notification in the Official Gazette, constitute one or more Labour Courts for the adjudication of industrial disputes relating to any matter specified in the second Schedule. From the scheme of the Act, it is clear that the Labour Courts cannot deal with — questions relating to fixation of scales of pay or wages of any class of persons.

5.214. When we come to the Third Schedule the only item which may have a bearing on the subject is item 1. Item 1 relates to “wages, including the period and mode of payment.” Having regard to the definition of the expression “wages” given in section 2(rr), this item can only refer to remuneration payable to a workman. There is no other item under which fixation of scales of pay is liable to fall, with the result that under the provisions of section 10(1A) it is not open to the Central Government to make any reference of an industrial dispute concerning scales of pay of or the remuneration payable to a non-workman to a National Tribunal for adjudication. In the order of reference, dated 21st March 1960, the Central Government has referred the dispute between banking companies and corporations specified therein on the one hand, and their workmen on the other, in respect of matters specified in the Second Schedule to the order of reference. The Second Schedule **Inter alia** refers to “scales of pay; method of adjustment in the scales of pay.” This item in the light of the powers of the Central Government to make a reference would not cover the fixation of scales of pay for non-workmen or payment of remuneration to non-workmen.

5.215. Apart from any other consideration, non-workmen are not before me, and even if I had otherwise the jurisdiction to fix scales of pay for them, I would not be justified in doing so in their absence and without hearing what they may have to say in the matter.

5.216. The demand for different scales of pay for supervisory staff is made on behalf of persons, some of whom are workmen and some of whom are non-workmen. There is no standardised nomenclature adopted by banks in connection with persons employed to do supervisory work. There is no Standardisation of duties either. A person under the same designation may in one bank be performing duties and discharging functions different from those which a person bearing the same designation may be performing and discharging in other banks. As regards the supervisory staff not covered by the Sastry Award, the scales of pay are different in different banks. I have not even been supplied with a list showing the designation of persons who are at present drawing the supervisory allowance of Rs. 50 in all the banks which are before me. It would be difficult to describe persons employed to do

supervisory work by their designations and fit them into different scales of pay.

5.217. It was suggested that if two scales are fixed, one scale may be applied to those who are drawing the supervisory allowance under the Sastry Award and the other scale may be reserved for those who have been subsequently brought within the definition of "workman" who, before the amendment of 1956, did not fall within the definition of workman. I asked the representatives of workmen to describe to me, by reference to the designations of persons or by reference to duties, the persons who have been included in the definition of "workman" by virtue of the amendment who were not prior thereto so included, but they were unable to do so. There is no evidence before me about the extent of the duties of a supervisory nature discharged by various persons in various banks. Some persons employed to supervisory work may discharge supervisory functions only for a small period of the day. Various types of functions are combined in a number of banks. I have made every effort to impress upon the parties before me, especially the workmen, the necessity of placing sufficient material before me which would enable me to do justice to the case of the members of the supervisory staff and which would enable me, to the extent that I have the jurisdiction to provide proper scale or scales of wages for persons employed in a supervisory capacity. In the present state of the record, it is impossible to fix any scale or scales of pay in which persons who are employed to do supervisory work could be fitted.

5.218. Having carefully considered all aspects of the matter and having considered all the evidence placed before me, I am left with no alternative except only to fix special allowances for workmen employed in a supervisory capacity, as was done by the Sastry Tribunal after applying to them the scales of pay provided for the clerical staff. Having regard to the scheme relating to the scales of pay adopted by me, I have fixed suitable special allowances for supervisors in A Class banks, in B Class banks and in C Class banks, including banks in the Excepted List. I am conscious of the fact that It is not a very satisfactory way of dealing with the matter. The nature of duties performed by persons who would draw the allowance, the amount of responsibility involved in the performance of the task allotted to such persons and the period of time during which such duties have to be performed may vary from bank to bank and from area to area. In deciding whether a workman is entitled to supervisory allowance, the designation of the workman would not be decisive. In order to entitle a workman to such allowances what would be determinative would be the nature of the duties and functions, assigned to him, as has been laid down by the Supreme Court in the case of Lloyds Bank Limited Vs. Pannalal Gupta and others reported in 1961 (I) Labour Law Journal, page 18.

5.219. The provision made by this award in connection with giving a special allowance to supervisors is not intended to fetter the discretion of the

bank in providing a higher allowance or a separate grade or grades for members of the supervisory staff, if they so desire, or to operate by way of substitution of any existing grade or grades meant for persons who would otherwise be entitled to draw a supervisory allowance under the terms of this award, provided the total wages paid thereunder are not less than what is provided under this award.

(xxiv) Special Allowances

5.220. Under the scheme of the Sastry Award separate scales of pay have been provided for members of the clerical staff and members of the subordinate staff. Among the members of the clerical staff and of the subordinate staff there are various categories of workmen. Wage differentials have been provided for different categories of workmen falling within the aforesaid two broad classes by special allowances. In paragraph 162 of its award the Sastry Tribunal has observed that it was but right that persons with special qualifications or skill required for discharging work carrying with it greater responsibility than routine work should have higher emoluments than an ordinary workman. The Sastry Tribunal further proceeded to observe that there were three ways by which this extra payment may be provided for: (1) the employee may be given additional increments in the same scale; (2) he may be paid a lump sum allowance in addition to his other emoluments or (3) he may be given a higher scale leading up to a higher maximum. The Sastry Tribunal considered that on the whole it was better to adopt either the first or the second method or sometimes even a combination of both. Before the Sastry Tribunal the workmen were opposed to the idea of having more than one scale while the banks preferred two scales of pay, but had no objection to one scale. The Sastry Tribunal observed that though primarily its inclination was to provide a different and higher scale, it considered it simpler on the whole to solve the problem by providing for a lump sum allowance called 'special allowance' in each of such cases where it considered the same was called for except in the case of graduates and banking diploma holders for whom additional increments were provided. The Sastry Tribunal was at pains to point out that what it was providing was only a minimum, and that in the case of big banks and particularly in their important offices it may be proper and desirable that the incumbents of such offices should be allowed more than what had been prescribed. The Sastry Tribunal stated that it was not feasible to provide for diverse conditions obtaining in various branches of the banks where the volume of work differed to a considerable extent.

5.221. The Sastry Tribunal provided special allowances for the below mentioned categories of workmen employed in various classes of banks as under :—

Categories of employee	Class of Banks			
	A.	B.	C.	D.
	Rs.	Rs.	Rs.	Rs.

1. Comptists	10	10	10	10
2. Head Clerks and Stenographers ...	20	20	15	10
3. Head Cashiers : Units of 5 clerks and above	20	15	10	8
4. Head Cashiers : Units of 4 clerks and below	15	11	8	6
5. Assistant Cashiers (above the level of routine clerks):Units of 5 clerks and above	16	14	9	7
6. Assistant Cashiers (above the level of routine clerks) :Units of 4 clerks and below	12	10	7	5
7. Cashiers in charge of cash in pay offices	15	15	12	10
8. Cashiers in charge of cash in treasury pay offices employees in charge of pay officer or sub offices	25	25	20	15
9. Supervisory, superintendents, sub-accountants, departmental in charges, employees in charge of treasury pay offices	50	45	40	35

The aforesaid provisions were not to govern head cashiers and sub accountants in the Imperial Bank of India. The Sastry Tribunal has made it clear that the aforesaid allowances were applicable to incumbents of such of these posts who were "workmen". It further provided that when an employee came within more than one category, he would be entitled to the highest rate applicable to him. For the purpose of these allowances the Sastry Tribunal made no distinction as between one Area and another. As regards graduates and holders of banking diplomas like C.A.I.I.B., and C.A.I. B., the Sastry Tribunal provided for them additional increments in the basic scales of pay, two increments provided for graduation and one increment for completing Part I of the examination for the diploma, and another for completing Part II of the examination for the diploma, a person having both the qualifications being entitled to claim the benefit of both the sets of increments. The Sastry Tribunal considered that it was better to provide for such increments rather than give to the employees who had or acquired such qualifications a special allowance. The Sastry Tribunal has observed that with regard to others, it did not think that any compulsory directions need be given and that it would be for the banks if they were so pleased to consider the matter.

5.222. As regards members of the subordinate staff the Sastry Tribunal Provided for special allowances for the following categories of workmen employed in various classes of banks :—

Categories of employees	Class of Banks			
	A. Rs.	B. Rs.	C. Rs.	D. Rs.
Head cash mazdoors (coolies)	5	4	3	2—8—0
Watchmen, chowkidars or cash durwans	5	4	3	3
Armed guards	10	9	8	7
Daftries	10	9	8	7
Havaldars, jamdars, dafadars, naiks and head peons ...	45	12	10	8
Drivers and head messengers	30	25	20	18

The Sastry Tribunal has stated that the general observations made by it in the case of staff would ordinarily apply to these persons also.

5.223. The Labour Appellate Tribunal did not disturb the scheme of the Sastry Tribunal in connection with special allowances. In the course of its decision it has observed that the circumstances determining the extent of responsibility of a special post differ not merely from bank to bank and area to area, but also from branch to branch of the same bank and that it was convenient therefore to indicate a minimum and leave it to the bank to fix on a consideration of circumstances of each case what the actual special allowance should be. The Labour Appellate Tribunal directed that "electricians" should receive a special allowance at the same rate as the one prescribed by the Sastry Tribunal for drivers. The Labour Appellate Tribunal recorded an agreement whereunder it was provided that "At each local Head office of the Imperial Bank of India (viz. at Calcutta, Bombay and Madras) there will be one member of the subordinate staff (i.e. Jamadar, Naik, or Dafadar) who will rank as Head Messenger and will be entitled to the allowance of Rs. 30. ***No post in any of the Branches or sub offices will qualify for this Head Messengers allowance."

5.224. On behalf of the workmen a claim has been made for a special allowance for a very large number of categories of workmen. Between the All India Bank Employees Association and the All India Bank Employees Federation a demand has been made for special grades or special allowances for no less than 58 different categories of workmen in the clerical and supervisory grade and for special allowances for 25 different categories of workmen in the subordinate grade. There are some other categories also for whom demands have been made by other workmen's organisations. The demand is for the same amount of special allowance for the same category of workmen irrespective of the class of bank in which they may be employed. It is pleaded that the existing special allowances were not adequate.

5.225. The Indian Banks Association has pleaded for the continuation of the present special allowances and for payment of a special allowance of Rs. 15 per month to the accounting machine operators. Save as aforesaid it has opposed the demands made on behalf of workmen. It has claimed that

“employees who are employed to do specified kinds of jobs for the whole time only would be eligible to special allowances.”

5.226. The Bombay Exchange Banks' Association has submitted that designations were no criteria but the nature of duties would determine the category of workmen. It has stated that it was strongly felt that the introduction of special allowances had created an atmosphere of considerable misunderstanding, doubts and disputes and as such they called for a special review and that “the absence of any indication in the present award defining clearly the duties that should be performed by a workman for being eligible for the grant of the particular special allowance” had resulted in disputes being raised claiming special allowance for isolated duties such as using an adding machine, lifting a cash box, bundling vouchers, changing electric bulbs, etc. although each such operation may form only a very small portion of the day's work. It has pleaded that special allowance should only be paid to (1) stenographers (2) head clerks (3) head cashiers controlling 5 clerks and above (4) head cashiers controlling 4 clerks and above and (5) accounting machine operators as distinguished from the users of adding or calculating machines and from amongst the subordinate staff to (1) watchmen and chowkidars (2) armed guards and sentries (3) daftries (4) havalendars, jamadars, dafadars and naiks (entrusted with responsibility for other members of the subordinate staff) (5) cash peons.

5.227. The State Bank of India has denied that there is or can be any category of workmen in the State Bank who could be classified either as highly skilled or even skilled. It has submitted that designations were illusive and deceptive and that Tribunals have always taken the view that only the duties and work involved mattered. It has opposed the demands of the workmen. Other banks have also opposed the demands of workmen.

5.228. It has been urged on behalf of the employees that the special allowances granted by the Sastry Tribunal are not based on any rational and scientific wage differentials looking to the nature of the work and responsibility of the position occupied by the workman concerned and that the same have been fixed on an **ad hoc** basis, without assigning any reason for such fixation. If special allowances are given based on wage differentials properly calculated after taking into account (1) the degree of skill, (2) the strain of work, (3) the experience involved, (4) the training required, (5) the responsibility undertaken, (6) the mental and physical requirements, (7) the disagreeableness of the task, (8) the hazard attendant on the work and (9) the fatigue involved, they would be more scientific and more satisfactory. The criticism levelled against the Sastry scheme of allowances however is of a negative character. The workmen themselves have not adduced any evidence which would enable me to arrive at such wage differentials. The demands of the workmen for special allowances are also made on an **ad hoc** basis.

5.229. A complaint has been made on behalf of the workmen that the

Sastry Award has not specified the nature of work to be done and the duties which are required to be performed by the various persons who are entitled to receive special allowances. It is further contended that some banks adopt different nomenclatures in order to avoid payment of these allowances. They have claimed that the nature of work of each category should be taken into account for the grant of special allowances, irrespective of the designation of the employee concerned.

5.230. In theory it would be desirable to have standardisation of nomenclature and standardisation of duties attached to a designated post. When I tried to explore the possibility of such standardisation, considerable difficulties were experienced. All efforts to evolve a standardised nomenclature and to have a standardisation of duties have failed. Enough evidence has not been led before me which would enable me to evolve such standardised nomenclature with standardised duties for different categories of workmen. Such standardisation would not even fall within the ambit of the terms of the reference to this Tribunal.

5.231. The Sastry Award has been in operation for a long time and as a result of decisions given by tribunals or otherwise the categories of persons entitled to special allowances under the Sastry Award as modified can now be regarded as fairly settled.

5.232. As held by the Supreme Court in *Lloyds Bank Limited vs. Pannalal Gupta* reported in 1961 (1) LLJ. page 18 “in deciding the status of an employee the designation of the employee is not decisive; what determines the status is a consideration of the nature and duties of the function assigned to the employee concerned.”

5.233. The special allowances payable at present workmen other than those belonging to the subordinate staff need to be enhanced to a certain extent in view of the changes made in the scheme of basic pay and dearness allowance under this award.

Graduates and Holders of National Diploma in Commerce

5.234. The All India Bank Employees Association has demanded for graduates and holders of National Diploma in Commerce a special allowance of Rs. 25 per month, while the All India Bank Employees Federation has demanded for graduates only two increments with a minimum of Rs. 35 per month. Most of the unions have followed the All India Bank Employees Association in making a demand in this respect. Some have followed the Federation. A Union has demanded only two increments while another has demanded a special allowance of Rs. 25 for graduates or equivalent diploma holders'. The All India Bank of Baroda Employees Federation by its supplementary statement has asked for a special allowance of Rs. 25 for each graduation and for the holding of the diploma. The State Bank of Patiala (All Cadres) Employees Association has pleaded for the grant of two increments to graduates. This Association has also pleaded for grant of three

increments to double graduates and one increment to “intermediates”.

5.235. The banks in general are opposed to the demands. The Bombay Exchange Banks Association is against the grant of special increments to graduates as it contends that in itself a University degree is of no value to the bank and it does not mean that a graduate can successfully apply this additional education for the benefit of the bank. The State Bank of India is against the grant of any allowance and in case any revision is made it has submitted that special increments should be discontinued and only a reasonable lump-sum payment should be directed to be paid on the acquisition of the qualifications and recognition thereof. The Bank of Baroda opposes the demand of All India Bank of Baroda Employees Federation for payment of a special allowance of Rs. 25 for each graduation and for holders of a diploma. The Jaya Laxmi Bank has submitted that graduates should not be provided with additional increments. The Indian Banks Association at the time of the hearing has submitted that in case a special allowance was awarded to graduates or holders of National Diplomas in Commerce, the additional increments received by the employees under the provisions of the Sastry Award should be deducted from the existing basic pay for purposes of adjustment into the new scales of basic pay, if any, and the special allowances prescribed by this Tribunal for such qualifications should then be paid in addition to the basic pay or new basic pay arrived at as above.

5.236. Under the Sastry Award, graduates are given two extra increments in the grade. There is no provision made for holders of the National Diploma in Commerce. The provision in the Sastry Award in terms of money operates differently for different persons depending upon the class of bank in which they are employed and depending upon the stage reached in the incremental scale. It is desirable that there should be a uniform provision made for persons who graduate or hold such diploma whether they have graduated or held such diploma before they joined service or at any subsequent stage. This uniformity can only be attained by providing a special allowance for them. I accordingly direct that a special allowance of Rs. 10 per month be paid by all classes of banks to graduates and to those who hold the National Diploma in Commerce. This provision will apply only to those who join a bank or who graduate or who obtain the National Diploma in Commerce on or after 1st January 1962. No adjustment as desired by some of the banks will be necessary in view of this direction. A person who is a graduate will not be entitled to receive any additional increment if he graduates over again.

C.A.I.I.B and C.A.I.B. Diploma Examinations

5.237. As regards the Certified Associates of the Indian Institute of Bankers, and Certified Associates of the Institute of Bankers, the Sastry Tribunal has provided for one extra increment in the grade on passing Part I of the aforesaid examinations and another extra increment in the grade on passing Part II of the aforesaid examination. The All India Bank Employees Association

has demanded a special allowance of Rs. 10 on passing the first part of the examination and a special allowance of Rs. 25 on passing both parts of the examination. The All India Bank Employees Federation has demanded for those who pass the first part of the aforesaid examinations one increment in the scale with a minimum of Rs. 10 and on passing the second part of the examination two increments in the scale with a minimum of Rs. 25 and also Rs. 10 extra for employees having both the diplomas. Other unions have made demands following the All India Bank Employees Association or the All India Bank Employees Federation. The All India Bank of Baroda Employees Federation has asked for cash awards of Rs. 150 and Rs. 250 to employees who pass Part I and Part II, respectively of these examinations. The State Bank of Patiala (All Cadres) Employees Association has asked for one increment for Part I and two increments for Part II in the scale. The All India State Bank of India Staff Federation and the State Bank of India Employees Association (Delhi Circle) have demanded one increment on completion of the first part and one increment on completion of the second part of the examinations.

5.238. The Banks in general are opposed to these demands. The Bombay Exchange Banks Association considers the C.A.I.I.B. and C.A.I.B. diplomas as valueless unless the employee can apply in practice the knowledge gained. It has stated that all banks would wish to encourage the employees to pass these banking examinations by making **ex gratia** payments not exceeding Rs. 100 on passing Part I and not exceeding Rs. 200 on passing Part II of these examinations. The State Bank of India has suggested lump sum payments for passing the examinations without specifying any amounts. The Northern India Banks' Association has expressed itself in favour of granting two increments for passing Part I of the Banking diploma examination and two increments for passing Part II of this examination. The Jaya Laxmi Bank is against providing additional increments to the banking diploma holders and considers it desirable to award a cash prize in lump sum when the employees complete Part I and Part II of the banking diploma examination.

5.239. At the hearing the Indian Banks Association has submitted that in case special allowances were awarded for passing Parts I and II of the Institute of Bankers Examination, the additional increments received by the holders of these diplomas under the provisions of the Sastry Award should be deducted from the “existing” basic pay for purposes of adjustment into the new scales of basic pay, if any and the special allowances prescribed by this Tribunal for such qualifications should then be paid in addition to the basic pay or new basic pay arrived at as above.

5.240. The reasons given for granting a special allowance to graduates also apply to those who have passed these examinations. I direct that a special allowance of Rs. 5 per month be paid by all classes of banks to persons who pass the first part of the aforesaid examinations and a special allowance of Rs. 5 per month be paid by all classes of banks to persons who

pass the second part of the aforesaid examinations. Those who have passed both the parts will thus receive special allowance of Rs. 10 per month. A person who has passed the first or the second part of the C.A.I.I.B. examination will not be entitled to receive any extra special allowance for passing the first or second part of the C.A.I.B. examination, and **vice versa**. These provisions will apply only to those who join a bank or who pass the first part or the second part of the aforesaid examinations on or after 1st of January 1962. In view of this provision no direction for adjustment as suggested by some of the banks will be necessary. A person who has already passed Part I of the aforesaid examination and has become entitled to receive one increment under the Sastry Award prior to 1st January 1962 will be fitted into the new scales of pay on the basis of his being entitled to such increment. For passing the second part of such examination after the 1st of January 1962 he will receive the special allowance of Rs. 5 as herein provided.

5.241. A graduate or a holder of the National Diploma in Commerce who passes the first or the second part of the aforesaid examinations will be entitled to receive a special allowance of Rs. 5 as herein provided in addition to the benefits received by him as a graduate or as a holder of the National Diploma in Commerce.

Comptists

5.242. The Sastry Tribunal has provided for comptists a uniform special allowance of Rs. 10 per month in all classes of banks. A uniform special allowance of Rs. 20 per month has been demanded by almost all workmens' organisations. Statements have been submitted before me showing difference between the total salary of clerks and that of comptists in some commercial concerns. In view of the pay scales being fixed with reference to the base year 1949 a revision in special allowances is also necessary. Having taken all circumstances into consideration, I provide a special allowance of Rs. 15 per month for comptists in all classes of banks.

Stenographers

5.243. Numerous representations have been made to this Tribunal on behalf of stenographers stating that their present allowance of Rs. 20 per month in A and B Class banks and Rs. 15 and Rs. 10 per month in C and D Class banks respectively is very low. The general demand of the employees is for a special allowance of Rs. 50 per month. There are, however, a few unions which have demanded less. The Cochin Commercial Bank Employees Association has claimed a special allowance of Rs. 20 per month, the Vadodra Rajya Bank Nokar Sangh has claimed a special allowance of Rs. 30 per month and the Bihar Provincial Central Bank of India Employees Association and the Central Bank of India Employees Association at Patna, Muzaffarpur and Amritsar have claimed Rs. 35 per month as special allowance. The State Bank of Patiala (All Cadres) Employees Association has demanded that stenographers should be placed in supervisory grade II i.e., grade of Rs.

280-20-400-25-525-30-645. It has also demanded an allowance of Rs. 25 per month for stenographers. The All India Bank Employees Federation had first claimed a special allowance of Rs. 50 per month for stenographers but subsequently it amended the statement of claim and demanded a special grade of "Rs. 200-15-350-30-450-25-550" for stenographers when employed by banks having working funds of Rupees 15 crores and more and a special grade of Rs. 175-15-325-20-425-525 for those employed by banks having working funds below Rupees 15 crores. The demands made by the All India Bank Employees Federation as worked out by the Federation itself require payment by way of basic pay and dearness allowance to a stenographer at the all India working class consumer price index number 167 in the series of 1944 = 100 (same as index number 121 in the series 1949 = 100) by a bank in the first group of Rs. 350 per month in the first year of his service and Rs. 963 per month in the 21st year of his service and by a bank in the second group of Rs. 306 per month in the first year of his service and Rs. 918 per month in the 20th year of his service.

There are statements which indicate that there is a considerable difference between the total emoluments paid to a clerk and a stenographer in various commercial establishments. The State Bank of Saurashtra had the following scales for normal clerks and stenographers :—

Clerks : Rs. 65-4-85 5-100-6-112-7-140-8-164-9-200-10-250.

Stenographers : Rs. 100-10-160-15-205-EB-15-325.

The Bombay Exchange Banks Association has submitted that a special allowance of Rs. 20 per month should be prescribed for stenographers. On behalf of the State Bank of Patiala it has been pointed out that in view of the fact that stenographers are in the grade of Rs. 100-10-220-EB-10-250, no question could arise of paying to the stenographers any special allowance. The Northern India Banks Association which has as its member banks falling within the present C and D Class has submitted that Rs. 25 per month should be fixed as special allowance for stenographers. At the time of the hearing, the Indian Banks Association submitted that in banks, dictation in shorthand is usually short, that the stenographers' duties are not exacting and that full time stenographers are rare in banks.

5.244. Having considered all aspects of the matter, I direct that stenographers should be paid a special allowance of Rs. 35 per month in A and B Class banks and Rs. 25 per month in C Class banks including banks in the Excepted List. This provision is not intended to fetter in any way the discretion of banks in giving a larger allowance to them having regard to the nature and extent of the work to be done by them and having regard to their proficiency and speed in stenography. I am conscious of the fact that the provisions herein made may not be adequate for stenographers possessing high degree of speed and accuracy in connection with their work. I have provided the minimum amounts that should be paid to persons who are

employed to do the work of stenographers by different classes of banks with liberty to the banks to pay higher remuneration to stenographers according to their requirements and the ability and the speed to the stenographers. No case is made out for a separate scale of pay for stenographers and the demand in connection therewith is rejected.

Head Clerks, Chief Clerks and Passing Officers

5.245. A supervisory grade has been demanded for this category of employees. Special allowances are also demanded for them. The demands for a special allowance for head clerks range from Rs. 50 to Rs. 75 per month. Only one organisation of workmen has demanded Rs. 20 for head clerks.

5.246. The special allowance at present for head clerks is Rs. 20 per month in A and B Class banks and Rs. 15 per month in C Class banks and Rs. 10 per month in D Class banks.

5.247. In some banks head clerks are known as 'chief clerks'.

5.248. The All India Bank Employees Association had made a demand for treating passing officers on equal footing with head clerks. The Indian Banks Association while pointing out that passing officers do the work of comparing and verifying signatures of customers on cheques with the specimen signatures on the banks' record has contended that no special skill or responsibility is involved in this work. The Bombay Exchange Banks Association has stated that passing officers who are employed in the National and Grindlays Bank are paid head clerk's special allowance of Rs. 20 per month. Having considered all aspects of the matter, I am providing special allowances for head clerks, chief clerks and passing officers of Rs. 27 per month in A Class banks, Rs. 27 per month in B Class banks and Rs. 20 per month in C Class banks including banks in the Excepted List. No case is made out for a separate scale of pay and the demand in connection therewith is rejected.

Head Cashiers

5.249. For head cashiers, supervisory grades have been demanded. Under the Sastry Award "head cashiers : units of 5 clerks and above", get a special allowance of Rs. 20 per month in A Class banks, Rs. 15 per month in B Class banks, Rs. 10 per month in C Class banks and Rs. 8 per month in D Class banks and "head cashiers : units of 4 clerks and below", receive a special allowance of Rs. 15 per month in A Class banks, Rs. 11 per month in B Class banks, Rs. 8 per month in C Class banks and Rs. 6 per month in D Class banks. It is necessary to change the amounts in view of the changes in the scheme of basic pay and dearness allowance. I direct that "head cashiers : units of 5 clerks and above" should get special allowances of Rs. 27 Rs. 20 and Rs. 14 per month in A Class banks, B Class banks and C Class banks including banks in the Excepted List respectively and that "head

cashiers : units of 4 clerks and below" should get special allowances of Rs. 20, Rs. 15 and Rs. 11 per month in A Class banks, B Class banks and C Class banks including banks in the Excepted List respectively. No case is made out for a separate scale of pay for head cashiers and the demand in connection with the same is rejected.

Assistant Cashiers

5.250 The All India Bank Employees Federation has demanded a special allowance of Rs. 25 per month for assistant cashiers. The position at present is that "assistant cashiers (above the level of routine clerks); units of 5 clerks and above", receive a special allowance of Rs. 16 per month in A Class banks, Rs. 14 per month in B Class banks, Rs. 9 per month in C Class banks and Rs. 7 per month in D Class bank and "assistant cashiers (above the level of routine clerks); units of 4 clerks and below", receive a special allowance of Rs. 12 per month in A Class banks, Rs. 10 per month in B Class banks, Rs. 7 per month in C Class banks and Rs. 5 per month in D Class banks. Special allowance at the uniform rate of Rs. 20 per month has been demanded for assistant cashiers by the All India Bank Employees Association.

5.251. Having regard to the changes in the scheme of basic pay and dearness allowance I am providing special allowances for "assistant cashiers above the level of routine clerks); units of 5 clerks and above" of Rs. 22, Rs. 19 and Rs. 12 per month in A Class banks, B Class banks and C Class banks including banks in the Excepted List respectively, and for "assistant cashiers (above the level of routine clerks); units of 4 clerks and below" of Rs. 16, Rs. 14 and Rs. 10 per month in A Class banks, B Class banks and C Class banks including banks in the Excepted List respectively. No case has been made out for prescribing a uniform rate in all classes of banks in the present circumstances or for higher rates.

Deputy Head Cashiers and Assistant Head Cashiers

5.252. For deputy head cashiers (above the level of routine clerks), a special allowance of Rs. 25 per month has been demanded only by the All India Bank Employees Federation and some unions of which follow the Federation closely in making their demands.

5.253 No case has been made out for having a separate new category of this type for the grant of a special allowance. Similar is the case with assistant head cashiers (above the level of routine clerks) for whom the State Bank employees have made a demand for a special allowance of Rs. 50 per month and for whom others have demanded Rs. 20 to 25 per month by way of special allowance. Those who fall within the categories for which provision has already been made will get the special allowances which are provided. Those who do not fall within those categories will not be entitled to receive any special allowance.

Cashiers in Charge of Cash in Pay Offices

5.254. The Sastry Tribunal has provided a special allowance of Rs. 15 per month in A and B Class banks and Rs. 12 per month and Rs. 10 per month in C and D Class banks respectively for cashiers-in-charge of cash in pay offices. The All India State Bank of India Staff Federation has demanded a special allowance of Rs. 50 per month for cashiers-in-charge of cash in pay offices or sub-offices. The same is the demand of the State Bank of India Staff Union, Andhra Pradesh. The State Bank of India Employees Association (Bengal Circle) has however demanded a special allowance of Rs. 60 per month for cashier in-charge.

5.255. The State Bank of India has submitted that the present special allowance is quite adequate. No case has been made out and there is no necessity for enlarging the present category. In view of the change in the scheme of basic pay and dearness allowance I am providing Rs. 20, Rs. 20 and Rs. 16 per month for cashiers-in-charge of cash in pay offices in A Class banks, B class banks and C Class banks including banks in the Excepted List respectively.

Cashiers-in-Charge of Cash in Treasury Pay Offices

5.256. The present special allowance for this category of employees is Rs. 25 per month for A and B Class banks, Rs. 20 per month for C Class banks and Rs. 15 per month for D Class banks. The demand for this category is the same as the demand for cashiers in charge of cash in pay offices. The position taken up by the State Bank of India in this case also is the same as in the case of the cashiers-in-charge of cash in pay offices. I find that there are no treasury pay offices of any bank other than the State Bank of India. In view of the change in the scheme of basic pay and dearness allowance I am providing under the circumstances a special allowance of Rs. 35 for cashiers-in-charge of cash in treasury pay offices of State of Bank of India.

Cashier-in-Charge and Receiving and Paying Cashiers.

5.257 The All India Bank Employees' Association has made no demand in respect of this category of employees. The State Bank of Patiala (All Cadres) Employees' Association has demanded a special allowance of Rs. 25 per month for cashiers-in-charge. The Bihar Provincial Central Bank of India Employees Association and the Central Bank of India Employees Association, Muzaffarpur, have demanded a special allowance of Rs. 25 for receiving and paying cashiers. The South Gujarat Bank of Baroda Employees Union has demanded a special allowance of Rs. 50 per month for receiving and paying cashiers. The Cochin Commercial Bank Employees Union has demanded a special allowance of Rs. 15 per month for paying cashiers and Rs. 10 per month for receiving cashiers.

5.258. No case has been made out for any separate special provision for these categories of workmen.

Employees in Charge of Pay Offices or Sub Offices and Employees in Charge of Treasury Pay offices.

5.259 The Sastry Tribunal has dealt separately with employees in charge of pay offices or sub offices and employees in charge of treasury pay offices and has fixed a special allowance of Rs. 25 per month for A Class banks, Rs. 25 per month for B Class banks, Rs. 20 per month for C Class banks and Rs. 15 per month for D Class banks for employees in charge of pay offices or sub offices and the special allowance of Rs. 50 per month for A Class banks Rs. 45 per month for B Class banks, Rs. 40 per month for C Class banks and Rs. 35 per month for D Class banks for employees in charge of treasury pay offices. The All India State Bank of India Staff Federation has demanded a special allowance of Rs. 100 per month for employees in charge of pay offices and sub pay offices. For employees in charge of treasury pay offices a special allowance of Rs. 100 per month was demanded at the hearing. According to the State Bank of India, the clerks in charge are not workmen as they are employed in a managerial capacity. There is no legal evidence before me on which I can adjudicate and determine whether they are workmen or not. Provision has been made for them by the Sastry Tribunal on the footing that they are workmen. I am making a provision for them on a similar hypothesis. If they or any of them are found not to be workmen these provisions will not apply to such of them as are not workmen.

5.260. As regards employees in charge of pay offices or sub-offices, they may be divided into two categories : (1) those in charge of pay offices or sub-offices of banks other than the State Bank of India and (2) those in charge of pay offices or sub-offices of the State Bank of India. As regards the former, I am providing special allowances of Rs. 35, Rs. 35 and Rs. 27 per month for A Class banks, B Class banks and C Class banks including banks in the Excepted List respectively in view of the changes in the scheme of basic pay and dearness allowance. As regards the employees in charge of pay offices or sub-offices of the State Bank of India, their responsibilities are very much greater and they have to attend to diverse types of work. In view thereof, I fix for them a special allowance of Rs. 65 per month. As regards the employees in charge of the treasury pay office, I find that at present there are no treasury pay offices of any banks other than the State Bank of India. As regards employees in charge of the treasury pay offices of the State Bank of India, in view of the special nature of their duties and responsibilities, I am fixing a special allowance of Rs. 100 per month.

Typists

5.261. A claim has been made on behalf of typists that they should be paid a special allowance of Rs. 20 per month. Two unions have, however, demanded a special allowance of Rs. 10 per month. Typists were paid an allowance of Rs. 5 per month in the Bengal and Delhi Circles of the State Bank of India upto 1st December 1957, but the typists employed after that

date are not being paid any special allowance by the State Bank of India. Under the Sastry Award as modified no special allowance is provided for typists. The Sastry Tribunal has taken the view that typists form part of the regular clerical grade. The question of granting special allowance to typists was again considered by the Labour Appellate Tribunal on the representation of the employees. The Labour Appellate Tribunal held that the case of clerks who were typists did not call for special consideration. The work of the typists was regarded by the Labour Appellate Tribunal as of a routine character and the responsibility attaching to such work was not considered to be as great as the responsibility attaching to the higher grades or work expected of a routine clerk in the general scale. The scales of pay which I have fixed for the clerical grade are adequate for typists. In A Class banks in Area I at the all India index number of 123 (1949=100) a typist in the beginning of his service will receive a sum of Rs. 164 and a typist who is in the 25th year of service will receive about Rs. 473. There is no case made out for any special allowance for typists.

Accounting Machine operators, etc.

5.262. Special allowances have been demanded for "accounting machine operators", "I.B.M. machine operators", "Remington Rand accounting machine operators", "Hollerith machine operators" and "punch operators". For accounting machine operators, a special allowance of Rs. 50 per month has been demanded by the All India Bank Employees Association. For I.B.M. Machine operators, Remington Rand Accounting machine operators and punch operators a special allowance of Rs. 20 per month has been demanded by the All India Bank Employees Federation. The Indian Banks Association is willing to allow to accounting machine operators, I. B. M. Machine operators, Remington Rand accounting machine operators and punch operators a special allowance of Rs. 15 per month. The State Bank of India has submitted that its punch operators are working under a special arrangement and that in view thereof no special allowance should be fixed for them.

5.263. Instances have been cited before me to show that the allowances which are being paid at present to accounting machine operators in various banks vary between Rs. 10 per month to Rs. 25 per month. It has also been pointed out that the British Bank of Middle East pays a special allowance of Rs. 50 per month to these operators. The allowance which is paid to the punch operators in the Associated Cement Company is Rs. 30 per month. Taking everything into consideration, I am providing that all classes of banks should give a special allowance of Rs. 20 per month to the accounting machine operators, I.B.M. Machine operators, Remington Rand accounting machine operators, Hollerith Machine operators and punch operators. The punch operators employed by the State Bank of India will, however, be excluded from these directions in view of the special conditions under which they are being employed at present.

5.264. The State Bank of India has stated that Remington accounting machines are used in its Central Accounts Office, Calcutta and in Central Accounts Sections at Local Head Offices and that the employees who qualify themselves as machine operators (which qualification is acquired by undergoing a practical course of a few days) are granted one increment in their grade pay. The State Bank of India has urged that double benefit of such increment and of a special allowance should not be granted to them. I provide that from and after the date when the special allowance hereby provided becomes payable, the State Bank of India will be entitled to set off the amount of such increment against the amount of the special allowance payable hereunder to such operators in the State Bank of India.

Adding Machine Operators, Addressographers and Photostat Machine operators.

5.265. Claims have been made for a special allowance of Rs. 20 per month for adding machine operators and addressographers and from Rs. 20 per month to Rs. 50 per month for photostat machine operators. The comparative effort required to learn to operate these machines efficiently is much less than that required by persons who operate efficiently on a typewriter. There is no cogent reason for granting an extra allowance to these persons when no extra allowance has been provided for typists. It has been brought to my notice that in some banks a special allowance of about Rs. 10 per month is being paid to the above mentioned operators. In my view no case has been made out for the grant of any special allowance to these operators. The clerical grade provided for these operators is adequate. Banks are however at liberty to pay any special allowance if they so choose.

Munshis, opinion Compliers, Credit investigators and Translators

5.266. A claim has been made that a special allowance should be given to the members of the clerical staff who are working as munshis, opinion compliers (or opinion clerks) credit investigators and translators and special allowances ranging from Rs. 20 per month to Rs. 75 per month have been demanded. No case has been made out for giving any special allowance to any of them. The clerical grade provided for them is adequate.

Clearing Clerks, court clerks, record keeper clerks, proof readers, stationery stock keepers and ledger keepers.

5.267. A claim has also been made for a special allowance for the above categories of workmen. No case is made out for giving any special allowance to them, and the demand is rejected.

Godown Keepers

5.268. There is a demand by some unions for the grant of a special allowance to godown-keepers which ranges from Rs. 10 per month to Rs. 20 per month. Actually there is a claim under another item of reference by the State Bank of India that the pay of the godown keepers in charge of the

borrowers' godowns should be only slightly above the pay of the members of the subordinate staff. No case has been made for the grant of a special allowance to godown keepers and the claim is rejected.

Godown Inspectors

5.269. Godown inspectors receive no special allowance at present. The All India Bank Employees Federation has demanded a supervisory grade for them. Some unions have demanded a special allowance of Rs. 30 for this category of employees. The duties given by the Indian Bank Association of godown inspectors indicate that they inspect godowns containing goods pledged or hypothecated to a bank and ascertain whether the value, quantity and quality of goods stored were in accordance with the books of accounts. There is a higher degree of responsibility attached to the duties of godown inspectors than to the duties of godown keepers. The inspectors of godowns should be better paid than ordinary godown keepers. I provide a special allowance of Rs. 10 per month for godown inspectors in all classes of banks. No case has been made out for a separate scale of pay for godown inspectors.

Accountant holding charge of cash and strong rooms, Caretakers, caterers, and Telephone operators.

5.270. No case is made out for any special allowance for any of these categories of workmen and the demand is rejected.

Tellers.

5.271. The employees in general have demanded a supervisory grade for tellers. The State Bank of India Employees Association (Bengal Circle) and the State Bank of India Employees Association (Delhi Circle) have demanded a special allowance of Rs. 50 per month for them. The All India Bank Employees Federation has demanded a special allowance of Rs. 50 for tellers handling cash. The State Bank of Patiala (All Cadres) Employees Association has demanded a special allowance of Rs. 10 for tellers. This nomenclature is not prevalent in Exchange Banks. The Indian Banks Association has pointed out that tellers for whom a supervisory grade had been demanded by the employees and the tellers handling cash for whom a special allowance of Rs. 50 per month had been demanded, have duties of passing and payment of cheques upto a specified limit". The case of Shri M. R. Sood, a teller in the Kanpur branch of the Punjab National Bank came up for consideration before the Supreme Court in Civil Appeal No. 476 of 1960. In its judgement, dated 20th July 1961 reported in 1961 I I Labour Law Journal at page 162 the Supreme Court after examining duties assigned to this teller, observed that "it is true that he (Shri Sood) does important and responsible work in that he can pass cheques upto Rs. 1000 but the fact that the work done by the teller is responsible and onerous is not material in determining the question as to whether his work is supervisory in character or not". The claim of Shri Sood for a special allowance as a supervisor under paragraph 164 of the Sastry Award was disallowed. In view of the special responsibility

of tellers I am providing a special allowance of Rs. 10 per month for tellers in all classes of banks. No case is made out for a separate scale of pay for them.

Audit clerks

5.272. For audit clerks sometimes called auditors, or checkers, a supervisory grade has been demanded. There is also a demand for a special allowance of Rs. 50 made by some unions. The Supreme Court had occasion to consider the case of persons employed in the audit department of the New Delhi branch of the Lloyds Bank in connection with a claim made for payment of supervisory allowance. In its judgement dated 18th November 1960 in Civil Appeal No. 415 of 1959, published in 1961 (I), Labour Law Journal page 18 the Supreme Court at pages 22 and 23 has observed as follows :—

**** before a clerk can claim a special allowance his work must appear to have some element of supervisory character. The work that is done by the clerks in the audit department substantially consists of checking up books of accounts and entries made in them. This checking up is primarily a process of accounting, and the use of the word 'checking' cannot be permitted to introduce a consideration of supervisory nature. The work of checking the authority of the person passing the voucher or to enquire whether the limit of authority has been exceeded is also no doubt work of a checking type but the checking is purely mechanical, and it cannot be said to include any supervisory function. If we take into account the six classes of clerks specified in Clause 9, it would suggest that in respect of each one of them there would normally be some persons working under the persons falling in that clause; in other words, a person claiming the status of a supervisor in Clause 9, should normally have to supervise the work of some others who are in a sense below him. On the argument urged by Mr. Ramamurthi every clerk working in the audit department would be a supervisor and as such would be entitled to draw a monthly special allowance of Rs. 50 though in the general hierarchy of the banks' employees he may be much below the head clerks or head cashiers who draw Rs. 20 as monthly allowance. The tribunal has characterised the work of these clerks as internal auditors but that obviously is an overstatement. Audit in the sense in which the work "internal audit" is understood is very different from the work of checking which is entrusted to the clerks in the audit department. Similarly, when the tribunal has observed that the clerks in the audit department supervise the work of almost all the persons in that establishment that again is obviously an overstatement. It would be legitimate to say that the work done in the audit department is important for the proper and efficient functioning of the bank, but it would be idle to elevate that work to the status of officers who supervise the work of

everybody concerned with the bank's establishment. In our opinion, therefore, the conclusion drawn by the tribunal as regards the status of the three workmen by reference to the ninth category specified in para 164 (b) of the award is manifestly erroneous and cannot be sustained."

Having regard to the nature of the duties of audit clerks, after considering all aspects of the matter I am providing a special allowance of Rs. 10 per month for audit clerks in all classes of banks. No case has been made out for a separate scale of pay for them.

Supervisors, Superintendents, Sub-Accountants and Departmental-in-Charges

5.273. On behalf of the workmen a special scale of pay has been demanded for these categories of workmen. I have dealt with the case of supervisors in an earlier part of this chapter. The same reasoning generally applies to superintendents, sub-accountants and departmental-in-charges. Some of the persons who are supervisors, superintendents, sub-accountants or departmental-in-charges may not be workmen. It is not possible in the present state of the record to provide a special scale or scales of pay for such of them who are workmen. The Sastry Tribunal has provided Rs. 50, Rs. 45, 40 and Rs. 35 by way of special allowances for these categories of workmen in A Class banks, B Class banks, C Class banks and D Class banks respectively. In view of the changes in the scheme of basic pay and dearness allowance it is necessary to make a change in the special allowances provided for these categories of workmen. I provide special allowances of Rs. 65, Rs. 60 and Rs. 55 for these categories of workmen in A Class banks, B Class banks and C Class banks including banks in the Excepted List respectively.

Cashier-Clerks

5.274. This category of employees is connected with the Bank of Baroda Ltd. By a supplementary statement of claim, the All India Bank of Baroda Employees Federation has submitted that in several branches of the Bank of Baroda Ltd., cashier-clerks, who are in charge of the cash departments of the bank's branches are given supervisory duties, that they counter-sign demand drafts, mail transfers and also check certain registers apart from exercising all supervisory powers in respect of the cash department employees working under them, and that as a result of the Federation's demand made in 1958, without prejudice to their legal contentions, the Bank and the Federation reached an agreement whereunder these employees receive an allowance of Rs. 50 in branches where there were no accountants, and Rs. 30 in branches where there were accountants. It is the submission of the Federation that without prejudice to its demand in respect of the emoluments payable to employees working in the supervisory cadre, such employees should continue to get the benefit of the agreement and that

directions to that effect should be given. The Bank of Baroda Ltd. denies that these employees do any supervisory work as, according to the bank, the work of signing demand drafts, telegraphic transfers, mail transfers, etc. "as second man" given to some cashiers at small branches is not supervisory work. It has relied upon the agreement reached with the Federation on 29th October 1960 by which, according to the bank as a measure of interim arrangement, pending the final decision of this Tribunal, the bank has allowed the special allowance mentioned above to cashier-clerks under certain conditions laid down in the agreement. The bank submits that this Tribunal should hold that the contention of the bank that the work of these employees is not of supervisory nature is correct and should dismiss the demand of the Federation. At the hearing a uniform allowance of Rs. 50 was demanded for this category of workmen.

5.275. Under this award I have provided a special allowance of Rs. 65 per month for supervisors. If the cashier-clerks perform the duties of supervisors they will be entitled to receive this allowance. No evidence has been led before me from which I can determine whether cashier-clerks in fact perform supervisory functions or not. It is admitted by both the sides that cashier-clerks sign demand drafts and telegraphic transfers and other documents. In case of those cashier-clerks who are not entitled to a supervisory allowance, I fix a special allowance of Rs. 40 per month having regard to the admitted duties performed by them and having regard to the scheme of basic pay and dearness allowance under this award.

Group-In-Charge

5.276. There is a demand by the All India State Bank of India Staff Federation that a group-in-charge should be paid a special allowance of Rs. 50 per month as against Rs. 20 per month which is being paid at present by the State Bank of India. This category of employees are employed by the State Bank of India in the Central Accounts Office, Calcutta, Government Accounts Section, Nagpur, and the Central Accounts Sections at four Head Offices. The State Bank of India has replied that the group-in-charge, have to group the statements of entries posted for inter-branch transactions in packets to facilitate balancing that these packets are distributed to clerks for balancing, that over a group of about seven clerks a senior clerk is posted to perform checking duties under the overall supervision of a sub-accountant and that as the duties performed by the group-in-charge are more or less similar to those of a head clerk, an allowance of Rs. 20 per month is being paid to the group-in-charge. It appears that this category did not exist at the time of the Sastry Award. Having regard to the duties performed by them and the scheme of basic pay and dearness allowance I provide for a special allowance of Rs. 27 for this category of workmen.

Agency Clerks

5.277. By a supplementary statement, the Vadodra Rajya Bank Nokar

5.283. Head Cashiers and sub-accountants of the State Bank of India are excluded from the operation of the above provisions.

5.284. Special allowances prescribed for C class banks will also be payable by the banks in the Excepted List.

5.285. Special allowances prescribed above would be in supersession of those prescribed under the Sastry Award as modified.

5.286. Special allowances are payable to employees who are workmen and who would continue to remain as workmen even after the inclusion of the amounts of such special allowances in their wages.

5.287. When an employee falls within more than one category, he would be entitled to receive the special allowance at the highest rate applicable to him.

5.288. It has been urged on behalf of the banks that these special allowances should be paid to the employees only when they are required to perform and when they in fact perform the special duties for the performance whereof these allowances are prescribed and that the special allowances should cease to be payable when the employees cease to perform the special duties for any reason. It is further urged that special allowances are payable when a person is employed whole-time to do specified jobs attracting such allowances. It is also urged that such allowance should not become payable when a person is casually or occasionally asked to do some duty of the type attracting a special allowance. The special allowances which have been awarded are monthly special allowances. They are intended to compensate a workman for the performance of certain duties and the discharge of certain functions which constitute the normal part of the duties performed and the functions discharged by such person. They are not intended to be paid for casual or occasional performance of such duties or the casual or occasional discharge of such functions. It is however not necessary that the person should continue to perform such duties or discharge such functions whole-time. For instance a person who is doing supervisory work need not do the work of supervision all the time in order to be entitled to an allowance.

5.289. A person is entitled to a special allowance so long as he is in charge of such work or the performance of such duties which attract such allowance. Whether a person can be asked to cease to do such work or cease to discharge such duties in order that he may not have such allowance depends upon the terms of his employment. A person who is employed permanently as a head clerk or as a stenographer cannot be deprived of such allowance, at the sweet-will and pleasure of a bank by asking him to work as an ordinary clerk or asking him not work as a stenographer. A person asked to work temporarily in a post carrying a special allowance would be entitled to such a special allowance for such period during which he occupies that post.

5.290. Special allowances would continue to be drawn by a permanent incumbent while on leave.

5.291. Whenever a bank requires an employee to work in a post carrying a special allowance it should be done by an order in writing to avoid any future controversy.

5.292. The special allowances hereby provided are by way of minimum. It is open to any bank to provide higher special allowances. It is also open to a bank to provide a special scale of pay for any category of workmen in lieu of the scale of pay and special allowance provided by this award provided the total remuneration consisting of basic pay under such scale and dearness allowance is not less than what is provided by way of basic pay, special allowance and dearness allowance under this award.

5.293. It is not my intention that banks which are at present paying special allowances to workmen other than those for whom I have provided special allowances should cease to pay such special allowances. They are free to continue to pay the same.

The aforesaid general observations will equally apply to members of the subordinate staff whose case is considered later.

5.294. No further directions seem to me to be necessary.

Special Allowances for Subordinate Staff

5.295. At present the dearness allowance for the subordinate staff is fixed at a flat rate irrespective of the quantum of the basic salary or of the special allowance. Having regard to the existing scheme of dearness allowance applicable to the members of the subordinate staff, no extra amount by way of dearness allowance becomes payable to any person by reason of any special allowance provided for him. Under this award, having regard to the altered scheme of dearness allowance, members of the subordinate staff will be entitled to receive dearness allowance having regard to their basic pay, special allowance, if any, and officiating allowance, if any, payable to them with the result that even if the present special allowances are retained, members of the subordinate staff will receive a larger benefit than before.

Head Cash Mazdoors

5.296. At present the head cash mazdoors are receiving a special allowance of Rs. 5 per month in A Class banks, Rs. 4 per month in B Class banks, Rs. 3 per month in C Class banks and Rs. 2-8-0 per month in D Class banks. A demand is made for a special allowance of Rs. 10 for members of the subordinate staff who handle cash and are designated in banks as cash peons, cash mazdoors, cash coolies and head cash mazdoors in all classess of banks. According to some of the banks, cash peons working in the cash department, performing ordinary duties of members of the subordinate staff and no skill or responsibility is involved in their work. The Bombay Exchange Banks Association has stated that the cash peons, cash durwans accompany

banks' cashiers when cash is taken to or brought from the Reserve Bank or State Bank, Treasury, etc., that they take money orders, insured letters etc., to the post office, buy stamps, and may collect cheques, payments etc. all within specified limits, that they may also be required to deliver or collect valuable securities upto certain limits and that for performance of these duties the Bombay Exchange Bank suggested a special allowance of Rs. 5 and not for other peons working in cash departments in banks who are merely employed to carry books, vouchers, etc., to sew note bundles and carry cash boxes, etc., in the office.

The Sastry Award provides special allowance for head cash mazdoors and also for cash durwans. In my view no case is made out for giving any special allowance to any new category of workmen under the designation of cash peons, cash coolies or cash mazdoors. Having considered all aspects of the matter I direct that the head cash mazdoors will be entitled to receive a special allowance of Rs. 5 per month in A Class banks, Rs. 4 per month in B Class banks and Rs. 3 per month in C Class banks including banks in the Excepted List. No case is made out for awarding any higher amounts.

Watchmen, Chowkidars and Cash Durwans

5.297. A special allowance of Rs. 5 per month in A Class banks, Rs. 4 per month in B Class banks, and Rs. 3 per month in C and D Class banks is now payable to watchmen, chowkidars or cash durwans under the Sastry Award. A demand has been made before me on behalf of these categories of workmen and other employees alleged to be doing the same kind of work but carrying different designations, such as godown chowkidars, godown durwans, godown guards, durwans, guards, sentries and night watchmen, for special allowances of Rs. 10 to Rs. 15 per month. All employees who perform the duties of watchmen, chowkidars or cash durwans will receive the special allowance fixed for watchmen, chowkidars or cash durwans. I am not providing for any new category of workmen.

5.298. There is also a demand by the All India Bank Employees Federation for an allowance of Rs. 10 for warders and Rs. 25 for head or chief warders. It is stated that this category of employees is employed by the Punjab National Bank's head office and it is alleged that they work as watchmen. I fix no special allowance separately for these categories of employees. If their duties are the same as those of watchmen, they would be entitled to the allowance permissible in the case of watchmen.

5.299. By a supplementary statement the All India Bank of Baroda Employees Federation submitted that the watchmen called 'Ramoshis' in the Bank of Baroda are not being given the benefit of all service conditions applicable to the staff doing similar work. It has demanded that there should be no difference between the service conditions of 'Ramoshi' watchmen and other watchmen and that the Ramoshis should be compensated for the loss of benefits denied to them in the past. The Vadodra Rajya Bank Nokar Sangh,

by a supplementary statement, has stated that the Ramoshi watchmen employed by the Bank of Baroda at its various branches were being employed at Rs. 60 per month and were not given the benefit of the provisions of the Sastry Award on the plea that they were not the employees of the bank. It is submitted that Ramoshis were full time permanent employees of the bank, and that they should be entitled to the benefit of the award.

5.300. The Bank of Baroda in reply had alleged that the police Ramoshis were not workmen of the bank and were not covered by the Sastry Award or by this Reference. On 10th October 1961 the parties have come to a settlement in connection with this demand and filed it before me with a request to give an award in terms thereof. I have recorded the settlement arrived at between the Bank of Baroda on the one side and the All India Bank of Baroda Employees Federation and the Vadodra Rajya Bank Nokar Sangh on the other and made an award in terms thereof on 25th December 1961 which has been published in the **Gazette of India**, Part II, Section 3(ii), dated 20th January 1962 at page 271. In view of this settlement, no further directions are necessary.

5.301. Having considered all aspects of the matter I direct that watchmen, chowkidars and cash durwans will be entitled to receive a special allowance of Rs. 5 per month in A Class banks, Rs. 4 per month in B Class and Rs. 3 per month in C Class banks including banks in the Excepted List under this award. No case is made out for giving any higher amounts.

Armed Guards

5.302. Another category for which the Sastry Tribunal has provided special allowance is that of armed guards. A special allowance of Rs. 10 per month in A Class banks, Rs. 9 per month in B Class banks, Rs. 8 per month in C Class banks and Rs. 7 per month in D Class banks has been provided for armed guards. Demands have been made that armed guards should be paid a special allowance the amount whereof ranges between Rs. 15 and Rs. 20 per month. The All India State Bank of India Staff Federation has demanded for Havalgars and Armed guards a special allowance of Rs. 30 per month. Persons who perform the duties of armed guards will be entitled to receive the special allowance provided for armed guards whatever their designation. Having considered all aspects of the matter I direct that armed guards will be entitled to receive special allowance of Rs. 10 per month in A Class banks, Rs. 9 per month in B Class banks and Rs. 8 per month in C Class banks, including banks in the Excepted List. No case has been made for awarding a higher allowance.

Retainers

5.303. A special allowance of Rs. 15 has been demanded for retainers. These are persons whose names are entered as nominees of the bank in the gun licence taken out by the bank, so as to authorise them to carry the gun. As the retainers normally do not carry arms, no special allowance for retainers as such is provided. The retainers will however be entitled to receive the

special allowance fixed for armed guards under this award when they are required to carry with them the arms supplied by the banks and perform the duties of armed guards.

Daftries

5.304. According to the Sastry Award as modified, a special allowance of Rs. 10/- per month in A Class banks, Rs. 9/- per month in B Class banks, Rs. 8/- per month in C Class banks and Rs 7/- per month in D Class banks is payable to daftries. The demand generally made is that this allowance should be increased to Rs. 20/- per month. One union has demanded Rs. 15/- per month. Some unions have demanded Rs. 25/- per month. There is one union which has even demanded a special allowance of Rs. 35/- per month. The All India Bank Employees Association and some unions have demanded that daftries performing the job of record keepers, should be classed as clerks. The All India Bank Employees Federation and some unions have demanded that daftries doing clerical duties should be placed in the clerical grade. The nature of the duties of daftries has not changed since the date of the Sastry Award.

After considering the whole matter I direct that daftries who are members of the subordinate staff will be entitled to receive by way of special allowance Rs. 10/- per month in A Class banks, Rs. 9/- per month in B Class banks and Rs. 8/- per month in C class banks including banks in the Excepted List. No case has been made out for granting higher allowances.

Havaldars, Jamadars, Dafadars, Naiks and Head Peons

5.305. A special allowance of Rs. 15/- per month in A Class banks Rs. 12/- per month in B Class banks, Rs. 10/- per month in C Class banks and Rs. 8/- per month in D Class banks is payable to havaldars, jamadars, dafadars, naiks and head peons, under the existing award. The demands now for special allowances for these categories of employees range between the minimum and the maximum mentioned below :—

	Minimum per month	Maximum per month
	Rs.	Rs.
Havaldars	20	35
Jamadars	15	40
Dafadars	20	25
Naiks	20	25
Head Peons	10	25

The Vadodra Rajya Bank Nokar Sangh has demanded Rs. 15/- per month for Jamadars working at branches and Rs. 20/- per month for Jamadars working at the head office and other main offices of the banks. The All India Bank of Baroda Employees Federation by a supplementary statement has demanded a special allowance of Rs. 20/- per month for 'havaldars' who attend on (1)

deputy managers of the Bank of Baroda office in Fort, Bombay, (2) managers and accountants of the branches which are called "Managers' offices" and (3) branch agents. The Bank of Baroda has opposed the grant of this allowance as it contends that by attending on the officers mentioned by the Federation, the work of a peon does not become more responsible as he still does the work of a peon.

5.306. No special reason has been given for a revision of the special allowances fixed for these categories of employees. Having considered the matter I direct that havaldars, jamadars, dafadars, naiks and head peons will be entitled to receive by way of special allowance Rs. 15/- per month in A Class banks Rs. 12/- per month in B Class banks and Rs. 10/- per month in C Class banks including banks in the Excepted List.

Drivers

5.307. The Sastry Tribunal has fixed a special allowance of Rs. 30/- per month in A Class banks, Rs. 25/- per month in B Class banks, Rs. 20/- per month in C Class banks and Rs. 18/- per month in D Class banks for drivers. Demands have been made for the grant of a special allowance to drivers which vary from Rs. 20/- to Rs. 50/- per month. The All India Bank Employees Federation had, in the first instance, demanded a special allowance of Rs. 35/- for drivers, but in the course of the hearing the Federation amended its demand and made a claim for a special pay scale of "Rs. 110—5—135—6—165—8—265" for drivers in banks in the Federations 'group A' banks and a special pay scale of Rs. 105—5—160—7—230 for drivers .in banks in its 'group B' banks. The All India State Bank of India Employees Federation has also demanded a special scale of Rs. 175— 5—205—6—235—7—242—8—282—9—300 for drivers in the State Bank of India. The banks in general are opposed to any special grade or grades or any increase in the existing allowance for drivers. The Northern India Banks' Association has however submitted that drivers should be paid a special allowance of Rs. 25/- per month. The remuneration payable to drivers generally depends upon the ability, skill and efficiency of the drivers. What has been prescribed by the Sastry Tribunal is the minimum special allowance payable to any driver employed by a bank in addition to what he is entitled to get as a member of the subordinate staff, banks being at liberty to pay a higher special allowance if they so desire. Having considered this matter I direct that drivers will be entitled to receive by way of special allowance Rs. 30/- per month in A Class banks Rs. 25/- per month in B Class banks and Rs. 20/- per month in C Class banks including banks in the Excepted List. No case has been made out for the grant of higher special allowances to them or for separate grade or grades for them.

Head Messengers

5.308 The Sastry Tribunal has fixed for head messengers a special allowance of Rs. 30/- per month in A Class banks, Rs. 25/- per month in B

Class banks, Rs. 20/- per month in C Class banks and Rs. 18/- per month in D Class banks. Head messengers are employed by the State Bank and few other banks. There is now a demand for revision of this special allowance by raising it to Rs. 40/- by the State Bank of India Employees Association, Bengal Circle. All other workmen's organisations have demanded a special allowance of Rs. 35/- per month. The special allowances for head messengers are the same as those for drivers and electricians in banks. No case has been made out for increasing the quantum of allowance which the head messengers are now receiving. Having considered the matter I direct that head messengers will be entitled to receive by way of special allowances of Rs. 30/- per month in A Class banks, Rs. 25/- per month in B Class banks and Rs. 20/- per month in C Class banks including banks in the Excepted List. No case has been made out for the grant of higher special allowances to them. There is a demand for a special allowance of Rs. 25/- for deputy head messengers by the State Bank of India Employees Association (Bengal Circle) and the State Bank of India Employees Association (Delhi Circle). No case has been made for the grant of a special allowance to this new category of workmen.

Electricians

5.309. As a result of the modification of the Sastry Award by the Labour Appellate Tribunal, electricians get a special allowance of Rs. 30/- per month in A Class banks, Rs. 25/- per month in B Class banks, Rs. 20/- per month in C Class banks and Rs. 18/- per month in D Class banks. Demands have been made for the grant of a special allowance which varies between Rs. 25/- and Rs. 50/- per month. The All India Bank Employees Federation had originally demanded a special allowance of Rs. 35/- per month, but by an amendment of its claim it has demanded that electricians should be allowed the same scale as that provided for clerks.

5.310. Shri Vajifdar, an electrician of the Chartered Bank, Bombay, submitted that he was a qualified electrician having passed the P.W.D. Supervisory Examination, that he was taken up in the Chartered Bank's service in 1947 on a starting salary of Rs. 100/- per month plus allowances with a promise that his salary would be raised substantially, that the bank gave him for some years double increments in the clerical grade but later on the bank continued to give him only a single increment in the clerical grade and that as his demands were not specifically put forth by the All India Bank Employees Association to which he had made a representation, he had asked for adjudication of the following demands :—

“Scale of salary for :

- (a) Electricians who have passed the Supervisory Diploma Examination of the P.W.D. may be paid at least Supervisory Grade;
- (b) Insurance,

- (c) Tools and instruments for safety device as we work on live wires.
- (d) The present illegal electricians designated by the banks to work under Authorised Electricians as per Government Rule No. 45 of the Indian Electricity Act, 1956 directly under Qualified Electricians (P.W.D. Passed Supervisors) all the time.”

At a late stage of the hearing, Shri S. K. Irani, Advocate, appeared on behalf of electricians in general and for Shri Vajifdar. Shri Irani did not indicate the actual grade that should be provided for employees with Shri Vajifdar's qualifications. The present special allowance is not intended to provide for qualified men like Shri Vajifdar. Few banks employ qualified men like Shri Vajifdar. The present allowance is meant for members of the subordinate staff. Enough material has not been placed before me to provide for any special grade for qualified men like Shri Vajifdar. Banks are at liberty to provide for qualified men like Shri Vajifdar such grades or such allowances as they think proper. I am providing for electricians belonging to the subordinate grade, the same allowances as those provided for drivers in different classes of banks. No case has been made out for providing higher allowances or a separate grade for them.

Press Staff of the State Bank of India

5.311. There is a small printing press in the Calcutta local head Office of the State Bank of India wherein 2 compositors, 2 press-men, one impositor **cum**-distributor and one inker have been employed. The All India State Bank of India Staff Federation has made a claim for a special scale of pay of Rs. 175—5—205—6—235—7—242—8—282—9—300 for compositors, distributors and press-men. The State Bank of India Employees' Association, Bengal Circle, has demanded a special allowance of Rs. 50 for compositors and a special allowance of Rs. 40 for impositors and ink-men. The State Bank of India Employees' Association, Delhi Circle, has demanded a special allowance of Rs. 25 per month for compositors and Rs. 20 per month for impositors and ink-men. Compositors, press-men, impositor-**cum**-distributors and inkers are at present receiving emoluments payable to members of the subordinate staff under the Sastry Award. No special allowances are granted to them. Wage scales were first fixed for them by the Gupta Award but when the Sastry Award came into operation, these employees opted for the scales of pay, etc., of the Sastry Award as modified. Their position under the Sastry Award and the Gupta Award is shown below :—

	Present Pay Scale under Sastry Award, as modified	Pay scales under Gupta Award
Compositor	Rs. 40—2—54—1—70—2—72 (E.B. at Rs. 66/-)	Rs. 45—3—90
Pressman	Do.	Rs. 30—2—60
Impositor- cum -Distributor	Do.	Do.
Inker	Do.	Do.

Dearness allowance at Rs. 53.12 nP. per month is being drawn by the above employees as against Rs. 25/- per month under the Gupta Award.

The State Bank of India is opposed to the special scale demanded for compositors, distributors and pressmen. Except the inker (ink-man) the duties of other employees require substantially higher degree of skill than the skill required of ordinary members of the subordinate staff and it is but fair that they should be compensated by special allowances. In the former State of Bombay under a Notification dated 18th January 1956, the Government had prescribed minimum wages in respect of similar categories of employees under the Minimum Wages Act, 1948 as under :—

Compositors	Rs. 95/- per month.
Treadle-Pressmen or Plate men	Rs. 90/- per month.
Distributors	Rs. 80/- per month.
Helpers	Rs. 45/- per month upto the age of 18. Rs. 55/- per month between the age of 19 and 21, and Rs.65/- per month of 22 years and above.

In the Award relating to printing presses and newspapers, Shri Merchant, Industrial Tribunal at Bombay had prescribed the following scales of wages:—

Compositors	Grade I :Rs. 120—5—150 Grade II :Rs. 80—5—115 Grade III :Rs. 60—4—80
Distributors	Rs. 45—3—60
Helpers	Rs. 30—2—60

These wage scales are effective from 1st July 1948. The dearness allowance awarded by the Merchant Tribunal was at the following rates :—

Upto Rs. 100	Rs. 40/ per month.
Rs. 101 to Rs. 150	Rs 40/- plus 30 per cent of the salary between Rs. 100/- and Rs. 150/- i.e. Rs. 55/- on a salary of Rs. 150/-per month.

The scheme of dearness allowance is also in force from 1st July 1948.

5.312. In view of the smallness of the printing press at the Calcutta local head office of the State Bank of India and the nature of the duties performed by them, I direct that compositor, pressman and impositor-**cum**-distributor will be entitled to receive the following allowances :—

Compositor	Rs. 30/- per month.
Press-men	Rs. 20/- per month.

Impositor-**cum**-distributor Rs. 10/- per month

No special allowance is fixed for the inker (ink-man) as the inker belongs to the unskilled category of workmen and the emoluments available under this award for a member of the subordinate staff are considered to be sufficient remuneration. No case is made out for providing a special scale of pay for any of these categories of workmen.

Air Condition (Machine) Operators

5.313. Workmen in general have demanded a special allowance of Rs. 50/- per month for air condition (machine) operators. The All India Bank of Baroda Employees Federation has, however, demanded a special allowance of Rs. 75 for "Air Condition Operators-cum-Electricians" in the Bank of Baroda. The All India Bank Employees' Federation had first demanded a special allowance of Rs. 35 but by an amendment of its claim, it has demanded for the air conditioning machine operators also the same scale as for clerks. The Indian Banks Association has stated that it is the duty of an air condition (machine) operator that he should switch on and off the air conditioning room units and adjust temperature controls and that no special skill or responsibility is involved in this work. The State Bank of India has stated that the demand made by the All India State Bank of India Staff Federation in respect of such person employed by it has since been withdrawn by the Federation. In my view no case is made out for the grant of any special allowance or a clerical grade for this category of workmen.

Machine Operators

5.314. An allowance of Rs. 35 has been claimed by the All India Bank Employees' Federation and few other unions for machine operators. The employees have led no evidence about the nature of the work of the machine operators. The Indian Banks Association has stated that the workmen had demanded a special allowance for this category of employees before the Sastry Tribunal also but it was not granted. No case has been made out for the grant of a special allowance to machine operators in general and the demand is rejected.

Cyclostyle Machine Operator

5.315. There is a demand for a special allowance of Rs. 10 for the cyclostyle machine operators or the Gestetner machine operators. Some of the employees who do this work are being given an allowance of Rs. 5 to Rs. 10 by some banks. Under an agreement with the workmen, the National and Grindlays Bank Limited is paying Rs. 5 as a special allowance to duplicating machine operators. Having regard to the nature of the work required to be done, in my view, it is necessary that a special allowance should be provided for those who are regularly employed to operate a Gestetner machine or a cyclostyling machine. I accordingly direct that a cyclostyle machine operator regularly employed to operate such machine will be entitled to receive a

special allowance of Rs. 5 per month in A Class banks, of Rs. 4 per month in B Class banks and Rs. 3 per month in C Class banks including banks in the Excepted List.

Typewriter Mechanics

5.316. A special allowance of Rs. 35 was first demanded by the All India Bank Employees Federation and some unions but by an amendment of the claim, the Federation has demanded a clerical scale for this category of employees also. No evidence has been led and no case has been made out for the grant of a special allowance or a special grade for them and the demand is rejected.

Liftmen

5.317. A demand has been made for a special allowance to be paid to lift-men operating lifts in bank buildings. The minimum amount of special allowance demanded is Rs. 15 and the maximum is Rs. 25 per month. It is the submission of the employees that lift-men are performing a technical job and they have cited instances of concerns where lift-men are provided with a scale higher than the one provided for the other members of the subordinate staff. The banks have submitted that this category of employees does not require any special skill. A demand was made for a special allowance for this category of workmen before the Sastry Tribunal but it was disallowed. While rejecting the demand for special allowance for liftmen, the Labour Appellate Tribunal has observed that the duties of a liftman are largely mechanical and that he does not require technical knowledge to such an extent as to entitle him to a special allowance. No case has been made out for the grant of a special allowance to liftmen and the demand is rejected.

Guaranteed Peons

5.318. The All India Bank Employees Association and several other workmen's organisations have demanded a special allowance of Rs. 10 per month for guaranteed peons. The Allahabad Bank Employees Union has demanded a special allowance of Rs. 15 per month for them. The All India Bank Employees Federation has demanded that they should be placed in the clerical grade. According to the banks, guaranteed peons perform the ordinary duties of a member of the subordinate staff in the cash department and they are called guaranteed peons because faithful performance of duties by them is guaranteed by the chief cashiers. No case has been made out for the grant of a special allowance or a special grade for them, and the demand is rejected.

Hundi presenters and Bill collectors

5.319. The All India Bank Employees Association has submitted that "persons carrying on the duties of a clerical nature or of the nature of a cashier, i.e., presenting hundies, bills etc., and receiving cash on behalf of the banks, be classed as clerks and where nature of job is only to present

the hundies etc., and to carry intimations, etc., be classed as hundi presenters and paid a special allowance" at the rate of Rs. 10/- per month. The All India Bank Employees Federation has demanded that employees designated as hundi presenters should be placed in the clerical grade, but, at the same time, it has also demanded a special allowance of Rs. 20/- per month for them. By and large, there is a demand for special allowance varying between Rs. 10/- and Rs. 20/- per month for hundi presenters. At the time of the hearing, it was stated that hundi presenters are of two types, (1) hundi presenters who are clerks, for whom a clerical grade has been demanded and (2) hundi presenters belonging to the subordinate staff, for whom a special allowance has been demanded. The All India Bank Employees Association submitted that under the Sen Award, the hundi presenters and bill collectors were placed in a scale in between the clerks and the subordinate staff, but the Sastry Award omitted to prescribe any special allowance for them it is also stated that in practice, several banks are allowing a special allowance of Rs. 5/- to Rs. 10/- per mensem to the hundi presenters and bill collectors. The All India Bank Employees Association has given a list of 23 banks wherein clerical salaries are being paid to employees designated as hundi presenters or bill collectors. A list of banks has also been furnished wherein a special allowance of Rs. 5/- is being paid to hundi presenters and bill collectors. In the case of Punjab National Bank it has been pointed out that the bank provides an intermediary pay-scale i.e. the average of the clerks salary and the peons' salary. The New Bank of India pays Rs. 10/- per mensem to hundi presenters and bill collectors. The All India Bank Employees Federation has submitted that the hundi presenters for whom a special allowance of Rs. 20/- had been demanded, present hundies and intimations of bills and documents to the constituents and secure their acceptance. The Indian Banks Association has stated that the hundi presenters present bills or cheques drawn on local parties to them and obtain their acceptance, where necessary, and normally bills are payable at the bank's counter. About bill collectors, the Association has stated that they collect payment of bills drawn on local parties and that usually payment of such bills is made by the parties by cheques. The Association does not think that there is any special skill or responsibility involved in the work of hundi presenters and bill collectors. About the hundi presenters and bill collectors the Bombay Exchange Bank has stated that these are members of the subordinate staff who present bills of exchange on local parties within certain areas and their work is of the same nature as that of dak peons. They submit that clerical grade was not justified for this category of employees. It has stated that normally all bills are payable by the parties at the bank and in a few cases where it is necessary to collect payment, the work is generally performed by a clerk.

5.320. Persons who are called hundi presenters and bill collectors do different work in different banks. There is no standardisation of duties. The work of some of them involves a greater degree of responsibility than that of

others. In some banks clerks are employed to do the work of presenting hundies and documents and recovery of moneys. The work done by clerks is generally of a more responsible nature. It is not possible to lay down that only the members of the clerical staff should be employed to do all the work that is being done by hundi presenters and bill collectors at present or that any one who is entrusted with the work of presenting hundies or bills should be put in the clerical cadre. There are many members of the subordinate staff who do the work in connection with presenting hundies and bills which does not call for a special allowance. There are, however, some workmen who are entrusted with such work as would call for a special allowance and in fact some banks are paying such special allowance. I direct that members of the subordinate staff who are generally employed to present hundies, bills or documents and are also authorised to collect money even if it be to a limited extent will be entitled to receive a special allowance of Rs. 10 per month in A and B Classes of banks and of Rs. 5 per month in C Class banks including banks in the Excepted List.

Assistant Jamadars

5.321. An allowance of Rs. 20/- per month has been generally demanded for assistant jamadars. The State Bank of India Employees Association, (Bengal Circle), and the State Bank of India Employees Association (Delhi Circle) have demanded a special allowance of Rs. 25/- per month. Some banks are paying a special allowance of Rs. 15 per month to assistant jamadars, assistant havildars and naiks. It is urged that the duties of assistant jamadars are the same as those of the naiks. No evidence has been led about the same. If that be so, the category of naiks will cover them. No case has been made out for providing a special allowance for a new category of workmen.

Record Suppliers, Sorters in the Stationery Department and those in charge of Record

5.322. There are demands for special allowances for record-suppliers, sorters in the stationery department and for those who are in charge of the record. The allowances demanded are from Rs. 20/- per month to Rs. 50/-per month in the case of record-suppliers, from Rs. 20/- per month to Rs. 25/- per month in the case of sorters in the stationery department and Rs. 25/- per month in the case of those in charge of the record. It may be stated that the All India Bank Employees Association and the All India Bank Employees Federation have not made any demand in respect of these categories of workmen. No case has been made out for the grant of any special allowance to any of these categories of workmen and the demand is rejected.

Cycle Peons

5.323. There is a demand for a special allowance for cycle peons and the amount of special allowance demanded ranges from Rs. 7/- to Rs. 15/- per month. No case has been made out for a special allowance for this

category of workmen and the demand is rejected.

Cleaners, Caretakers and Pressmen attending copying work

5.324. The Vadodra Rajya Bank Nokar Sangh has demanded a special allowance of Rs. 15 per month for cleaners, caretakers and pressmen who attend to copying work. No evidence was led in support of this demand. No case has been made out for the grant of any special allowance to any of these categories of workmen and the demand is rejected.

Godown Department Peons

5.325. A special allowance of Rs. 10/- per month has been demanded by the Cochin Commercial Bank Employees Association for godown department peons. No evidence has been led in support of this demand. No case has been made out for the grant of any special allowance for this category of workmen and the demand is rejected.

5.326. I lay down the following minimum special allowances for the following categories of the members of the subordinate staff :—

Categories of employees	Class of banks		
	A Rs.	B Rs.	C Rs.
1. Head cash mazdoors	5	4	3
2. Watchmen, chowkidars and cash durwans	5	4	3
3. Armed guards	10	9	8
4. Daftries	10	9	8
5. Havalendars, Jamadars, dafadars, naiks and head peons	15	12	10
6. Drivers and head messengers	30	25	20
7. Electricians ...	30	25	20
8. Compositors in the State Bank of India	30	—	—
9. Pressmen in the State Bank of India	20	—	—
10. Impositor-cum-distributor in the State Bank of India	10	—	—
11. Cyclostyle -machine operators, regularly employed to operate such machine	5	4	3
12. Hundi presenters and bill collectors who are authorised to collect money	10	10	5

The special allowances prescribed above for C Class banks will also be payable to employees in banks in the Excepted List. The special allowances prescribed above would be in supersession of those prescribed under the Sastry Award as modified. When an employee falls within more than one category, he would be entitled to receive the special allowance at the higher rate applicable to him. The general observations made in the case of the other categories of workmen in connection with special allowances will also apply to the members of the subordinate staff.

5.327. There is no other category of workmen for whom a case is made out for the grant of any special allowance.

5.328. There are a number of categories for which special scales or grades of pay have been demanded. No case has been made out for providing such special scales or grades or pay for them. Save as otherwise provided in this award the demands which have not been specifically dealt with or granted should be deemed to have been refused.

(xxv) Method of adjustment in the scales of Pay

5.329. The All India Bank Employees Association has submitted that the existing employees should be fitted into new scales of pay as follows :—

- “(1) The present salary for the purpose of adjustment shall mean the salary which an employee would be drawing on the date from which this Honourable Tribunal’s award would be made effective;
- (2) In no case the present salary of an employee shall be reduced;
- (3) As regards the monetary benefits enjoyed by the employees in any case and at no stage of an employee’s career should his total emoluments be less than the totality of such benefits under the existing scheme, rule or Awards and the subject to this principle a bank may be allowed to adjust such benefits in the light of the requirements of this Tribunal’s Award.
- (4) If the salary of an employee will be less than the minimum of the new scale of pay which would be made applicable to him his present salary should be brought upto the minimum of the new pay scale in the first instance.
- (5) Then all employees should be fitted in the new scales of pay at a point corresponding to the number of years of service they have put in the respective grades.
- (6) Where a workman has received an additional increment or increments in his basic pay at the initial start or by way of special promotion later on his length of service shall be taken to be the period which would ordinarily be necessary to bring the workman with the usual initial start without additional increments to that basic pay as on 31st January, 1950 in the then existing scale.”

5.330. It has further pleaded that on upgradation of banks “salaries of employees should be readjusted in the scale of pay pertaining to such higher class by grant of as many increments in the relative scales of pay as necessary to make up the gap between the starting salary in the scales of pay prescribed for the class within which the change has occurred.”

5.331. The All India Bank Employees Federation and the Vadodra Rajya Bank Nokar Sangh have submitted that it was well established that appropriate adjustment of the existing salaries of the employees into the revised scales of pay should be granted with particular reference to the length of service of the employees, that the most equitable method of adjustment would be on

point to point basis having regard to the length of service of the employees to compensate them for the inadequate increments in the past and greater family responsibilities of senior employees, that a large number of employees have not been given increments on account of their having reached the maximum of the grade for a number of years, that they should also be given special increments and adjusted in the revised grades and that in the revised scales of pay, in any event efficiency bar should not be applied while adjusting the salaries of the employees. They have stated that the adjustments granted in the modified Sastry Award were not adequate, more so for the senior employees.

5.332. The All India State Bank of India Staff Federation, the State Bank of India Staff Union, Andhra Pradesh and the All India Bank of Baroda Employees Federation have made claims in this respect similar to those of the All India Bank Employees Association.

5.333. The State Bank of India Employees Association (Bengal Circle) and the State Bank of India Employees Association (Delhi Circle) have claimed that (a) point to point adjustment should be given, (b) an employee’s total emoluments as on 31st March 1959 should not be reduced in any case and (c) subject to this an employee shall be fitted into the new scales by putting him at a stage where the total pay and dearness allowance drawn by him under the present scales at least equals or is next above in the total pay and dearness allowance under the new scale. They have stated that ‘pay’ includes basic pay, special allowance and officiating allowance.

5.334. The State Bank of Patiala (All Cadres) Employees Association has claimed that an employee should be adjusted into the new scale of pay on point to point basis (pay includes basic pay plus dearness pay), that the total emoluments of an employee which he is drawing on the 31st March 1960 should not be reduced in any case and that he should be adjusted into the new scale of pay by putting him at a stage where the total pay and allowances drawn by him under the existing scale at least equals or is next above in the total of the pay and the allowances under the new scale.

5.335. The South Gujarat Bank of Baroda Employees Union has submitted that point to point adjustment should be granted to all the employees irrespective of the length of service, that the employee should be “so fitted in the new awarded scale that where the total of pay and dearness allowance drawn by him under the present scales at least equals or is next above in the total of pay and the dearness allowance under the new scales”, that an employee’s total emoluments as on 31st March 1959 should not be reduced in any case, and that in no case employees reaching the maximum should be staggered, but they should continue to draw the increments in the supervisory grade demanded by the Union. It has also submitted that the special allowances should be added after adjustments have been made.

5.336. The Cochin Commercial Bank Employees Association has **inter alia** claimed that any special increments or higher starts or higher basic pay

at the time of recruitment or afterwards should be retained while giving point to point adjustments.

5.337. The Indian Banks Association has submitted that the method of adjustment suggested by the employees showed that what they wanted was not only point to point adjustment but something more. It has stated that numerous Industrial Tribunals have time and again rejected the demand for point to point adjustment. It has further stated that there was no scope whatever for any adjustment, much less point to point adjustment.

5.338. As regards the claim for adjustment on upgradation of a bank, the Association has pleaded that when a particular bank moves from a lower class to a higher class, there was no scope or occasion for making any adjustments, that in fact neither the Sastry Tribunal nor the Labour Appellate Tribunal thought it necessary to prescribe for such adjustments and this was for a very good reason, namely, that the mere increase of working funds above a particular limit did not necessarily indicate that prosperity which would justify undertaking a heavy financial liability consequent upon readjustment in salary scales, that the Sastry Tribunal as modified laid down one combined running scale for all classes of banks, that the scale was again split up into different sections to meet the requirements with regard to each class of banks and each area, that these scales were based on logical and scientific principles and that they did not need any adjustments being made when any particular bank moves from one class to another.

5.339 The Bombay Exchange Banks Association has pleaded that the workmen were not only claiming point to point adjustment in the grade but desire their emoluments in excess of such adjustment to be protected. It has submitted that there was no case for considering a revision of existing pay scales and the question of adjustment, therefore, did not arise, that assuming that the Tribunal was disposed to make some revision in the scale, in view of the fact that time or incremental scales have been in existence and suitable adjustments were made by the Sastry Award as modified, no question could arise of any adjustment and certainly not point to point adjustment in the grade, and that if there was to be an adjustment at all, it should merely be to fit the workman in the scale if he was not in a step in the scale on the date fixed in the Award. It has submitted that Industrial Tribunals grant or refuse to grant adjustments on certain well-settled principles, that the first principle is that as a rule, point to point adjustment should not be allowed and the second principle is that adjustments by way of granting increments should only be considered if the facts are that there have either been no scales of wages in existence before and workmen have not received reasonable increments or the scales are radically revised and the adjudicator is of opinion that the workmen have not received a fair deal in the past and that in the present case none of the above principles can be invoked and therefore in the circumstances no question arises of adjustment.

5.340. The State Bank of India has submitted that point to point

adjustment is not allowed as a rule by Industrial Tribunals, that such a demand was rejected by the Sastry Tribunal, that the principles on which adjustment directions are given are well-settled and that applying those principles to the present case not only is point to point adjustment ruled out but also any other form of adjustment, except placing an employee in a step in any revised scale of wages if he is not already in step. It has further submitted that the demand that an employee's total emoluments as on 31st March 1959 should not be reduced was contradictory to the demand for revised pay scales and dearness allowance, that for purposes of adjustment into salary scales, dearness allowance was not taken into account unless a consolidated wage scale was awarded, that it is the basic wage that has to be adjusted into any revised scale, the dearness allowance being ignored, that when considering the fairness or reasonableness of a wage structure, it is well-settled that the total emoluments and benefits received or receivable by an employee are most relevant and the similarly for purposes of adjustment, special allowance and officiating allowance cannot be taken into account unless the Tribunal merges these allowances into the basic wage.

5.341. The State Bank of Patiala has submitted that the demand for point to point adjustment was unreasonable and unacceptable, that the unreasonableness of the demand was accentuated by the further demand that pay should include basic pay plus dearness pay, latter pay being one of the peculiar features in the bank. The bank has submitted that in the case of existing employees, the adjustment granted in 1958 was generous and that there was no need to grant any more adjustment.

5.342. The Northern India Banks Association has submitted that the method of adjustment of the salaries as provided under the Sastry Award was fair and equitable and that no deviation for it be made. It has also submitted that the wage structure of employees in the banking industry was fixed on the basis of time scale, that if a new time scale was fixed in accordance with the suggestion made by them, each employee should be given a basic wage in the new scale corresponding to his wage at the time of introduction of the new scale and that in cases when no exact fitting of the employee's wage was possible, he should be entitled to the next higher step in the scale.

5.343. As regards the adjustment on upgradation of a bank the Association has submitted that movements to the higher class should involve only the raising of the minimum starting salary applicable to a bank of that class, that the acceptance of the proposal made by the All India Bank Employees Association would impose an unconscionably huge burden on the bank, which would greatly cripple its earning capacity, that this is all the more so because the movement of a bank to a higher class is nearly in all cases the result of a programme of expansion and development, which itself inevitably involves an abnormal increase in expenditure, and that apart from the individual interest of the bank, it is in the larger national interest that such a proposal be not accepted, as development or banking would thereby be

seriously hampered

5.344. The National Bank of Lahore Ltd. has submitted that the method of adjustment claimed was too much one-sided, that the application of the benefits of the award retrospectively was rather not in keeping with good business and that the method of adjustment should be such which was in consonance with justice, both to the employer and the employee. The bank has further submitted that all benefits awarded to the workmen should be made applicable only prospectively.

5.345. The Travancore Cochin Bankers Association has submitted that the present pay scales and emoluments may be allowed to continue and the question of adjustment in the scales of pay does not arise, that, however, if any award is made, then in regard to the method of adjustment of the existing staff, the conditions stipulated in para 292 of the Sastry Award may be incorporated subject to an amendment that past service may be accounted in the manner given below :

“In the case of existing workmen, one increment may be allowed for every completed 5 years of service”.

5.346. The Bharatha Lakshmi Bank has submitted that it was willing to accept items (1) to (4) of the claim presented by the All India Bank Employees Association. It has further submitted that items (5) and (6) for weightage etc. should not be made applicable to it. The Jaya Laxmi Bank has submitted that if an employee at present gets less than the minimum as per the new award, he should be fitted into the grade without giving any retrospective effect.

5.347. I am providing by this award that the provisions herein contained relating to the scales of pay, dearness allowance, special allowance and officiating allowance will come into operation from the 1st day of January 1962 and the workmen will have to be fitted in the new scales of pay as from 1st January 1962. For the aforesaid purpose workmen employed in banks who are before me may be broadly classified into two groups. The first group consists of workmen who were drawing basic pay on 1st January 1962 according to the scales of pay provided by the Sastry Award as modified either by virtue of the binding character of the provisions of the Sastry Award as modified or by reason of the banks concerned having adopted as a result of agreement or otherwise the scales of pay provided by the Sastry Award as modified. The second group consists of workmen who on 1st January 1962 were employed in banks which are not governed by the provisions of the Sastry Award as modified and who were not drawing basic pay on the footing of the scales of pay provided by the Sastry Award as modified.

5.348. I will first deal with the cases of persons falling within the first group. Having carefully considered all aspects of the matter including the method adopted for fixing the new scales of pay, I direct that these workmen be fitted in the new scales of pay from 1st January 1962 on what I may call

stage to stage adjustment basis i.e. a workman who was drawing a basic pay at particular stage in the time scale provided by the Sastry Award as modified hereinafter called the “existing scale” will draw the basic pay at the same stage in the new scale applicable to him provided under this award. A workman may have reached a particular stage in the existing scale as a result of years of service put in by him or as a result of any extra or advance increments that may have been given to him or as result of his progress being retarded by reason of disciplinary or other action taken against him by way of stoppage of increments in the past. There may be other circumstances affecting him which might account for the particular stage in an existing scale reached by him. Whatever may be the stage which he may have reached in the existing scale as on 1st January 1962 will be the stage in the new scale of pay in which he will be fitted. In order to arrive at the basic pay of a workman as on 1st January 1962 in the new scale of pay the number of stages which the workman has covered in the existing scale will be deemed to have been covered by the workman in the new scale of pay e.g. a clerk employed in an A Class bank in Area I who was entitled on 1st January 1962 to a basic pay of Rs. 140 which is at the 10th stage in the existing scale of pay viz. Rs. 85-5-100-6-112-7-140-8-164-9-227 E.B.-9-245-10-265-15-280 will be entitled as on 1st January 1962 to a basic pay of Rs. 204 which is at the 10th stage in the new scale of pay applicable to him, viz. Rs. 140-6-182-11-281-13-307-15-322-E.B.-15-337-16-369-18-405. If by any chance a workman in the existing scale of pay is drawing by way of basic pay an amount which does not coincide with any particular stage in the existing scale of pay but it falls between two stages in the scale of pay, then he will be deemed to have reached the higher stage in the scale of pay.

5.349. After a workman is fitted as aforesaid, a question will arise about the time when the increments in the new scale of pay should generally fall due. For this purpose, I direct that the increments in the new scale will generally fall due on the same date on which the increments would have fallen due in the existing scale if the existing scale had been preserved so that the period of service since the date of the last increment in the existing scale will be available to the workman for the purpose of calculating the period for obtaining an increment in the new scale of pay.

5.350. As a result of the provisions of this award, D Class banks will be deemed to have ceased to exist as from 1st January 1962 and the workmen who were drawing basic pay on the scales of pay applicable to D Class banks will be fitted in the new scales of pay applicable to C Class banks under this Award except where any bank in the D Class has been put in the Excepted List. The workmen who are drawing pay in accordance with the existing scales of pay applicable to (i) C-2 and C-1 Class banks, (ii) B Class banks and (iii) A Class banks will be fitted in the new scales of pay applicable to (i) C Class banks, (ii) B Class banks and (iii) A Class banks respectively under this award. The workmen who have been employed by D Class banks

now falling within the Excepted List of banks will be fitted in the new scales of pay applicable to banks in the Excepted List.

5.351. As a result of the extinction of Area IV and the upgradation of places falling in various Areas as from 1st January 1962 workmen employed at places in Area IV and other Areas according to the Sastry Award as modified will be fitted in the new scales of pay applicable to the areas in which such places fall under this award.

5.352. In all the aforesaid cases the principles of adjustment stated earlier will apply.

5.353. As regards the workmen falling in the second group consisting of persons who on 1st January 1962 were employed in banks which are not governed by the provisions of the Sastry Award as modified and who were not drawing basic pay on the footing of the scales of pay provided by the Sastry Award as modified having considered all aspects of the matter, I give the following directions.

5.354. The workmen will as on 1st January 1962 be first fitted in the appropriate scales of pay provided under the Sastry Award as modified having regard to the working funds of the banks concerned and having regard to the places where the workmen were employed. Thus the workmen of the American Express Co. Inc. employed in its office at Bombay will have to be fitted into the pay scales applicable to A Class Banks in Area I under the Sastry Award as modified.

5.355. After the workmen have been notionally so fitted, they will again be refitted into the new scales of pay provided under this award on the basis of the provisions applicable to workmen in the first group set out above.

5.356. For the purpose of fitting the workmen into the scales of pay provided under the Sastry Award as modified I am giving directions similar to those provided under the Sastry Award as modified subject to certain changes which I consider to be necessary having regard to the lapse of time after the coming into force of the provisions of the Sastry Award as modified. For the aforesaid purpose of fitting the workmen in the scales of pay provided by the Sastry Award as modified, I give the following directions :—

For workmen who entered service of the bank before 1st January 1959.

- (i) The workman's basic pay as on 1st January 1959 shall not be reduced in any case.
- (ii) Subject to rule (i) the adjusted basic pay in the scale provided in the Sastry Award as modified shall not exceed what point to point adjustment would give him or the maximum in the scale provided by the Sastry Award as modified.
- (iii) In the matter of adjustment, all efficiency bars, whether in the previously existing scales or in the scales provided by the Sastry Award as modified, should be ignored.

(iv) Subject to rules (i) to (iii) a workman's basic pay in the scale provided by the Sastry Award as modified shall be fixed in the following manner :—

- (a) A workman shall first be fitted into the scale of pay of Sastry Award as modified by placing him at the stage in the Sastry Award scale as modified equal to, or next above his basic pay as on 1st January 1959 in the scale then in force in the bank concerned (hereinafter called the bank's scale).
- (b) To the basic pay into which he is fitted under clause (a) annual increment or increments in scale provided by the Sastry Award as modified as from that stage onwards should be added at the rate of one increment for every completed three years of his service in the same cadre as on 1st January 1959.
- (c) Such increments shall not however exceed four in number.
- (d) After adjustments are made in accordance with clauses (a), (b) and (c) **supra**, two further annual increments in the scale provided by the Sastry Award as modified will be added thereto for service for the two years of 1960 and 1961.

(v) (a) Where a workman received an additional increment or increments in his basic pay either at the initial start or by way of special promotion later on, his length of service will be taken to be the period which would ordinarily be necessary to bring a workman with the usual initial start without special promotion to that basic pay as on 1st January 1959 in the bank's scale (fractions being rounded off to the nearest integer).

- (b) Similarly, where a workman's increment or increments have been withheld prior to 1st of January 1959, the length of service in his case will be calculated by subtracting the number of years for which the increments have been withheld.
- (c) In the case of former employees of a bank at its branches in Pakistan re-employed in India the aggregate of actual years of service in both areas as adjusted under rule (v)(a) or (b), as the case may be, will be taken to be the length of service.

(vi) The circumstance that a workman has already attained the maximum of the bank's scale and has been at that maximum for some years, shall not in any way affect his right to have his basic pay adjusted in accordance with the above directions.

5.357. The provisions contained in the aforesaid clauses (iv) (b) and (iv) (c) will, however, not apply to the employees of the American Express Co. Inc. This bank would fall in Class A. Even under the provisions of the Sastry Award as modified the corresponding provisions were not applicable to banks falling in Class A. I direct that so far as the employees of the American Express Co. Inc. are concerned, the following provisions will be substituted

for the aforesaid provisions contained in clauses (iv) (b) and (iv) (c) :-

“To the basic pay into which he is fitted under clause (a) the annual increment or increments in the scale provided by the Sastry Award as modified as from that stage onwards should be added at the rate of one increment for every completed three years of service in the same cadre as on 1st January 1959 upto a limit of twelve years’ service; thereafter one increment, for every four years of service upto another eight years’ service, and after that one increment for every five years of service.”

For workmen who joined the service of the bank on or after 1st January, 1959.

The workman shall be fitted into the scale of pay provided by the Sastry Award as modified on a point to point basis as though it had been in force since he joined the service of the bank, provided that his adjusted basic pay is not less than what it would be under a point to point adjustment on the corresponding bank’s scale.

General rules.

- (1) Even after the final adjustment of workmen in the first group and in the second group in the new scales of pay, the efficiency bar in the new scale may apply, but only if the stage for applying it has not been already reached.
- (2) Under the provisions of the Sastry Award as modified, two additional increments in the basic scales of pay have been given for graduation and one increment for passing Part I of the C.A.I.I.B. and C.A.I.B. examinations and another for passing Part II of the aforesaid examinations. The workmen who have not received any such increments will be entitled to be credited with increments as provided in the Sastry Award as modified if they have graduated or passed Part I or Part II of the aforesaid examinations prior to 1st January 1962. Where, however, in any bank’s scale graduates and/or persons who have passed the aforesaid examinations have been started on a higher scale of basic pay, the additional increments granted for graduation or for passing of such examinations are not to be credited.
- (3) Wherever as a result of the adjustment or adjustments as directed above the total emoluments under the new scales made up of basic pay, dearness allowance, special allowance and house rent allowance fall short of the total emoluments of any workman under the above heads as on 1st January 1962, the difference shall be given to him by way of an additional allowance to be called “temporary adjustment allowance” until such difference is fully absorbed by future increments in the new scale of pay. (The right of any bank to stop annual increments is not to be affected by this

rule).

- (4) For the purpose of making the requisite adjustments and making payments on account thereof, banks shall have a maximum period of five months’ time from the date when this award becomes enforceable under the provisions of section 17A of the Industrial Disputes Act, 1947.

5.358. In future whenever a bank as a result of the increase in its working funds as provided in this Award is upgraded, the workmen then employed in the bank will have to be fitted in the scales of pay applicable to the class to which the bank has been upgraded. For the aforesaid purpose the principles enunciated above of stage to stage adjustment should be employed.

5.359. When a bank gets downgraded as a result of the decrease in its working funds as provided in this award, then the workmen then employed in the bank will have to be fitted into the scales of pay applicable to the class in which the bank will fall. For the purpose of fitting the workmen into such scales of pay, the aforesaid principles of stage to stage adjustment should be employed. Following the Sastry Tribunal, I have already provided in paragraph 4.126 that the change over should not adversely affect the then existing employees. The Sastry Tribunal has amplified the aforesaid provision by laying down that the change over should not adversely affect the total emoluments of the then existing employees drawn by them on the date of the said change over and that by total emoluments was meant basic pay, dearness allowance, house rent allowance and such other allowances which were given in recognition of higher types of work. In order that workmen may not be so adversely affected I direct that the amount of the difference between the total emoluments consisting of basic pay, dearness allowance, house rent allowance and special allowance, if any, immediately before and immediately after such downgradation should be given to the workman by way of an additional allowance to be called “temporary adjustment allowance” until such difference is fully absorbed by future increments in the altered scale of pay (The right of any bank to stop annual increments will not be affected by this provision).

5.360. Provisions similar to those laid down above will apply **mutatis mutandis** when a place subsequently falls within a higher or a lower area.

5.361. As regards workmen who have joined service between 1st January 1962 and the date when this award becomes enforceable under the provisions of section 17A of the Industrial Disputes Act, 1947, they will be fitted into the new scales of pay on the same principles as those set out above from the dates when they respectively joined service.

(xxvi) Reliefs

5.362. As a result of the abolition of separate Area IV, if no relief was granted to banks other than banks in the Excepted List, there would be a sudden rise in the burden which the banks would have to bear in connection

with basic pay and dearness allowance and in connection with provident fund contribution and other benefits granted to workmen which are dependent on the amount of basic pay. At the all-India working class consumer price index No. 123 (1949 = 100), the total emoluments consisting of basic pay and dearness allowance which would be payable to the members of the clerical staff and the subordinate staff in Area IV in the first year of service by various classes of banks under the Sastry Award, as modified are given in the table below. The total emoluments consisting of basic pay and dearness allowance that would be payable to those very employees except those employed in banks in the Excepted List at the same index number under this award, if no relief was granted, are also indicated in the said table.

								Total emoluments under the Sastry Award as modified payable in the 1st year of service in Area IV.	Total emoluments under this award payable in the 1st year of service in Area III, if no relief was granted.
CLASS OF BANKS									
A	B	C-1	C-2	D	A	B	C		
<i>Clerical Staff</i>									
99.90	90.90	87.90	87.90	84.90	138.00	128.80	19.60		
<i>Subordinate staff</i>									
65.25	57.00	42.50	42.50	40.50	88.80	81.60	74.40		

In view of the large difference between the two sets of emoluments, I consider that the burden should not fall upon the banks all of a sudden but should fall gradually, so that the banks should be able to adjust themselves to the new scales of pay and dearness allowance. I accordingly direct that all workmen who immediately prior to the date when this award becomes enforceable under the provisions of section 17-A of the Industrial Disputes Act, 1947 were entitled to receive basic pay according to the scales of pay applicable to Area IV under the Sastry Award as modified should, after they are fitted in the new scales of pay applicable to Area III, be paid by way of basic pay and dearness allowance, (i) from 1st January 1962 till the end of the year 1962, 20 per cent less than what they would otherwise have received but for the relief hereby granted, (ii) from 1st January 1956 till the end of the year 1963, 15 per cent less than what they would then have been entitled to receive if no relief had been granted from the very commencement (i.e. from 1st January 1962), (iii) from 1st January 1964 till the end of the year 1964, 10 per cent less than what they would then have been entitled to receive if no relief had been granted from the very commencement (i.e. from 1st January 1962), and (iv) from 1st January 1965 till the end of the year 1965, 5 per cent less than what they would then have been entitled to re-receive if no relief had been granted from the very commencement (ie) from 1st January 1962). From and after 1st January 1966 they will receive the same amount which they would

otherwise have received but for the reliefs hereby granted. The reliefs provided as aforesaid will also be available in respect of workmen to whom the provisions of the Sastry Award as modified do not apply and who were employed at places falling within Area IV immediately prior to the date when this Award becomes enforceable. Notwithstanding anything herein contained no such workman will be paid a lesser amount by way of total emoluments consisting of basic pay and dearness allowance than what he would have received if this award was not made applicable to him. The amount of such difference will be paid to him by way of special adjustment allowance until the same is fully absorbed by reason of the increasing amounts becoming payable to him by way of basic pay and dearness allowance under this award.

5.363. In order that there may not be any distinction between workmen who may be newly employed by banks for service at places in erstwhile Area IV during the aforesaid years 1962, 1963, 1964 and 1965 after the date when this award becomes enforceable and the workmen who were in employment of banks upto that date, I direct that banks will be entitled to pay to all such newly recruited workmen working at places in the erstwhile Area IV for the aforesaid years the same amounts which are directed to be paid to workmen referred to in the preceding paragraph working at places in erstwhile Area IV. This relief will also provide an incentive to banks to open branches in erstwhile Area IV during the Third Five Year Plan period.

5.364. Lower scales of pay have been provided for workmen employed in banks in the Excepted List. The reliefs provided in the preceding paragraphs will not therefore be available to such banks.

5.365. The reliefs provided in the preceding paragraphs will not be available in respect of workmen who have been transferred from places in higher areas whose basic pay in accordance with the scales of pay applicable to higher areas is protected.

5.366. In the chapter relating to the classification of banks, I have stated that the Bharatha Lakshmi Bank Ltd., the Indian Insurance and Banking Corporation Ltd., and the Miraj State Bank Ltd., are entitled to some relief. I have similarly stated that the Chaldean Syrian Bank Ltd, the Gadodia Bank Ltd., and the Jaya Laxmi Bank Ltd., which have recently emerged from Class D under the Sastry Award as modified and have gone to the present Class C-I under the Sastry Award as modified, and the Pangal Nayak Bank Ltd., which at present is not governed by the Provisions of Sastry Award as modified are entitled to some relief. These banks will get relief in connection with certain workmen under the provisions hereinbefore contained. These banks are entitled to some relief in respect of other workmen also. Taking all circumstances into consideration, I direct that the aforesaid seven banks will pay to their workmen other than those in respect of whom relief has already been provided, by way of basic pay, and dearness allowance (i) from 1st

January 1962 till the end of the year 1962, 6 per cent less than what they would otherwise have received but for the relief hereby granted, (ii) from 1st January 1963 till the end of the year 1963, 6 per cent less than what they would then have been entitled to receive if no relief had been granted from the very commencement (i.e. from 1st January 1962), (iii) from 1st January 1964 till the end of the year 1964, 4 per cent less than what they would then have been entitled to receive if no relief had been granted from the very commencement (i.e. from 1st January 1962), (iv) from 1st January 1965 till the end of the year 1965, 2 per cent less than what they would then have been entitled to receive if no relief had been granted from the very commencement (i.e. from 1st January 1962). From and after 1st January 1966 they will receive the same amount which they would otherwise have received but for the reliefs hereby granted.

5.367. While I am considering the question of granting reliefs, I will deal with the case of the South Indian Bank Limited, Trichur which has claimed that no further burden should be imposed upon it for a period of 5 years. At the request of the bank a special hearing was given to the bank, and Shri Sheshadrinathan appeared in support of the claim made on behalf of the bank. This bank was established in the year 1929. Its head office is at Trichur. Its paid-up capital in the year 1959 was 13.09 lakhs and in the year 1960 was Rs. 13.41 lakhs. In the year 1959 the bank's reserves were Rs. 7.54 lakhs and in the year 1960 they were Rs. 8.51 lakhs. Its deposits were Rs. 535.34 lakhs in the year 1959 and were Rs. 473.91 lakhs in the year 1960. The working funds of the bank for the year 1960 and 1961, as given by the bank, were Rs 5,84,27,000 and Rs. 4,81,62,000, respectively. It declared a dividend of 11 per cent in the year 1959 and of 9 per cent in the year 1960. As on 30th September 1961 this bank had 31 offices including the branches taken over from the Venadu Bank Ltd. Out of these, 2 are in Area I, 8 are in Area II, 8 are in Area III and 13 are in Area IV. In the year 1929, the bank made a profit of Rs. 3,730, in the year 1944, its net profit was Rs. 77,701, in the year 1946 it was Rs. 1,28,752, in the year 1952 it was Rs 2,69,624, in the year 1957 it was Rs. 3,23,712, in the year 1959 it was Rs. 3,96,553 and in the year 1960 it was Rs. 3,71,632.

5.368. The Travancore Coching Banking Inquiry Commission considered the financial position of this bank and observed at page 98 of its report that as regards the bank's capacity to implement the Labour Appellate Tribunal's decision with retrospective effect from 1st April 1954, it had build up substantial reserves, its deposits and working capital trends were satisfactory, its gross earnings and gross profit had steadily risen and despite higher establishment charges its net profit had not been substantially affected and it had been able to maintain the dividend rate at 9 per cent during the previous four years. It has further observed that the bank had voluntarily extended the provisions of the Government modified decision to its offices in the exempted area with effect from 1st October 1954 and that even on a conservative estimate, the

bank would not find any difficulty in implementing the Labour Appellate Tribunal's decision with retrospective effect from 1st April 1954.

5.369. By the Industrial Disputes (Banking Companies) Decision Amendment Act of 1957, the name of this bank was added to the list of C Class banks which were able to bear the burden of the dearness allowances payable under the Labour Appellate Tribunal's decision. This bank has been paying remuneration to its workmen as a C-I Class bank. In the Written Statement filed by the Travancore Cochin Bankers' Association **inter alia** on behalf of this bank, it has been pleaded that "the Commission overlooked the problems relating to this bank and on a general study of the progress achieved by it during the period, recommended that the bank was in a position to pay Labour Appellate Tribunal scales of pay and allowances" This bank has pleaded its inability to pay higher wages than what it is paying at present. Shri Sheshadrinathan stated that this bank has been asked by the Reserve Bank of India to take over the assets and liabilities of the Catholic Bank of India Limited, the Venadu Bank Limited and the Anthraper Bank (Private) Limited and that if these three banks were amalgamated with the South Indian Bank Limited, considerable adjustments would be required to be made and that the bank should have sufficient time to absorb the employees of these banks. He stated that in Area IV this bank has voluntarily paid wages on the basis of wages payable in Area III and he claimed that for a period of 5 years no further burden should be imposed upon the bank.

5.370 Having carefully considered the case of this bank, in my view no special case is made out for exempting this bank from the operation of this award. When other banks amalgamate with it under the terms and conditions of amalgamation this bank will get certain relief as regards the employees whose services are taken over by it. This bank will be in a position to bear all the burdens imposed by this award and no relief is given.

Item 3 :— Dearness allowance with particular reference to the question whether any part of the existing Dearness Allowance should be absorbed in the Basic Pay.

5.371 The dearness allowance is meant for meeting a rise in the cost of living which is of a temporary character. The system of payment of dearness allowance was started during the II world war when the cost of living was rising rapidly. It was expected that it would fall when normal conditions were restored but all such expectations have failed to materialise. The First Central Pay Commission had thought that the prices had reached a high peak in January 1947 when the average all India index number was 285 (1939 = 100). It provided for a progressive decrease in the rate of dearness allowance as the cost of living index came down. The Dearness Allowance Committee (popularly known as 'Gadgil Committee') had anticipated that the cost of living index would not fall below the range of 265 to 284 (1939 = 100) and it made a recommendation for treating 50 per cent of the dearness allowance

as pay for Central Government employees who were in receipt of pay not exceeding Rs. 750 per month for the purpose of retirement benefits, certain allowances, etc. Subsequent events have proved that the Gadgil Committee was rather conservative in its estimate. The cost of living has increased to such an extent that at present all india working class consumer price index number is 456 with base 1939 = 100.

5.372. As observed by the Sastry Tribunal, there are two principal methods of providing for dearness allowance. The first method is to fix flat rates or definite percentage of basic salary as dearness allowance varying if need be with the scale of salaries and with slabs. The second method is to link dearness allowance with the rise or fall of cost of living index figures. The first method suffers from two defects : (1) there is an element of arbitrariness in splitting up the appropriate salary into basic pay and dearness allowance, and (2) there is no provision for automatic adjustment of dearness allowance in relation to the rise or fall in the cost of living. The Sen Tribunal adopted 1944 as the base year and provided by way of dearness allowance for the increase in the cost of living over and above what it was in various places in 1944. Under the Sen scheme dearness allowance for any place was related to the cost of living index number of such place or the place nearest to it for which the Central Government published such figures. The then existing series of the cost of living index figures for Bombay city, Ahmedabad, Sholapur, Jalgaon, Kanpur, Nagpur and Madras were to be appropriately reduced to the base of 1944. The Sen Tribunal's scheme of dearness allowance is given below :—

Amount of monthly pay	On every rise of 10 points in the cost of living index figure above the level of 1944 (Calculated to the nearest eight annas and the indices being converted to the base 1944 = 100).
Up to Rs. 50	9 3/8 per cent.
Thereafter up to Rs. 100	8 1/3 per cent.
Thereafter up to Rs. 150	7 1/2 per cent.
Thereafter up to Rs. 200	6 1/4 per cent.
Thereafter	5 per cent.

This scheme in its actual working revealed such great anomalies that both the banks and the workmen felt dissatisfied with it. The cost of living index numbers were not available for all the places where bank employees were working. Often the cost of living index number for the nearest place for which it was available, did not properly reflect the real cost of living of the place where the workmen worked. For the whole of Uttar Pradesh for instance the only index figure available was that for Kanpur. The Sastry Tribunal awarded the following rates of dearness allowance for A, B, C and D Class of banks in

Areas I, II, III for clerical staff and subordinate staff.

(a) Clerical Staff					
Bank	Area	Rate	Minimum per month	Maximum per month	
A, B, C & D ...	I	33 1/3 per cent of pay	35	70	
A, B, C & D ...	II	33 1/3 per cent of pay	30	60	
A, B, C & D ...	III	33 1/3 per cent of pay	25	40	

Subordinate Staff				
Bank	Area I	Area II	Area III	
A	Rs. 35 flat per month	Rs. 30 flat per month	Rs. 25 flat per month	
B	Rs. 25 flat per month	Rs. 22-8-0 flat per month	Rs. 20 flat per month	
C	Rs. 15 flat per month	Rs. 12 flat per month	Rs. 10 flat per month	
D	Rs. 13 flat per month	Rs. 12 flat per month	Rs. 10 flat per month	

For the aforesaid purpose pay meant the aggregate of basic pay, special allowance and officiating allowance, if any.

In order to provide for an automatic adjustment of the rates of dearness allowance according to the variations in the cost of living in future, the Sastry Tribunal provided that if the average figure for each half year, i.e. from January to June and from July to December, of each calendar year, should rise or fall by more than 10 points over 144 the dearness allowance for the succeeding half year should rise or fall by 7 1/2 per cent of the basic pay. For the purpose of calculating dearness allowance, the figure officially published in the Indian Labour Gazette was to be taken as the correct index figure.

5.373. The Labour Appellate Tribunal retained the framework of the above scheme of dearness allowance but altered the figures with a view to achieve a fair measure of neutralisation. The dearness allowance under the Labour Appellate Tribunal scheme was as follows :—

Clerks				
Dearness Allowance for A, B and C Class Banks.				
	Minimum	Maximum		
		First slab of Rs. 100	:	50 per cent
Area I	Rs. 50/-	Second slab of Rs. 100	:	40 per cent.
		Thereafter	:	35 per cent.
Area II	Rs. 45/-	First slab of Rs. 100	:	45 per cent.
		Second slab of Rs. 100	:	35 per cent.
		Thereafter	:	30 per cent.
Area III	Rs. 40/-	First slab of Rs. 100	:	40 per cent.
		Second slab of Rs. 100	:	30 per cent.
		Thereafter	:	25 per cent.

Dearness allowance for D Class Banks
(Till 31-3-1959 and as for Class C banks thereafter).

	Rate	Minimum	Maximum
Area I	33 1/3 per cent.	Rs. 35	Rs. 70
Area II	33 1/3 per cent.	Rs. 30	Rs. 60
Area III	33 1/3 per cent.	Rs. 25	Rs. 40
Subordinate Staff			
	Area I	Area II	Area III
Class A Banks	Rs. 42-8-0	Rs. 40-0-0	Rs. 37-8-0
Class B Banks	Rs. 40-0-0	Rs. 37-8-0	Rs. 35-0-0
Class C Banks	Rs. 37-8-0	Rs. 35-0-0	Rs. 32-8-0
Class D Banks	Rs. 13-0-0	Rs. 12-0-0	Rs. 10-0-0

The dearness allowance rates for D Class banks were to remain in operation for five years from 1st April 1954 and thereafter the dearness allowance rates for C Class banks were to be applicable.

The dearness allowance adjustment formula of the Sastry Tribunal was retained without any modification.

5.374. By the Government modification order S.R.O. 2732, dated 24th August 1954 the dearness allowance awarded by the Labour Appellate Tribunal was modified and the Sastry scales of dearness allowance for A, B, C and D Class of banks were restored and it was provided that the dearness allowance rates in Areas III and IV were to be the same. As a result of the recommendations of the Bank Award Commission and the Travancore Cochin Inquiry Commission and the legislative action taken for the implementation of those recommendations the dearness allowance rates of the Labour Appellate Tribunal in the A, B and C-I Class banks were restored and in the rest, the dearness allowance rates under the Government modification order continued to remain in force. The Bank Award Commission altered the form of the dearness allowance adjustment formula of the Labour Appellate Tribunal. The dearness allowance adjustment formula of the Bank Award Commission, which as a result of legislative action replaced the adjustment formula of the Labour Appellate Tribunal, is as follows.—

Clerical Staff

If the average of all-India cost of living index for the half year ending June or December of any year should rise or fall by more than 10 points as compared to 144 (1944 = 100) the dearness allowance for the succeeding half year will be raised or lowered by one-seventh of the dearness allowance admissible at the index level of 144 for each variation of 10 points.

Subordinate Staff

If the average all-India cost of living index for the half year ending June or December of any year should rise or fall by more than 10 points as compared to 144 (1944 = 100) the dearness allowance for the succeeding half year will be raised or lowered by one-tenth of the dearness allowance admissible at the index level of 144 for each variation of 10 points.

The rates of dearness allowance with the alterations mentioned above are still in force, but the adjustment formula of dearness allowance has undergone a slight change as a result of the Government notification S. O. 400, dated 13th February 1960.

5.375. The present scheme of dearness allowance in the banking industry, as a result of the Sastry Award and all further modifications, is as under :—

(a) Dearness Allowance Formula for Clerks.

In A, B and C-I Class Banks.			In C-2 and D Class banks			
	Minimum	Maximum	Rate	Minimum	Maximum	Rate
Area I ...	Rs. 50/-	1st slab of Rs. 100 2nd slab of Rs. 100 Thereafter ...	50% 40% 35%	Rs. 35/-	Rs. 70/-	33 1/3%
Area II ...	Rs. 45/-	1st slab of Rs. 100 2nd slab of Rs. 100 Thereafter ...	45% 35% 30%	Rs. 30/-	Rs. 60/-	33 1/3%
Area III ...	Rs. 40/-	1st slab of Rs. 100 2nd slab of Rs. 100 Thereafter ...	40% 30% 25%	Rs. 25/-	Rs. 40/-	33 1/3%
Area IV ...	Rs. 25/-	33-1/3% of pay (basic pay special allowance and officiating allowance) with a maximum of Rs. 40/-		Rs. 25/-	Rs. 40/-	33 1/3%

(b) Dearness Allowance Formula for Subordinates.

	Area I	Area II	Area III	Area IV
	Rs.	Rs.	Rs.	Rs.
A Class Banks	42/50	40/-	37/50	25/-
B Class Banks'	40/-	37/50	35/-	20/-
C 1 Class Banks	37/50	35/-	32/50	10/-
C-2 Class Banks	15/-	12/-	10/-	10/-
D Class Banks	13/-	12/-	10/-	10/-

5.376. The Dearness Allowance Adjustment Formula, which is now in force according to Government notification No. S.O. 400, dated 13th February

1960 issued in exercise of the powers conferred by sub-section (5) of section 3 of the Industrial Disputes (Banking Companies) Decision Act, 1955 (41 of 1955) in lieu of the 'adjustment' formula of the dearness allowance recommended by the Bank Award Commission, is as under :—

"If the average all-India cost of living index for any quarter after the 31st March, 1959 should rise or fall by more than five points as compared to 144 (1944 = 100), the dearness allowance payable for the succeeding quarter shall be raised or lowered, in the case of clerical staff by one-fourteenth, and in the case of sub ordinate staff by one-twentieth, of the dearness allowance admissible at the index level of 144 for each variation of five points.

Explanation :— In this notification "quarter" means the period of three months ending on the last day of March, June, September or December."

5.377. It is not possible to find out the extent of neutralisation which was sought to be given as neither the Sastry Tribunal nor the Labour Appellate Tribunal has given any indication about it.

5.378. The All India Bank Employees Association has claimed that the base year should be the year 1956 when the all India working class consumer price index in the series 1949 = 100 was 105 and that dearness allowance should be paid to the employees at the rate of 1 per cent of the basic pay for every rise of one point over 105. The All India Bank Employees Federation has made a demand as follows :—

"The existing dearness allowance should be revised to 75 per cent with a minimum of Rs. 60 for all the employees and 75 per cent of the dearness allowance should be merged with the basic salaries and the remaining dearness allowance should be linked with the appropriate cost of living index figures and the upward and downward revision in the dearness allowance should be on the variation of every two points."

The All India State Bank of India Staff Federation has claimed that the employees are entitled to full neutralisation and that dearness allowance should be paid on the basis of such full neutralisation for every rise of one point above 100 with base 1949=100. The State Bank of India Employees Association (Bengal Circle) and the State Bank of India Employees' Association (Delhi Circle) have claimed that the all-India cost of living index should be taken as the basis for calculation of the dearness allowance and that the dearness allowance should be paid at the rate of 1 1/2 per cent of pay for every rise of 5 points over the cost of living index figure 360 (1939 =100). The State Bank of India Staff Union, Andhra Pradesh, Vijayawada, claims that the basic pay of an employee should be fixed at the cost of living index of 360 (1939=100) and that for every rise of index by a point the rate of dearness allowance should be Re. 0.35. The All India Bank of Baroda Employees' Federation has claimed that any rise above the all-India consumer

price index number of 105, base 1949=100, should be compensated by an additional payment of dearness allowance "at the rate of 1 1/2 per cent made up of pay, special allowance and officiating allowance for every rise of five points". The Indian Overseas Bank Employees Union, Madras has claimed dearness allowance "at the rate of 2 per cent of pay for every rise of points over the cost of living index figure 144 (1944=100)". The State Bank of Patiala (All Cadres) Employees Association has claimed that dearness allowance be paid to the supervisory staff, clerical staff and the subordinate staff at the following rates:—

Supervisory and Clerical Staff.

Upto Rs.100	75 per cent (with a minimum of Rs. 75).
From Rs.101 to Rs. 200		50 per cent (i.e., Rs. 75/ plus Rs. 50 = Rs. 125) and so on.
From Rs. 201 to Rs. 300		40 per cent.
From Rs. 301 and above		30 per cent.

Subordinate Staff.

Upto Rs.100	75 per cent with minimum of Rs. 60.
Over Rs. 100	50 per cent.

The Association has further claimed that in view of the continuous rise in the cost of living index, the entire amount of dearness allowance payable to an employee should be merged into his basic pay.

5.379. The Cochin Commercial Bank Employees Association has demanded the following dearness allowance :—

"(a) (1) Officers		50 per cent of the basic pay with a minimum of Rs. 50/- and maximum of Rs. 90/-
(2) Clerical Staff		50 per cent of the basic pay with a minimum of Rs. 40/- and maximum of Rs. 80/-.
(3) Subordinate Staff		80 per cent of the basic with minimum of Rs. 35/- and maximum of Rs. 45/-.

(b) Adjustment of Dearness Allowance.

If the average of the all-India cost of living index for the quarter ending March, June, September or December of any year should rise or fall by more than 5 points as compared to 144 (1944 = 100), the dearness allowance for the succeeding quarter of the year should be raised or lowered as under :—

For officers, clerical and subordinate staff by 1/7th of the dearness allowance admissible at the index level of 144 (1944=100) for each variation of 5 points.

(c) Absorption of 50 per cent of the dearness allowance to the basic

pay favoured.”

The Allahabad Bank Employees Union (Calcutta) and the South Gujarat Bank of Baroda Employees Union (Surat) have demanded that dearness allowance should be paid at the rate of 1½ per cent of pay on every rise of 5 points over the cost of living index figure 360 (1939=100). The Bihar Provincial Central Bank of India Employees Association (Muzaffarpur), the Central Bank of India Employees Association at Patna, Amritsar and Muzaffarpur have demanded a dearness allowance of “75 per cent with a minimum of Rs. 60 to all the various categories”. The Central Bank of India Employees’ Association at Patna claims that 50 per cent of the dearness allowance should be merged with basic pay. The Employees Association of the Union Bank of Bijapur and Sholapur, has made the same demands for dearness allowance as the All India Bank Employees Association.

5.380. The banks have opposed these demands and want that the present scheme of dearness allowance should be allowed to continue except for slight modification of the adjustment formula for the facility of calculation.

5.381. The Indian Banks Association has claimed that wherever the dearness allowance is linked with the cost of living index figure, it should be calculated not on the basis of the immediate previous quarter but on the figure available for the quarter preceding the last quarter so that numerous calculations and re-calculations may be avoided. The Exchange Banks Association has pleaded that “it would be convenient to take the all-India consumer price index number (1949 =100) as published in the Indian Labour Journal for any of the quarters ending March, June, September and December of any year for adjustment relating to the succeeding quarters ending September, December, March and June, respectively”. The State Bank of India has pleaded that if there is a fall in the purchasing power of the rupee, such fall is common to the entire nation and to every member of the community and it is wrong in principle and in equity that only a section of the community, to which the bank employees, should seek relief which must ultimately be at the cost of the entire community and lead to still further inflation.

5.382. Shri Phadke, the learned counsel on behalf of the Indian Banks Association, has urged that the third item of reference relates to dearness allowance with particular Reference to the question whether any part of the existing dearness allowance should be absorbed in the basic pay”, that having regard to the terms of Reference, it is not open to me to disturb the existing scheme of dearness allowance and that I have only to consider whether any part of the existing dearness allowance should be absorbed in the basic pay. There is no merit in this contention. Item 3 of the reference provides for adjudication of the dispute in connection with dearness allowance. The mere particularisation of the question relating to the merger of the existing dearness allowance does not limit the scope of the dispute relating to dearness allowance. Apart from any other consideration, if it is ultimately found that a large part of the dearness allowance should be absorbed in the basic pay,

then the existing scheme of dearness allowance cannot possibly survive. In my view, it is within in the basic pay. I have now only to consider what should be the dearness allowance after absorbing a part of the existing dearness allowance in the basic pay.

5.383 I have already provided scales of pay with the year 1949 as the base year. These scales of pay are much higher than the previous scales and a considerable part of the existing dearness allowance has been merged in the basic pay. I have now only to consider what should be the dearness allowance taking into account the wage scales provided by me.

5.384 The present scheme of dearness allowance in the banking industry has been regarded as ‘cumbrous’ by the workmen. The scheme of dearness allowance for subordinate staff is different from the scheme of dearness allowance for the clerical staff. The adjustment formula for increase or decrease in the dearness allowance is fixed in relation to the all-India cost of living index figure 144 in the series 1944=100. Difficulties have been experienced in the calculation of the amount of the dearness allowance in view of the non-availability of final index figures for a quarter for a considerably long time with the result that provisional payments have to be made which have to be subsequently re-adjusted.

5.385. The present system of dearness allowance has to be changed in any event in view of the absorption of a large part of the existing dearness allowance in the basic pay. The basic pay has been fixed by me with reference to the base year 1949 for which the all-India working class consumer price index number was 100. The question that I have to consider relates to the extent of neutralisation that should be given when the cost of living changes in the case of the lowest categories of employees in banks, namely, the subordinate staff, and in the case of higher categories of employees, namely workmen other than those belonging to the subordinate staff.

5.386. The Sastry Tribunal has not indicated the extent of neutralisation which it had given. The Labour Appellate Tribunal has stated that it had altered the figures of dearness allowance provided by the Sastry Tribunal with a view to achieve a fair measure of neutralisation. but has not stated what in its opinion constituted a fair measure of neutralisation.

5.387. The first Central Pay Commission thought that the employees who ‘live on the marginal level in normal times’ should get the benefit of full neutralisation, and that higher categories of employees should receive a diminishing but graduated scale of dearness allowance.

5.388. The Committee on Fair Wages in its report has observed that the evidence received by it was unanimous only on one point viz., that adjustment should be based on the current cost of living index numbers in the areas concerned. It has further stated that as regards the extent of compensation there was a difference of opinion between employers and employees. The former suggested neutralisation to the extent of 75 to 80 per cent of the

Table for calculation of Dearness Allowance for workmen other than those belonging to the Subordinate Staff
 Dearness Allowance @ 3 per cent for every change of 4 points in the quarterly average of the All India Average Consumer
 Price Index (General) (Base 1949=100).

Dearness Allowance admissible if the appropriate quarterly average of the index is —

	Less than 104	104 or more than 104	112 or more than 112	116 or more than 116	120 or more than 120	124 or more than 124	128 or more than 128	132 or more than 132	136 or more than 136	140 or more than 140	144 or more than 144	148 or more than 148	152 or more than 152
Basic salary	but less than 104	but less than 108	but less than 112	but less than 116	but less than 120	but less than 124	but less than 128	but less than 132	but less than 136	but less than 140	but less than 144	but less than 148	but less than 152
Rs	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	0.03	0.06	0.09	0.12	0.15	0.18	0.21	0.24	0.27	0.30	0.33	0.39
2	...	0.06	0.12	0.18	0.24	0.30	0.36	0.42	0.48	0.54	0.60	0.66	0.78
3	...	0.09	0.18	0.27	0.36	0.45	0.54	0.63	0.72	0.81	0.90	0.99	1.17
4	...	0.12	0.24	0.36	0.48	0.60	0.72	0.84	0.96	1.08	1.20	1.32	1.56
5	...	0.15	0.30	0.45	0.60	0.75	0.90	1.05	1.20	1.35	1.50	1.65	1.95
6	...	0.18	0.36	0.54	0.72	0.90	1.08	1.26	1.44	1.62	1.80	1.98	2.34
7	...	0.21	0.42	0.63	0.84	1.05	1.26	1.47	1.68	1.89	2.10	2.31	2.73
8	...	0.24	0.48	0.72	0.96	1.20	1.44	1.68	1.92	2.16	2.40	2.64	3.12
9	...	0.27	0.54	0.81	1.08	1.35	1.62	1.89	2.16	2.43	2.70	2.97	3.51

10	...	Nil	0.30	0.60	0.90	1.20	1.50	1.80	2.10	2.40	2.70	3.00	3.30	3.60	3.90
20	...	Nil	0.60	1.20	1.80	2.40	3.00	3.60	4.20	4.80	5.40	6.00	6.60	7.20	7.80
30	...	Nil	0.90	1.80	2.70	3.60	4.50	5.40	6.30	7.20	8.10	9.00	9.90	10.80	11.70
40	...	Nil	1.20	2.40	3.60	4.80	6.00	7.20	8.40	9.60	10.80	12.00	13.20	14.40	15.60
50	...	Nil	1.50	3.00	4.50	6.00	7.50	9.00	10.50	12.00	13.50	15.00	16.50	18.00	19.50
60	...	Nil	1.80	3.60	5.40	7.20	9.00	10.80	12.60	14.40	16.20	18.00	19.80	21.60	23.40
70	...	Nil	2.10	4.20	6.30	8.40	10.50	12.60	14.70	16.80	18.90	21.00	23.10	25.20	27.30
80	...	Nil	2.40	4.80	7.20	9.60	12.00	14.40	16.80	19.20	21.60	24.00	26.40	28.80	31.20
90	...	Nil	2.70	5.40	8.10	10.80	13.50	16.20	18.90	21.60	24.30	27.00	29.70	32.40	35.10
100	...	Nil	3.00	6.00	9.00	12.00	15.00	18.00	21.00	24.00	27.00	30.00	33.00	36.00	39.00
200	...	Nil	6.00	12.00	18.00	24.00	30.00	36.00	42.00	48.00	54.00	60.00	66.00	72.00	78.00
300	...	Nil	9.00	18.00	27.00	36.00	45.00	54.00	63.00	72.00	81.00	90.00	99.00	108.00	117.00
400	...	Nil	12.00	24.00	36.00	48.00	60.00	72.00	84.00	96.00	108.00	120.00	132.00	144.00	156.00

Table for calculation of Dearness Allowance for Subordinate Staff
 Subordinate Staff — Dearness Allowance @ 4 per cent for every change of 4 points in the quarterly average of the All India
 Average Consumers Price Index (General) (Base 1949=100).

Dearners allowance admissible if the appropriate quarterly average of the index is —

	Less than 104	104 or more than 104	112 or more than 108	116 or more than 112	120 or more than 116	124 or more than 120	128 or more than 124	132 or more than 128	136 or more than 132	140 or more than 136	144 or more than 140	148 or more than 144	152 or more than 148		
1	...	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Rs	...	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	Nil	0.04	0.08	0.12	0.16	0.20	0.24	0.28	0.32	0.36	0.40	0.44	0.48	0.52
2	...	Nil	0.08	0.16	0.24	0.32	0.40	0.48	0.56	0.64	0.72	0.80	0.88	0.96	1.04
3.	...	Nil	0.12	0.24	0.36	0.48	0.60	0.72	0.84	0.96	1.08	1.20	1.32	1.44	1.56
4	...	Nil	0.16	0.32	0.48	0.64	0.80	0.96	1.12	1.28	1.44	1.60	1.76	1.92	2.08
5	...	Nil	0.20	0.40	0.60	0.80	1.00	1.20	1.40	1.60	1.80	2.00	2.20	2.40	2.60
6	...	Nil	0.24	0.48	0.72	0.96	1.20	1.44	1.68	1.92	2.16	2.40	2.64	2.88	3.12
7	...	Nil	0.28	0.56	0.84	1.12	1.40	1.68	1.96	2.24	2.52	2.80	3.08	3.36	3.64
8	...	Nil	0.32	0.64	0.96	1.28	1.60	1.92	2.24	2.56	2.88	3.20	3.52	3.84	4.16
9	...	Nil	0.36	0.72	1.08	1.44	1.80	2.16	2.52	2.88	3.24	3.60	3.96	4.32	4.68

10	...	Nil	0.40	0.80	1.20	1.60	2.00	2.40	2.80	3.20	3.60	4.00	4.40	4.80	5.20
20	...	Nil	0.80	1.60	2.40	3.20	4.00	4.80	5.60	6.40	7.20	8.00	8.80	9.60	10.40
30	...	Nil	1.20	2.40	3.60	4.80	6.00	7.20	8.40	9.60	10.80	12.00	13.20	14.40	15.60
40	...	Nil	1.60	3.20	4.80	6.40	8.00	9.60	11.20	12.80	14.40	16.00	17.60	19.20	20.80
50	...	Nil	2.00	4.00	6.00	8.00	10.00	12.00	14.00	16.00	18.00	20.00	22.00	24.00	26.00
60	...	Nil	2.40	4.80	7.20	9.60	12.00	14.40	16.80	19.20	21.60	24.00	26.40	28.80	31.20
70	...	Nil	2.80	5.60	8.40	11.20	14.00	16.80	19.60	22.40	25.20	28.00	30.80	33.60	36.40
80	...	Nil	3.20	6.40	9.60	12.80	16.00	19.20	22.40	25.60	28.80	32.00	35.20	38.40	41.60
90	...	Nil	3.60	7.20	10.80	14.40	18.00	21.60	25.20	28.80	32.40	36.00	39.60	43.20	46.80
100	...	Nil	4.00	8.00	12.00	16.00	20.00	24.00	28.00	32.00	36.00	40.00	44.00	48.00	52.00
110	...	Nil	4.40	8.80	13.20	17.60	22.00	26.40	30.80	35.20	39.60	44.00	48.40	52.80	57.20
120	...	Nil	4.80	9.60	14.40	19.20	24.00	28.80	33.60	38.40	43.20	48.00	52.80	57.60	62.40
130	...	Nil	5.20	10.40	15.60	20.80	26.00	31.20	36.40	41.60	46.80	52.00	57.20	62.40	67.60
140	...	Nil	5.60	11.20	16.80	22.40	28.00	33.60	39.20	44.80	50.40	56.00	61.60	67.20	72.80
150	...	Nil	6.00	12.00	18.00	24.00	30.00	36.00	42.00	48.00	54.00	60.00	66.00	72.00	78.00

increase in the cost of living and the application of a flat rate for all categories. The later pressed for 100 per cent compensation for the lower categories though they would raise no objection to a flat rate allowance. The committee finally came to the conclusion that for the lowest categories of employees the target should obviously be compensation to the extent of 100 per cent of the increase in the cost of living and that a lower rate of compensation should apply to higher categories but that the amount of compensation must be based on salary scale or slabs.

5.389. The Central Wage Board for the cement industry in its report given in 1959 has provided for 100 per cent neutralisation for the lowest categories of wage earners and linked the dearness allowance fixed by it to the all-India working class consumer price index number with base year 1949. The Second Pay Commission in its report at page 96 has observed as follows :—

“In India itself, sliding scale arrangements, providing generally for a neutralisation of 70 to 90 per cent — and in the case of the textile industry at its main centres, 100 per cent — exist in many organised industries. The arrangement generally tend to reduce the time lag which might otherwise occur between rise in the price level and increase of wages; they reduce the possibilities of industrial conflicts, and interruption of production, by providing for a simple, orderly, and more or less, mechanical adjustment; and they give a sense of security to the workers as regards their real wages. On the other hand, they may set up or accelerate a wage-price spiral with various harmful economic and social consequences.

5.390. As regards members of the subordinates staff, in order that their standard of living may not deteriorate and any hardship caused on account of the rise in the cost of living may be avoided, it is necessary that they should be insulated against shocks of rise in the prices of essential commodities. The scales of pay of members of the subordinate staff employed by banks in the Excepted List are very low. The larger banks have enough capacity to bear the burden of increase in wages consequent on the rise in the cost of living. Banks by and large can better stand the burden of the increase in wages consequent on the rise in the cost of living than the employees in the lowest grade can bear the loss consequent on the reduction in their purchasing power. Taking all circumstances into consideration, including the circumstance that in the past full neutralisation has not been given, I consider it fair that as regards the members of the subordinate staff there should be 100 per cent neutralisation linked with the all-India working class consumer price index number, base 1949 = 100. In the case of workmen, other than those belonging to the subordinate staff, keeping in view the trends in organised industries, I provide a lesser rate of neutralisation and fix it at 75 per cent similarly linked. In arriving at the scales of wages with 1949 as the base year from the total remuneration consisting of basic wage and dearness allowance which I

intended to give, I have used the aforesaid percentages.

5.391. I have next to consider the question when changes should take place in the amount of dearness allowance. If the dearness allowance is to be increased with every rise of one point in the index figure in the series 1949 = 100, it will similarly have to be decreased on every fall of 1 point with the result that there will be frequent changes in the total remuneration received by workmen. It is desirable that the pay packet of workmen should not fluctuate too often. I accordingly direct that in the case of the clerical staff, the dearness allowance **should be calculated and paid at the rate of three per cent of the pay** (i.e. basic pay provided under this award, special allowance, if any, and officiating allowance, if any, payable under this award) for every rise of four points above 100 in the quarterly average of the all-India average working class consumer price index (general), base 1949 = 100, and in the case of the subordinate staff, the dearness allowance should be calculated and paid at the rate of four per cent of the pay (i.e. basic pay provided under this award, special allowance, if any, and officiating allowance, if any, payable under this award) for every rise of four points above 100 in the quarterly average of the all-India average working class consumer price index (general) base 1949=100. For this purpose ‘quarter’ will mean the period of three months ending on the last day of March, June, September or December. The final index figures as published in the Indian Labour Journal should be the index figures which should be taken for the purposes of calculation of dearness allowance. For the purpose of calculating the dearness allowance for any particular month, the quarterly average for the last quarter for which final index figures are available on the 15th day of that month should be taken. If the dearness allowance for the month of December has to be calculated, the quarterly average for the last quarter for which final index figures are available on the 15th of December should be taken.

5.392 I have provided that the index figures as published in the Indian Labour Journal should be the figures which are to be taken for the purpose of calculation of the dearness allowance. I have to do so in the absence of any earlier official publication of these index figures. I am informed that these index figures are sometimes ready many days before the date of the publication of the particular issue of the Indian Labour Journal, in which they appear. If that be so it would be in the public interest if the all-India consumer price index numbers are published in the Gazette of India as soon as they are ready. In the event of the final all-India working class consumer price index numbers being officially published before they appear in the Indian Labour Journal, I direct that the figures so officially published should be the figures which should be taken for the purpose of calculation of the dearness allowance instead of such figures when they appear in the Indian Labour Journal.

5.393. It is not necessary for me to deal individually with every demand made. Having taken into consideration all the demands made in connection with this item of reference, I have given my award in connection therewith.

5.394. A table showing the dearness allowance payable to the bank employees at the various points of the all-India working class consumer price index number base 1949=100 is given for the convenience of the parties.