

so far as tribals are concerned, they have been so isolated for centuries that whatever may be their religion, they should be encouraged with all the resources that the Government can command. Should I continue on the next day, Sir?

MR. CHAIRMAN: Certainly.

GOVERNMENT ORDER MODIFYING  
THE DECISION OF THE LABOUR  
APPELLATE TRIBUNAL ON BANK  
DISPUTES.

MR. CHAIRMAN: Yes, Mr. Sundarayya.

SHRI P. SUNDARAYYA (Andhra): Mr. Chairman, the Government's modification of the Labour Appellate Tribunal's Award on the bank disputes raises very, very grave issues not only for the bank employees, not only for the middle-class employees, not only for the working classes in this country, but for all the people of India. I say this because this heralds the fact that the Government has given up its declared aim of creating a welfare State, of giving and guaranteeing a minimum wage for the employees in our land guaranteeing minimum social justice to all, because it cannot be done without cutting the profits of the vested interests. The Government says that it is not prepared to cut the profits of vested interests, but it is prepared to cut the wages of the employees, even though they may not be a satisfactory minimum wage.

Now, let us examine the dispute of the bank employees. For the last seven years, this thing has been going on and tribunal after tribunal has been appointed. And what is the result of all these tribunals? What is the ultimate result? Compare the Sen Award with the latest Labour Appellate Tribunal Award as modified by the Government of India and you will find that this modification cuts into the pay structure recommended by

the Sen Award. At the initial stage there is a cut from Rs. 5 to Rs. 29! And then again, there is a cut in the pay scales of employees at the 25th year except in area III from Rs. 7 to Rs. 65. The Labour Appellate Tribunal at least compensates to some extent by increasing the dearness allowance. Now the Government comes and cuts the dearness allowance by restoring the Sastry Award dearness allowances. This means that in dearness allowance also there is a cut of Rs. 10 to Rs. 48. Now, what does all this mean? What does this amount to as far as the employees are concerned? After these cuts, what is the wage on which a middle-class employee, a bank employee is expected to live? Sir, in cities like Bombay and Calcutta—mostly costly cities recognised as such by the Government also—he has to live on a pay of Rs. 100. I am taking the case of the employee in a D class bank. But after all, whether he is employed in a D class bank or an A class bank, if he gets only Rs. 100 he has to live on that sum of Rs. 100 in Bombay or Calcutta. The place does not become any the cheaper for him just because he is employed in a D class bank. Similarly, in towns with population of less than 30,000 the bank employee has to live on a minimum of Rs. 76. This is the minimum that the Government is forcing on such employees. Just compare this sum of Rs. 76 or Rs. 100, which Government feel justified in imposing, with the wages of the managers of these banks. The Managing Director of the Imperial Bank has been getting or rather he is being paid Rs. 6,500 to Rs. 7,500 as salary, income-tax free. I do not know what this "income-tax free" means. But my information goes to show that in the two years, from 1947 to 1949, the Imperial Bank has paid a sum of Rs. 24 lakhs as income-tax on behalf of the Managing Director.

MR. CHAIRMAN: What?

SHRI H. D. RAJAH (Madras): Rs. 24 lakhs paid by the Bank on his behalf?

SHRI P. SUNDARAYYA: Yes, so that he may get his Rs. 7,500 per month as salary, income-tax free.

MR. CHAIRMAN: Something wrong about the mathematics.

SHRI SHRIYANS PRASAD JAIN (Bombay): How does it work out?

SHRI P. SUNDARAYYA: It is for the Government to work it out and disprove it. This is my information and I do not have the records of the Imperial Bank, for me to prove it.

Sir, now compare this wage-scale with other wage-scales. I would like hon. Members to remember the wages of the middle-class bank employees, their wages and their allowances and compare them with our own allowances. We drew at the rate of Rs. 40 per day on the days on which we worked here—but you thought it was not enough and that is why we have voted ourselves Rs. 400 as salary, plus daily allowances of Rs. 21. And so on an average it all comes to about Rs. 750 per month and if we happen to be on any Select Committee, then it would work out to about Rs. 1,000 even. That being so, Sir, is it social justice to expect the bank employee, the middle-class man to live on Rs. 75 or Rs. 100 when the Managers of the Banks, when the Ministers and when the Members of Parliament and everybody else gets such a high wage as that? Sir, I would also take the question of those in a worse condition—the subordinate staff. The Sen Award had given them a scale of pay of Rs. 60 to start with. Now, Government with this modified scheme cuts into that pay structure itself and the maximum is to be Rs. 40 and minimum Rs. 28 in the initial stage. It means a cut of Rs. 20 in Area I in the pay structure itself, a pay structure which is already very low—Rs. 60 which the Sen Award had recommended. And in Area II the cut is from Rs. 11 to Rs. 13 and so on. And as if this is not enough, even the little compensation that the tribunal wanted to give to the subordinate

staff by way of increase in dearness allowance has also been drastically cut. Sir, I cannot give all the different figures here. The cut in all areas varies from Rs. 7/8 to Rs. 22/8. These are drastic cuts which the Government propose to make.

After all these cuts, what is it that the subordinate staff is expected to get? In Area I, in a D class bank, the subordinate staff gets only Rs. 53 per month and if it is an A class bank, the maximum which he gets, in Bombay and Calcutta at the initial stage, is Rs. 83 and in D area a minimum of Rs. 38 only. How do we expect a family to subsist on that? The man may only be a *chaprasi*—the so-called grade IV employee. How do you expect him and family to live on Rs. 53 per month in Bombay and Calcutta or on Rs. 38 in small towns? And the most amazing thing is that this is the Government which has declared that it has been wedded to the creation of a Welfare State and this Government comes and modifies the award of the tribunal which had gone into the matter in great detail. They say they cannot guarantee anything more than these meagre wages and employees are to be satisfied with the minimum wage.

The award does not apply to Part B and Part C States. I would like to remind the hon. Shri Deshmukh of what he said about Travancore-Cochin in the other House. There he was saying that in Travancore-Cochin, unless we modified this thing, many banks would be closed down, being unable to pay. But to the small banks which do not have branches beyond that State, this award does not apply at all. Even without the modification brought in by the Government, in the case of small banks, even if they have one or two or even more branches inside the State but none outside that one particular State, the legal position is that this Award does not apply to them at all.

Then the Government comes forward to put out the plea that this has been done in order to save small banks, to save rural banking. This is

nothing but misleading the public and the Parliament.

SHRI B. GUPTA (West Bengal): False tears!

MR. CHAIRMAN: Do not interrupt your own speaker.

SHRI B. GUPTA: Elucidation. I should say, Sir.

SHRI P. SUNDARAYYA: I would also like to remind the hon. Minister that this Tribunal Award does not apply to the co-operative banks which the Government hopes to develop to meet rural credit needs. As if the limitations of the Labour Tribunal Award are not enough, the Government comes forward and creates a new area called D area and says that this award shall not apply to the D areas in Part B and C States. If the argument of the Government is that these banks cannot pay so much—and it is open to them to exempt such banks—then why did they have to exempt banks which could pay such wages? The other excuse of the Finance Minister was that they wanted to modify the award to the minimum possible extent. When it is a question of safeguarding the interests of the vested interests, the modification is minimum but when it is a question of defending the rights and emoluments of the working classes then it becomes too much of a modification. The enormity of this crime can be seen in what I am going to illustrate. Take the Imperial Bank of India which has a working capital of Rs. 218 crores. It is this Bank which has increased the dearness allowance paid to the supervisory staff from 15 per cent. to 30 per cent. of their pay during the last few years. Out of 430 branches, 173 branches are in Part B and Part C States and by the modification of this award employees in these 173 branches will be deprived of the benefits which they would otherwise have got from the Labour Appellate Tribunal's Award. There are 1482 banks in Part B and Part C States. Now comes the Government modification which has created a new area called

D and by that 680 banks from B and C States are excluded from this award. This means that nearly 45 to 50 per cent. of the banking institutions in Part B and Part C States will be affected by this modified award. The hon. the Finance Minister has given his apologia in the other House. I would like to deal with some of the excuses which have been trotted out in the other House. The first thing that he says is that the bank employees have not submitted facts and figures. They have submitted State-by-State figures and a telegram was sent to them on 13th August and the Government wanted the figures to be supplied office by office by the 17th. How is it possible humanly? Why does the hon. the Finance Minister try to mislead the House by saying that the bank employees have not submitted these figures?

The second thing is, he said that even according to the latest modifications, steps have been taken to see that the present emoluments are not cut. This also is a mistaken statement. This modification definitely leads to a cut in their emoluments because to the extent that the basic pay is being cut according to the modifications, to that extent the bonus is being cut, the provident fund and the gratuity are also being cut. By Government's intervention like this, people employed in other banks, where neither the Sen Award nor any other award is in vogue and where they are getting more, will also be deprived of any increase that they otherwise would have got. The excuse given out is that unless this is done rural banking will suffer. Apart from the fact that the Labour Appellate Tribunal rejected this plea, has the Government been able to persuade the Imperial Bank and other big banks to open rural branches in the past? There is no such power available to compel those banks to open branches in the rural areas. They have not been able to compel the Imperial Bank of India to which the Government treasuries are given for safe custody and for banking purposes, and other

[Shri P. Sundarayya.]  
big banks to open branches in the rural parts.

The other argument advanced is that they had to take this step to safeguard the interests of the depositors and of the shareholders. This is an excuse designed to put the public against the bank employees and to draw a smoke screen against the real purpose of the Government. If they had really wanted to safeguard the interests of the depositors and of the shareholders, they could do that by taking suitable measures but not against the interests of the workers and employees. They should take action against the profiteers who misuse the depositors' funds and who are the cause of bank failures. Defend the interests of the depositors and shareholders against the ravages of the banklords but do not try to cut the wages of the employees.

MR. CHAIRMAN: Wind up, Mr. Sundarayya.

SHRI P. SUNDARAYYA: Five minutes more, Sir.

MR. CHAIRMAN: No.

SHRI P. SUNDARAYYA: I only want to point out the effects of the action taken by the Government on the labour of India and on the people of India. The hon. the Finance Minister, in the other House, said that no such all-India tribunal would be appointed hereafter to go into such questions and, pursuing that policy, they have refused to appoint a tribunal with regard to the insurance employees. I have got an amazing document before me which is the appeal of the Government of India, Finance Ministry, against the Tribunal Award in the Madras Tramway Workers' dispute. That Tribunal awarded that from out of the unused reserve funds of the Tramway Company—which closed down and which refuses to pay compensation for the lay-off as per the Industrial Disputes Act—50 per cent. should be paid as compensation to the workers. Against that the

Government says: "Apart from the question of the award being *ultra vires* as the award is in contravention of the basic conception of the law of the land.....". This means that the profits of the vested interests are to be safeguarded and the interests of the working class—even as per the laws of India—cannot be safeguarded. Is that the basic conception of the laws of India? Not only that, rationalisation and retrenchment are coming; the Labour Relations Bill has been put into cold storage and that is exactly why the hon. Minister for Labour, Shri Giri, who is a moderate leader from our angle, who has been associated with the Congress and with the labour movement for years and years, has to find—not only on the question of these modifications of the bank award alone—that it is a consistent policy against the interests of the labour and in the interests of the profiteers and vested interests. It is such acts that make such associates, who have got something to do with labour, resign.

I am going to conclude in one or two minutes.

MR. CHAIRMAN: Not one or two minutes; only one minute.

SHRI B. GUPTA: That is an important point, Sir.

MR. CHAIRMAN: I know.

SHRI P. SUNDARAYYA: Now, when the workers agitate for it, the excuse trotted out is that we being a democratic country, should wait for the next elections. Now, if the elections were to reflect the real position then the Congress Party had got only 45 per cent. of the votes and would have got 45 per cent. of the seats and not 75 per cent. of the seats. And if they had only 45 per cent. of the seats, then they would not dare take such steps against the interests of the working classes and against the interests of the Indian people. Sir, all the talk of a welfare State and independent foreign policy of peace and freedom does not square with your

dependence on foreign and Indian bankers and other vested interests and suppression of the minimum demands of the bank employees as is the case here. I am just finishing, Sir. It is not too late even today to implement the Labour Appellate Tribunal's Award without cutting the existing emoluments of the employees, and this is my last word, Sir.

**THE PRIME MINISTER AND MINISTER FOR EXTERNAL AFFAIRS AND DEFENCE (SHRI JAWAHARLAL NEHRU):** Mr. Chairman, I am very glad that this House is discussing this matter because it is an important matter in itself and it is still more important because of its effects on other connected matters. Anything dealing with labour, with the working class of India, is an important matter for us, and if any people think or if any impression goes abroad that this Government does not give a square deal to the working class of India, then it is a serious matter both for this House and for the Government as well as to the general public to consider whether we have gone wrong somewhere or whether that description is not justified. I therefore venture at this very early stage to intervene in this discussion. In this matter my colleague, the Finance Minister, both by virtue of his position as Finance Minister and also because of his intimate connection with and experience of, such subjects, will no doubt deal with this more fully. He has, in fact, been very helpful to us in considering this problem; it has been his special domain. By that let it not be understood for an instant that any of us has not been or is not fully responsible for the decisions that had been taken; we are all responsible for them. We discuss these matters and present various viewpoints sometimes originally somewhat differing viewpoints and ultimately we come to some decisions, which are the responsibility of all of us.

We have wrestled with this problem, certainly for many months past  
49 RSD.

and to some extent for some years past. Now, I am not going into the details of this problem, the merits or demerits, partly because it is a long story and partly because the broad facts will no doubt be stated by the Finance Minister. But there are some aspects which I should like to place before the House in order to enable you to judge whether the kind of charges that are rather thoughtlessly, shall I say, flung about by hon. Members sometimes are justified or not. I shall be completely frank with this House in this matter. It is obvious that our policy has been that of having conciliation, adjudication, tribunals, etc. That policy has in a very large measure succeeded in this country, and I should like to pay a tribute to the working class of India for the way they have co-operated with us, for the way they have in the past avoided industrial strife. So I think that policy has succeeded and it is our intention to pursue that policy, to go on with that; there is no question of going behind that. At the same time that inevitably means, of course, that if tribunals are appointed, the decisions of those tribunals should be given effect to. We must not bring down the prestige of those tribunals or make their decisions something that can easily be changed.

**SHRI H. D. RAJAH:** Then why this interference?

**SHRI JAWAHARLAL NEHRU:** If hon. Members would have patience they would have understood much more than they have so far done. That is why I say that it was a matter of very considerable difficulty for us and we wrestled with this problem. For the moment you may come to the conclusion that we were wrong here or right there, but the fact I wish to make is that we have the greatest reluctance to change any tribunal's decisions.

Why, then, did we make some change, some modification? For two or three reasons, the main reason being that we were not prepared to face the possibility of something happening. It may be that our apprehen-

[Shri Jawaharlal Nehru.]

sions and fears were unfounded. It may be that on further examination another way may be found; it may all be so, but there was a certain apprehension in our minds and we did not wish to take a step which might involve a certain risk. The House will appreciate that a normal industrial dispute dealing with employers and workers is one thing; but if that industrial dispute has larger consequences, well, they have to be taken into consideration. If their dispute has certain consequences, which might conceivably affect the credit of the country, then, at many moment and more especially now in India, one hesitates to do something which might upset the credit structure, which might result in its coming in the way of the country's credit—I am not for the moment going into the merits of that—I am putting this case that if there is that risk, one has to examine that matter very carefully, as this matter was examined. Now, it is difficult to examine the case of every bank. But if that result followed, then it was incumbent on the Government to pay very particular attention to it and to see to it that any such risk was avoided—avoided certainly not at the risk of throwing the burden on the workers or the employees, but anyhow it has to be avoided. That was the main fear and apprehension in our minds, and I do submit that while Government should not interfere with the decisions of tribunals, Government cannot say, and I do not think this House can say, nor has the law appointing these tribunals said, that Government should never do so. The laws say so; they have given it. In spite of the law giving that authority to the Government, Government should be very, very chary in interfering—I admit that—but if Government feel or this House feels that certain consequences may flow which may be dangerous, then it becomes inevitable for Government to point them out and to take some steps to prevent those consequences. Now whether those consequences flow or not is another matter; one can con-

sider them carefully. One may be right or one may be wrong, but I am putting the theoretical proposition: what if certain consequences flow, not in that particular dispute which the Tribunal or the Judge has no doubt very ably handled—I do not challenge that—but certain consequences which were not even before them? Unfortunately sometimes these disputes are considered in their limited scope and not in their wider scope. So the Tribunal does not have perhaps the entire economic or other picture. That was one great difficulty before us. Now, we were anxious at the same time to prevent the workers or employees suffering in consequence. In effect, it came to this that we could not take any step which might involve the risk of the banks failing and the economic structure being affected and we also wanted to avoid employees suffering. In other words, we wanted certain additional data, etc., to be considered, further facts to be considered and meanwhile to take some step to carry on. We did not want to increase the period of consideration. We could have done it. It is a matter of opinion. It was suggested that we might increase the period of consideration. The House will remember that the normal period is one month and one month being insufficient we increased it by 90 days. We might of course by another Ordinance or by legislation of Parliament have increased that period for another two, three, four or six months. It might have been done. But it seemed to us not proper to go on issuing Ordinances or passing legislation just increasing the period of consideration. We felt that we ought to come to a decision then and there but that decision should not fall heavily. Therefore, I should like the House to consider the nature of that decision.

It is true that in accepting that Award with modifications there are certain—I am not going into details—benefits conferred which employees do not have now. It is true that there will be a certain reduction in dearness allowance in various places. But, observe, that reduction is divided up

into three annual instalments and the first instalment does not take effect till a year from now, that is to say, any reduction from the present will take place only a year from now. Also remember that the Award itself which, in its modified form, has been accepted does not lapse but it ends in its present shape a year from now. It may be extended; it may be modified but it does have its normal force. Therefore, during the period in which this particular Award has the force of law, no reduction is going to take place.

SHRI P. SUNDARAYYA: By way of gratuity and bonus there is going to be reduction.

SHRI JAWAHARLAL NEHRU: My colleague will deal with those matters.

So, some benefits of various kinds are offered. Now, in a sense—I won't say that conditions were frozen for that period because they were not frozen—some benefits come; some other things come. In regard to the reduction of dearness allowance which is the main thing, that does not take place till a year from now. The total emoluments, anyway, are not reduced. Now, in the course of this year we have time—whether it is this House or whether it is the Government or any Departments of the Government, or the banks or the employees—to consider this matter more fully and in all its aspects.

Now, the House will probably know that some little time ago a committee called the Shroff Committee was appointed. The Shroff Committee does not deal with these matters in this way. It does not deal with this particular matter. It deals with the banking structure as a whole and that Committee has recently reported and I think the report has been published recently. But as I said, it does not deal with this particular problem. It deals with the larger picture of banking in India as a whole. That will be helpful to us. In addition to that it is up to us and we propose to go ahead—to enquire into this matter

much more fully in the course of the next few months and I would invite the employees—bank employees specially, others too, but bank employees specially—to help us in doing it, to send us facts and other details and discuss the matter with us and to throw more light on this so that in the course of the next few months we might be in a better position to deal with this problem. Then, remember, it is open to us if we like to appoint a new tribunal to consider this in the light of the additional facts and data which will come in. A tribunal can be appointed whenever necessary but I won't suggest its appointment till we collect all this material properly and we approach this question a little more on an informal level. It is helpful. Formality limits consideration and becomes rather rigid, but if it is proceeded with on an informal level and having collected all other material and if it is considered later on a formal level and such changes as are considered desirable are brought in, it becomes easy. And, mind you, during this period when this decision is being taken no reduction of the total emoluments is made. So what I would like the House to consider is, firstly, no change is made in their emoluments. Of course, we may say that no increase is likely to take place in the course of these few months or a year, but apart from that, the position remains the same and the Government propose to give every facility to consider this informally to begin with and when the time comes, formally, so that before the year is out one may be quite ready to go ahead with this matter in any way that the Government or Parliament may choose.

Meanwhile, I would recommend to our banks, more especially the bigger banks, that there is nothing to prevent them from dealing with this question themselves with their employees and the Government will give them their good offices. Now, the difficulty that comes in all the time is because of the difference in the position, the status and the capacity of some of the big banks and

[Shri Jawaharlal Nehru.] many small ones. It is a difficult question. We will have to consider whether we will deal with them all in a uniform way or we will accept the principle of differentiation. From one point of view this differentiation is not justified. A bank employee, whether in a small bank or a big bank is of the same type. He deserves the same payment, the same respect, the same amenities as any other. It is true that the fact that he is employed in a big exchange bank or in a small bank does not make any difference to the fact that he has to keep his family and to keep a certain standard of living. It is true, therefore, that differentiation appears to be undesirable. On the other hand, there is likely to be this difficulty. Even where the banks can afford to do something, they may take shelter and get away with it.

SHRI P. SUNDARAYYA: That is what the Imperial Bank is doing.

SHRI JAWAHARLAL NEHRU: It is possible that the Imperial Bank is capable of doing it and it should go ahead and deal with its employees in its own way. If we insist on a certain uniformity all over, then the Imperial Bank and other banks may take shelter under the principle of uniformity and get away. It is a reasonable argument to advance that there should be no differentiation because the poor bank employee is the same everywhere. But on the other hand there is the other aspect which I have put before the House. We should consider that aspect also.

I would also like the House to consider two or three other matters. First of all, apart from our disliking very much anything that falls heavily on labour, even more so disliking the idea that labour should have the notion that they have not had a square deal in any matter, we want this question to be considered by all concerned and more especially by the bank employees perhaps many of whom feel somewhat hurt by this decision. We want them to consider exactly what

we have done and not to nurse misunderstanding of what we have done. We want them to understand what we have done. We have not finalised anything; we have not reduced anything for the time being. We had to take some decision and, frankly, we were afraid to come to a decision which might affect a number of banks and affect our general credit and which, mind you, would have affected ultimately the employees themselves. If banks close down employees will be affected. If the banking structure collapses, all our present economy which we want to be a more and more expanding economy, would be affected. One has to consider all these matters. So we did that. Having taken this decision we took a number of precautions. First, we took the precaution not to affect them at all in the course of the year. In the sense in which I said. Secondly, in the course of the year during which this Award lasts we decided to take the other steps which I indicated so that for all practical purposes they are not affected and an opportunity is given to them, and to all of us, to consider this matter in all its aspects. If necessary we shall differentiate. If the bigger banks can afford it, they should do so; if the others cannot, they need not. If possible, all of them should be brought up to a certain level. Whatever it is, one gets this opportunity and I hope it will be taken by the representatives of the bank employees, the banks and others.

Now, an hon. Member opposite referred to the salaries of some bank managers. I am not aware of those salaries, except that I have a vague idea that they are very heavily paid—an idea, which, I confess, I do not like at all.

SHRI H. D. RAJAH: Then, why not do something about it?

SHRI JAWAHARLAL NEHRU: If the hon. Members help perhaps we might be able to do something (Laughter). The difficulty about these matters



is that we might do something—of course, we have done something—but it is a complicated matter. Anyhow, I am in entire sympathy with many hon. Members of this House. I entirely disapprove of these heavy and bloated salaries for whatever work it may be. I do not understand the whole idea of a man's worth being measured by the salary he gets. I think it is not a right idea.

I submit, therefore, to this House that the excitement that has arisen over this matter is somewhat misplaced and is partly due to a misunderstanding of what has been done and what is intended to be done, and more particularly I would appeal to labour representatives—I cannot claim, well, to be one of them, I have not laboured in that way; but I do claim to be one who has been associated with them in the past closely and, to some extent, even in the present and I hope in the future. I may assure them on behalf of Government, that we are not going to accept anything which we do not consider, in the circumstances, a square deal for them. Anything that is considered for treating them unfairly and for some other group—whether it is the employers' group or other—being treated at their expense would be highly improper in the present day for any Government, much more so for our Government.

Thank you, Sir.

DR. B. R. AMBEDKAR (Bombay):

Mr. Chairman, I see from the speech of the hon. the Prime Minister that he was more anxious to dispel certain charges which people are likely to make against the Government on the ground that they have shown a bias in favour of capitalists and against labour. I certainly am not one of those who are seeking to make such a charge against the Government. I may make out a case towards the end of my speech that the Government has altogether misjudged the position and, in my judgment, has not even understood the facts which were before them.

12 NOON

The Prime Minister's case—if I understood him correctly—resembled the case of a woman who had given birth to an illegitimate child and when she was questioned on this issue, she said: "Sir, it may be illegitimate, but it is a very small baby." Well, I suppose we could separate the two issues, the fact that the decision is illegitimate and the fact that the decision probably is a small one. We are concerned only whether the decision is a just one or not.

As the time is very short, it is not possible to indulge in any preliminary observations before entering into the subject matter. I, therefore, propose to begin with the subject matter itself.

A certain issue raised by the Leader of the Opposition is this: Are the modifications made by the Government in the Labour Appellate Tribunal's Award justified? The Prime Minister legitimately said that the Government has the right to modify and I entirely agree with him that the Government should have the right to modify the Award, because, after all, the Government which he is in charge of, has to consider the welfare of the people as a whole and not merely of one section of the people, and they carry the responsibility all together. Therefore, that is a very legitimate right. As I said, the question is whether they had exercised their right properly.

Now, sir, in order to appreciate the point that I propose to make, I think it is necessary to itemise the modifications which the Government has made in the Labour Appellate Tribunal's Award. What are the modifications? So far as I see, the modifications are four. In the first place, the Government has added a new area, called class IV area, which is to comprise populations of less than 30,000. The previous awards, commencing from the award of Mr. Justice Sen, the Sastry award and the Tribunal award, have all agreed that it was enough to classify the areas into three

[Dr. B. R. Ambedkar.]  
 classes. A fourth class was not necessary, but the Government felt, for reasons I have no doubt the hon. Finance Minister will explain in the course of his reply which led them to create this new class IV area. Sir, the second thing they have done is to have fixed the salary for the Class IV area. So far as A Class banks are concerned, the minimum salary—I am not dealing with the other matters such as house rent allowance and dearness allowance, because what we are concerned with is the basic minimum salary—is Rs. 66. For B class banks it is Rs. 60; for C class it is Rs. 51, and for D class also it is Rs. 51, I think my friend will correct me if I am wrong. I find the two bracketed together. The third change which the Government has made in the Award of the Tribunal is that they have exempted from the operation of the Award Part B and Part C States, except the three towns, I think, of Delhi, Ajmer and some other town. I forget now. And the fourth modification which the Government has made is to grant complete exemption to a bank which is called the United Bank of India.

THE MINISTER FOR FINANCE (SHRI C. D. DESHMUKH): May I point out that protection of the present emoluments is also a modification of the Award?

DR. B. R. AMBEDKAR: Yes, I take it to be so.

SHRI C. D. DESHMUKH: I assure the hon. Member that it is so.

DR. B. R. AMBEDKAR: Now, sir, what we have to do is to consider the grounds urged in support of these modifications. It is said that banking is a very necessary industry or service for the development of India, its commerce and its industry. It is a thing, I think, which nobody would dispute, that banking is a very essential thing which ought to be sustained by all legitimate means. Secondly if the banks are necessary, then salaries and

wage bills of employees must be so fixed that they will allow the banks to make a profit. That is the proposition, I think, which most people would question, but that is one of the foundations on which the modification rests.

The first thing to which I would like to draw the attention of the House is this. There is in existence today, in fact in operation, the Sen Award. It has been in operation since 1951. Its scales were certainly much higher than the scales of the Sastry Award. Now the point is this. This award given by Mr. Justice Sen in 1951 has been in operation and was put into operation by the Government by special ordinance, because the Sen Award was declared to be void, by the Supreme Court, on the application of certain bankers on the ground that there was some technical defect in its composition, and, therefore, the Sen Committee was not entitled to give an award. When the bankers had started reducing the salary of the employees, Government stepped in, and, by an ordinance declared that the wages were frozen that is to say, whatever was given to the employees under the Sen Award would continue notwithstanding the fact that the Supreme Court had declared the Award to be void. Now, Sir, that is one piece of evidence, I submit, which goes to show that the argument that this Award, if placed upon the shoulders of the banks, would not leave them with sufficient profits does not seem, to my mind, to carry any weight at all.

Then again, let us compare the figures which have been supplied by the Reserve Bank in a booklet, I understand, which is called, 'The Trend of Events' or something like that. It contains figures from 1949 to 1953. I have taken out just the relevant figures. Now, in the case of A class banks, there is a fall in the deposits by 11 per cent., there is a fall in the working capital of 10 per cent., but gross earnings have gone up by 20 per cent. and the dividends have in-

creased by 8 per cent. during this period. In the case of B class banks, there is a fall in deposits of 13 per cent., also a fall in working capital of 13 per cent., but gross earnings have gone up by 9 per cent. In the case of C class banks, deposits have gone up by 12½ per cent., working capital has gone up by 12½ per cent., and there has been an increase in gross earnings, and also an increase in dividends. So far as the D class banks are concerned, they appear to me to be a most prosperous institution in this country, because there has been in their case an all-round increase, in deposits, in working capital, gross earnings and dividends. Now, Sir, there is no doubt that there is a certain amount of fall in the profits with regard to class A banks and class B banks. What are the reasons for it? Is it the reason that the wage bill has increased, or, does the reason lie somewhere else? It seems to me that there is a fall in the deposits, and a considerable rise in the rate of interest, to account for the fact that there has been a certain amount of fall in their profits. And surely, the wage bill could not be used as a ground for urging that the banks have been sent into ruination by this Award. I therefore submit that it is not possible to accept the argument that profits have gone down because of wage bill. They have certainly not gone down on that account, although they may have gone down. Therefore, this argument certainly cannot be used for the modification of the Award in order to bring down the wages as fixed by the Tribunal.

Then again, Sir, with regard to the second change, namely, the creation of a class IV area I do not quite understand why the Government felt the necessity of creating this new area. The cases were argued before three tribunals. There were innumerable lawyers representing the workers and representing the bankers. Surely, none of them ever thought that it was necessary, in the case of any class of banks, that this new area should be created. What led the Government to

create this area, I do not quite understand.

Then, sir, the third change—the exemption of Part B and Part C States—seems to me to be one of the most difficult things to justify.

MR. CHAIRMAN: It is getting time.

DR. B. R. AMBEDKAR: I have just a few things to say.....

MR. CHAIRMAN: Yes, as briefly as possible.

DR. B. R. AMBEDKAR: Thank you, Sir. It is very difficult to understand on what ground these two areas of Part B and Part C States could be excluded from the operation of this Award. Now, Sir, what does this mean? It means that the lowest scale which the Government has laid down for class IV area, namely, a minimum salary of Rs. 51, is not to be operative in Part B and Part C States, that is to say, the employees have been left at the mercy of the employer.

They may pay them any wages they like. Maybe that banking is necessary and that banks should make profits. That also may be a reasonable thing, but should we allow this kind of exploitation, complete exploitation? No minimum standards have been fixed at all. It seems to me completely inexplicable and un-understandable.

Now, again, the fourth modification made by the Government in respect of the exemption of the United Bank of India is also a very extraordinary thing. So far as I have been able to gather any information about this particular institution, originally there were four banks started by the refugees in Calcutta to help themselves, I believe, and to carry on the business of banking.

THE DEPUTY MINISTER FOR FINANCE (SHRI A. C. GUHA): I am afraid the hon. Member is not quite correct. The banks were there long before the partition. Only, they were amalgamated into one bank after the partition.

DR. B. R. AMBEDKAR: I am very glad to hear that. That supports me much more. I was taking a broken reed for my stand. I take it that this is a long-standing institution, but they were amalgamated.

SHRI A. C. GUHA: May be long-standing but may not be sound-standing.

DR. B. R. AMBEDKAR: This bank, according to the information I have, has a working capital of Rs. 33 crores. Let my friend deny it or let him correct me. He knows something about this bank evidently. The capital of this bank is somewhere near Rs. 33 crores. Now, according to the classification that has been adopted by the Sen Award, the Sastry Award and of the Appellate Tribunal, this bank ought to be placed under A class banks, because A Class banks are banks whose working capital is Rs. 25 crores or above. Certainly this bank, as I said, ought to be in the A class and the scale prescribed by Government ought to be applied to this bank. Apparently there seems to be no ground. Evidently this bank for some reason which I am unable to understand, was in troubled waters. It applied to the Sastry Committee and asked for some exemption. The Sastry Committee gave it exemption up to 31st December 1954. They said, "After that date the Award will apply to you." When the matter went to the Appellate Tribunal, this bank which was not satisfied with the concession given to it by the Sastry Committee, again applied for further exemption, and the Tribunal was pleased to extend the period of exemption up to December 1955, and the Government in its notification specifying the modifications which they wanted to make said: "This Award shall not apply to this bank at all." I hope that my friend does not say that it shall never apply to them. I hope it will apply to them some day. It requires some justification as to why the Government was so biased in favour of this particular bank as to set aside the limited concession that was given by the two

previous tribunals and exempted it altogether. There is no justification whatsoever.

Now, there are other points to which I wish to draw the attention of the House. I find that in certain respects the Government ought to have modified the Award but has not modified, and the first point which, I think the Government ought to have taken into consideration as a point requiring modification is the system of classification that was adopted from the very beginning, from the Sen Committee down to the Labour Appellate Tribunal. Now, sir, I should like to give just one illustration to show how absurd has been the classification. Take Class A banks. Class A banks are banks with a working capital of Rs. 25 crores or more. It does not set any upper limit. It just says Rs. 25 crores. That is to say, all other banks who have—maybe—Rs. 100 crores as working capital or Rs. 200 crores as working capital, are to be on a par with a bank who has got just Rs. 25 crores as its working capital. As a flagrant illustration of this wrong classification, I find that the case of the Imperial Bank is the most apposite. My friend there has given figures, but I would like to give the figures that I have for what they are worth. Its capital, I understand, is somewhere about Rs. 218 crores, and it has deposits totalling 41 per cent. of the total deposits of all the Indian scheduled banks. Now, sir, I should like to ask whether it is right to place a bank with Rs. 25 crores as working capital on the same footing, on the same par with a bank which has got Rs. 218 crores as working capital, and whether it was not desirable and necessary for the Government to create a special class of the Imperial Bank.

PROF. G. RANGA (Andhra): Let them nationalise it.

DR. B. R. AMBEDKAR: I have not got all the figures but there are many groups between Rs. 25 crores and Rs. 218 crores, and I am sure

that, if there had been many classifications, many employees would have got larger benefits by way of wages and other emoluments, because they will all be related to profits, but the Finance Minister has very quietly accepted the classification proposed by these three bodies without proper investigation.

MR. CHAIRMAN: You must wind up, Dr. Ambedkar. There are other speakers.

DR. B. R. AMBEDKAR: Yes, Sir, I would not take more than a minute or two. I do not know why my hon. friend, who made an exemption in the case of the United Bank, which was really an exemption which worked adversely to the working classes, did not make a different category of the Imperial Bank, so that it would have been a discrimination in favour of the working classes. Surely, one would have been on a par with the other.

Then, there is another thing arising out of this point of classification. None of these three bodies, the Sen Committee, the Sastry Committee and the Appellate Tribunal, had felt it necessary to make a distinction between Indian banks and foreign banks in this country. By foreign banks I mean the exchange banks. I find from the Sastry Award that there were twelve of these exchange banks which were a party to the dispute before the Sen Committee, the Sastry Committee and the Appellate Tribunal. Now, Sir, each of these banks according to the Sastry Award, has more than Rs. 50 crores by way of deposits which are mostly gathered from the depositors in this country. Now, everyone knows that these foreign or exchange banks mainly engage themselves in supporting foreign investors or foreign commerce.

They render, I suppose, very little help to the indigenous industry or to the indigenous trade. That is one point. Secondly, they import a large volume of their personnel from out-

side and Indians whom they employ are employed on the lowest rung of the ladder. The Europeans whom they employ are paid fabulous salaries. Surely, I ask whether it is not justifiable to make a distinction between the Indian banks and the foreign banks and to enable Indians at least to get some advantage from these foreign banks which is all going to the foreign employees. Sir, I have done.

SHRI AKHTAR HUSAIN (Uttar Pradesh): Sir, I have listened to the speeches of the hon. Members from the side opposite. From those speeches it appears that there is no fundamental ground on which they oppose the decision arrived at by the Government. The hon. Member from the Communist Party criticised the Government for making certain amendments and modifications and Dr. Ambedkar has criticised the Government for not making amendments and modifications. One party criticised the Government for modifying the Award and another says "No, the modifications that the Government have made are not sufficient though they have the right to modify."

SHRI P. SUNDARAYYA: We criticise the Government not for modifying but for modifying against the interests of the employees.

SHRI AKHTAR HUSAIN: My friend just stood up to correct me that the modifications have been made for the purpose of reducing the emoluments of the employees. Now, Sir, after all that has been said by the Prime Minister, is it necessary for me to remind the House and say that for one year the *status quo* would be maintained and after one year there is still a possibility of the matter being reconsidered and re-examined and if necessary some modifications may further be made...

SHRI B. GUPTA: The *status quo* will not be maintained because their provident fund, bonus, etc., will be affected immediately.

SHRI C D DESHMUKH About this particular point I would say that bonus and other things are dependent on pay scales and we have more or less accepted the pay scales in the Labour Appellate Tribunal

MR CHAIRMAN Therefore these things are not affected

SHRI P SUNDARAYYA They will be affected

SHRI AKHTAR HUSAIN I was trying to show that there will be no loss caused for the period during which the *status quo* is to be maintained and if there is any reduction, it is just about Rs 3 or 4 per month in the emoluments of the lower grade clerks. Now, if it is a reduction of Rs 4 a month to take effect at the expiry of one year, what would be the result? It will come to about 64 annas a month or about two annas a day. For this 2 annas' reduction all these harsh things have been said by the other side. The leader of the Communist Party began by taunting us that this was the way in which we were trying to carry out our aim of establishing a Welfare State. If a certain bank clerk's emoluments are reduced by two annas per day, will that be any justification for saying that we are not carrying out our policy of promoting the establishment of a Welfare State?

Dr Ambedkar, while he was criticising the Government for not effecting sufficient modifications in the Award, was pleased to remark that he thought that although the amount of expenditure of banks had increased by a larger pay bill, the banks' finances had not in any way suffered. Now, he has ignored the fact that during the last few years more than 300 banks have failed involving a sum of Rs 30 crores. If those 300 banks had failed it was because the pay bill had been increased to such an enormous extent that the banks were not making any profit, there were not sufficient funds to meet the demands from the resources of the banks and the work could not

be carried on and therefore they suffered loss and had to go into liquidation. Then, there is one aspect that I wish to place before this House and that is that at present there are only 1301 places where banking facilities exist in this vast sub-continent of ours. The House is aware and you are aware, Sir, that we have 5 lakhs of villages in this country and out of them at only 1301 places there are banking facilities. They are mostly towns. If we want our rural credit to be expanded, if we want our country to have a larger number of banks, the question is whether we should create conditions which would facilitate the establishment of more banks or create those which would result in the fate that befell those 300 banks which failed during the last few years. That is the point to be considered by this House and in arriving at the decision, I hope the House would bear in mind the fact that if a large number of banks are allowed to fail by reason of the fact that they could not pay their enhanced pay bill, then it would be a bad thing for the economic progress of our country.

SHRI B GUPTA. The banklords are allowed to make extraordinary profits

MR. CHAIRMAN. You go on.

SHRI AKHTAR HUSAIN. The whole difficulty is that my friends on the other side don't listen or appreciate that if the pay bill is enhanced to such an extent that it becomes impossible for the banks to pay it, they will be closing down their branches and some of them will go into liquidation. Now, it is estimated that not less than 241 branches would close down. (Interruption)

I thought my learned friend would hear this and appreciate the argument

SHRI B GUPTA. The banks will not go into liquidation, but they will liquidate some Ministers!

MR. CHAIRMAN: He does not understand that it is Parliament but he thinks that it is College Square.

SHRI AKHTAR HUSAIN: .....241 branches would close down if the Appellate Tribunal Award is implemented in its entirety. That would affect about 2549 employees. They would be thrown out of employment. The question is if the Government takes some action which could result in the retention of this number of employees, in providing more work for others and in guaranteeing that the persons who are working in the banks at the moment will continue to earn their livelihood, are they really acting as the true well-wishers or benefactors of the workers or are those people the real benefactors and well-wishers of the workers who would suggest a course of action which would result in the failure of the banks and throw all those persons out of employment? Sir, I submit that the ultimate benefit or gain of the employees is by the continuance of these banks and not in the closing down of the banks. Therefore, it is obvious that any criticism that may be advanced by the other side is purely political and I would request my friends.....

SHRI B. GUPTA: Yours is political. Because you are supporting them to get money for the next elections.

SHRI AKHTAR HUSAIN: They raised the question of the difference between the salary paid to the managers and those paid to the clerks. It is all purely political and has absolutely nothing to do with the economic aspect of the question or the question of whether banking should be promoted, whether facilities should be created for the purpose of increasing their number or whether we should create such conditions and increase the establishment charges to such an extent that it may become impossible for the banks to carry on their business with any profit.

Therefore, Sir, if the bank employees were not used as pawns in a political game, they would have seen that the decision arrived at by the Government is really and ultimately for their benefit and that they really stand to gain under the modification effected by the Government and they should be thankful to Government for what has been done, because, as I said, it will ultimately benefit them.

SHRI C. D. DESHMUKH: Mr. Chairman, I should like, at the outset, to give a little of the history of this dispute. Commencing from the end of the war, the employees of the banking industry felt discontented with their scales of pay and their trade unions presented demands and the unrest became acute in cities like Bombay and those of U.P. and Bengal. At that time this matter was within the jurisdiction of the States. So the local Governments concerned referred some of the disputes for adjudication. In Bombay there was adjudication by Mr. Justice Divatia which was a consent award in the dispute between the Bank of India and its employees in August 1946. Then, Justice Divatia was called upon to give an award in respect of an industrial dispute in thirty specified banking companies operating in Bombay State. This award was published in April 1947. By a separate award, the benefits were extended to bank employees in Ahmedabad.

In Uttar Pradesh, Shri B. B. Singh was appointed adjudicator and he gave an award in March 1947. Later on, the U.P. Government constituted the U.P. Conciliation Board for the bank disputes. In August 1947, a dispute between the Imperial Bank of India and its workmen was adjudicated upon by Shri R. Gupta and his award is known as the Gupta Award. Several leading banks in Calcutta, particularly the exchange banks, adopted the Gupta Award voluntarily. Then, there was another award by Shri S. C. Chakravarty and yet another one by Shri S. K. Sen in the dispute between the Central Bank of India and its employees

[Shri C D Deshmukh]

Now, Sir, you can imagine the confusion that this diversity of awards would have created. Therefore, at the instance of the Reserve Bank, the Government of India passed the Industrial Disputes (Banking and Insurance Companies) Ordinance, on the 30th April 1949. By this Ordinance, banking companies having branches or other establishments in more than one State came under the jurisdiction of the Central Government for the purposes of the Industrial Disputes Act, 1947, and the powers of the local Governments over them were taken away by the Ordinance. In June 1949, the Central Government constituted an Industrial Tribunal, consisting of three retired judges of High Courts, to adjudicate upon the industrial disputes between several banking companies and their workmen. This is the Sen Tribunal. Certain industrial disputes relating to banking companies having branches in more than one State which were pending before the State Industrial Tribunals were also transferred to the Sen Tribunal. This tribunal gave its award in August 1950. On the move of some of the leading banks, the Supreme Court, in April 1951, declared the Sen Award as void altogether for the reason that the constitution of the Tribunal offended against the provisions of the Industrial Disputes Act of 1947. Thereafter, attempts were made with the good offices of the Government to settle all the disputes by negotiations, and when they failed, the Government passed a temporary Act freezing the Sen Award for the time being. Thereafter, following an infructuous attempt to form an industrial tribunal with Mr. Justice Divatia as chairman and two other members, the Central Government in January 1952 constituted the Sastry Tribunal. In between the Sen Tribunal's Award and the appointment of the Sastry Tribunal, there was a growing and persistent demand on the part of bank employees that banking employees in Part B States should also be included in the adjudication. The Central Government, therefore, referred to the

Sastry Tribunal for adjudication the disputes between the various banks, including banks in Part B States, and their workmen. They came up, for the first time, before the Sastry Tribunal. Therefore, their pay scales were not present in what Government had done before. Now, the Sastry Tribunal was asked to adjudicate the dispute in 129 banks in all, of which 68 were scheduled banks and 61 non-scheduled banks with branches or other establishments in more than one State.

At the time when the Sen Tribunal was constituted, the Government was so preoccupied with the desirability of having an all-India adjudication instead of the confused state of decisions arising out of numerous State awards, particularly with reference to banks with branches all over the country or other establishments in more than one State, that the point that by so doing we should be referring to adjudication disputes which actually did not exist between individual banks and their employees was considered subsidiary. It did not strike us. In retrospect it is arguable that it would have been better to limit the all-India adjudication to banks in which disputes actually existed. Of course, the law refers also to apprehended disputes and it was more than likely that as soon as an award was available in respect of such banks where disputes were in existence, the employees of other banks similarly placed would have raised a dispute and asked for similar terms to be awarded to them also. But the possibility still remains that in the case of some of the weaker units the managements could persuade the employees that the interests of both would be prejudiced by an increase in the cost of establishment. And there was the possibility that had there not been this tribunal voluntary agreements would have been reached. As a matter of fact, this very point was agitated before the Sen Tribunal on behalf of several banks who represented that as far as they were concerned, there was no dispute between them and their employees and they pleaded, therefore, that the jurisdic-



tion of the tribunal should not extend to their case. But the Sen Tribunal held that their jurisdiction did so extend, and in order to put the matter beyond doubt, a supplementary notification was issued in August 1949 adding the words "or is apprehended" after the words "whereas an industrial dispute has arisen".

The point I wish to make is that in many cases there was no actual dispute, although the tribunal covered these cases also in its award.

I would now like to say something with regard to banking development in this country—again as background. I think it is a truism to say that banking is still very much undeveloped in India. Here are some figures. In the United Kingdom, the number of bank offices per million of the population is 229. In U.S.A. it is 129; in Canada it is 256; in Australia it is 450 and in India it is 16, that is to say, one-eighth of the lowest figure which I have quoted above. The average deposit per head in India is only Rs. 25 as compared to Rs. 636 in the United Kingdom and Rs. 4,493 in the United States. Even after allowing for the difference in the national income per head, it would be seen that India is still in a very low state of banking development. There are other countries also with similar figures; for instance, the deposit per head in Japan is Rs. 314 as against Rs. 25 in India; in France it is Rs. 749 as against Rs. 25 of India.

SHRI B. GUPTA: What is the national income per head in the U.S.A. and the U.K?

SHRI C. D. DESHMUKH: I have said, even allowing for difference.....

SHRI B. GUPTA: It is Rs. 8,000 in the U.S.A.

SHRI C. D. DESHMUKH: It is Rs. 9,177 in the U.S.A. and Rs. 3,624 in the U.K. and Rs. 250 in India.

SHRI P. SUNDARAYYA: Sir, I would like to point out that we have

raised some important points. Instead of answering them, he is giving a history of banking and other things.

MR. CHAIRMAN: He will come to that. He is giving the background.

SHRI P. SUNDARAYYA: By that time, the time will be over.

SHRI C. D. DESHMUKH: This is important, Sir to explain why certain points have been excluded from the award.

SHRI B. GUPTA: Background to cloud the issues.

SHRI PRASADARAO: Why not compare the salaries also?

SHRI C. D. DESHMUKH: This has taken five minutes.

Another way of looking at it would be—and this is very important—the ratio of bank deposits to the currency in circulation. In our country this is 76 per cent., that is to say, deposits are lower than the bank notes in circulation whereas in other countries, advanced countries, well banked countries, it is between 3 and 5 times, 425 per cent in the U.K., that is to say, banking deposits are four times the notes in circulation.

SHRI H. D. RAJAH: Where?

SHRI C. D. DESHMUKH: In the U.K. In the U.S.A. it is nearly six times the notes in circulation and in Japan it is nearly four times the notes in circulation whereas our deposits are lower than the notes in circulation.

Now, these are the background figures which I think it is very important that hon. Members should bear in mind. The hon. Member opposite who spoke did not make a grievance that the award had been modified.

SHRI P. SUNDARAYYA: We do not make it.

SHRI C. D. DESHMUKH: Because they have grown wiser. It was made in the other House.

SHRI P. SUNDARAYYA: Our stand has always been that the Government should have the right to intervene but in the interests of the employees.

SHRI C. D. DESHMUKH: That is the whole point. The Industrial Disputes Act clearly empowers the Government, on public grounds, to modify or reject the award. It does not say that the tribunal's award should be modified only in the interests of the employees.

SHRI S. N. DWIVEDY (Orissa): What about the assurances of the Labour Minister who moved the Bill?

SHRI C. D. DESHMUKH: If that had been the intention, then the Bill would have said so. The hon. Member has referred to the assurance of the Labour Minister; my colleague here said: "Our interference comes only when the tribunal has completed its deliberations and has given the award. We do not influence their deliberations. When we find that the wages given in the award will adversely affect the social objectives which we have as our goal we interfere."

SHRI B. GUPTA: What is the social objective? More profits to the banklords!

MR. CHAIRMAN: Mr. Gupta, please sit down.

SHRI C. D. DESHMUKH: "Much has been said about that and I do not want to argue whether it will be in the interests of the worker or in the interests of the employers and whether Government will be influenced by the worker or by the employer." The hon. Minister said that we must fix our policy for the attainment of certain social objectives and the point I make is that the social objective cannot only be confined to the interests of the employees. It is conceivable that other interests may arise which are even more important than the short-term interest of the employees although both may coincide in the long run.

SHRI H. D. RAJAH: What about the other interest? What about the harassed borrowers who are a very important element in any banking?

SHRI S. N. DWIVEDY: I refer to page 2666 of the printed proceedings of the debate in the Provisional Parliament in which he specifically stated that when an award is modified it would be so modified in the interests of the people who have been denied justice, that is, the employees. That was the specific point made by the Labour Minister.

SHRI C. D. DESHMUKH: I have already stated what he said. There was mention about social justice and I say that social justice is not confined only to the class of employees.

Now, Sir, I come to another part of this Industrial Disputes Act, section 19(4). It is possible if new facts come to notice, to appoint a fresh tribunal even before the normal period of expiry of the current award, and reference to that point has been made by the Prime Minister. In my opinion, it is possible to make positive use of section 19(4) when facts come to our notice. The Prime Minister also referred to the recommendations made by the Shroff Committee where they suggest that an expert committee should be appointed. Here is an extract from it: "The Committee has given considerable thought to the question of the rise in operating costs of banks in India and feels that the situation is sufficiently serious to warrant urgent measures being taken to facilitate proper functioning and development of banks in India. The Committee is, therefore, of the opinion that the Government of India should immediately appoint an expert committee to examine, among other things, ways and means of rationalising wage and salary structure in the banking sector and to explore possible avenues of reducing the burden of operating costs." That may include even a change in the rate of interest

allowed to depositors. It is felt that one possible approach to providing relief may be to explore the practicability of fixing ceilings for the ratio of establishment charges to working funds or deposits, taking into account the urgent need for banking development in the country. So, it is quite possible that in the course of the implementation of this committee's recommendations, which have been made primarily to the Reserve Bank from whom we shall receive their own recommendations, an expert committee may be appointed so that by the time we have received any further representation that any party, particularly the employees, have to make, we shall have a great deal of the relevant information at our disposal which we have not got today. For instance, is it possible to charge higher rates for the advances made by banks? Is it possible—we do not know—to charge lower rates of interest to the depositors? That is a matter which is very much dependent on a more or less unanimous agreement among the bankers because otherwise there will be a great deal of cut-throat competition. If one party tries to reduce the interest rate on deposits and others do not, then there is a risk of deposits flowing from one party to the other. These are matters which take a little time for investigation, for settling a line of policy and for operation. As I said, when we consider, say, public grounds, we must also consider what other interests are affected. Now, it is quite clear that the employees are a very important interest and nobody is joining issue on the desirability of the employees getting as much as they can out of the profits of the concern which they are serving. I do not know whether one would be very clear about the desirability of everyone getting minimum wages or fair wages or living wages because these are terms which have not yet been defined properly except minimum wages for certain specific industries. For instance, do teachers get minimum wages? Do Government employees get minimum wages? I cannot say unless

Parliament gives some thought to this matter if it likes.

SHRI B. GUPTA: There should be a commonsense definition also.

SHRI C. D. DESHMUKH: That is another matter. That has nothing to do with the award which is to be enforced only for one year. There are very grave issues to be considered but I say that we are not very much concerned or agitated. That is to say, if the banking employees get minimum wages or fair wages, we shall all be happy, but we have to consider whether there are any other interests. As I indicated, we feel that there are other interests and one, of course, is the shareholders. Nowadays it is the fashion to say that the shareholders do not count. In number I believe they are ten times the number of employees, that is to say, against 65,000 employees the share-holders are six and a half lakhs in number; and I shall come later to what return they are getting on their capital. That is a matter on which there may be difference of opinion, especially in so far as individual banks are concerned.

But a more important interest involved, we felt, was that of the community as a whole because we feel that the banking system is, so to speak, seminal to the whole economy of the country and to its industry and commerce and therefore any dispute of this kind of an omnibus nature where we are trying to evolve scales of pay even in twelve or sixteen categories is bound to have a direct bearing on general employment and economic development.

And then the other point we considered, apart from the general economic fabric, was whether individual banks had the capacity to stand this additional expenditure which they would have to incur if the Labour Appellate Tribunal's award had been implemented. Now in this matter the tribunal suffered from a handicap. It was not as if they did not take any care; they made up their mind after

[Shri C. D. Deshmukh.]  
 hearing everybody and they evolved, say, twelve scales for different areas and for different classes of banks. The depositors were not represented before them. It is true that Government might have appealed, say, against the the Sastry Award, but at that time we had no reason to appeal because we found that many banks accepted the award and proceeded to implement it except some who appealed against the award but that was mainly against the pay scale; there may be other things also, but we did try later on to intervene under section 13, but at that time the tribunal held that Government had no right to raise issues in appeal which had not been raised by any of the parties. Now, out of these banks—the total banks were 129—I do not know how many appealed but one bank had expressed the view that rural areas or towns with populations of 30,000 and under should be excluded from the operation of the Award.

SHRI H. D. RAJAH: Which was that bank please?

SHRI C. D. DESHMUKH: It is not worth while saying which bank it was. I think it was United Commercial—it is all printed, it was openly argued—I think, the United Commercial Bank, it is said.....

SHRI A. C. GUHA: The United Bank of India.

SHRI C. D. DESHMUKH: In any case we did not wish to hitch our plea on to the plea of any one of the banks and, mind you, we were dealing with the Award of the Sastry Tribunal. It was only after the Labour Appellate Tribunal revealed its mind that it became known after some degree of investigation, and the burden that was likely to be cast on the banks. Now, there is no way of dealing with that situation as before the tribunal. It is only by applying those pay scales to individual banks that we can get a picture, and even now we do not have

any information as to the possible effect of this award on the 129 banks concerned. Through the good offices of the Reserve Bank we have been able to get figures regarding some 30 banks. Some 4 or 5 of them are 'A' class, some 'B' class, some 'C' class and some others 'D' class, and we studied those figures very carefully. They were scrutinised by the Reserve Bank. We took into account the objections that the All-India Bank Employees' Association had raised in regard to the character of these figures and after satisfying ourselves that they were as accurate as the ones we did obtain we came to certain conclusions and the conclusions were that in almost each class there were certain banks which would not be able to stand the strain.

Then arises this question of what we should have done. Dr. Ambedkar said that we might have excluded some banks, some 'A' class banks or foreign banks and so on, but at that time we felt that we should intervene as little as possible with the general pattern of the award and therefore we followed a certain method. The first principle we were adopting was that no one should lose in present emoluments. There was a small point raised by hon. Members that there may be bonus payments, that they may be affected or gratuity may be affected, but that can only be in a small number of cases.....

SHRI P. SUNDARAYYA: Why in a small number of cases? It will be in all the cases where the Sen Award had been implemented; in all these cases it will be affected.

SHRI C. D. DESHMUKH: The total emoluments have been protected.

SHRI P. SUNDARAYYA: Does it mean that the Government is prepared to say that under the modified award of the Government, for one year Sen Award's pays will be continued?

SHRI C. D. DESHMUKH: Emoluments will continue. Whether there will be bonus or not, these are matters we do not know yet. They will be matters for other tribunals. In any case.....

SHRI P. SUNDARAYYA: When the Government makes a statement that the emoluments of the employees will not be cut for one year, we have got a right to know from the Government whether those employees, who are getting certain emoluments which include pay per month on a certain pay scale, dearness allowance, house rent, contribution to the provident fund, bonus or gratuity on the basis of their pay scales—these are the total emoluments—will be affected or not.

1 P.M.

SHRI C. D. DESHMUKH: I can answer the hon. Member. The pay scales are the pay scales in the Labour Appellate Tribunal's Award. But the total emoluments are protected; they will be able to draw what they have been able to draw before. Total emoluments are protected.

SHRI P. SUNDARAYYA: But does it mean contribution to the provident fund on the same scale?

MR. CHAIRMAN: Provident fund contribution, etc., based on the pay scale.

SHRI P. SUNDARAYYA: Based on the L.A.T. or Sen Award? If it is on the L.A.T. award there is a cut.

SHRI C. D. DESHMUKH: I am even conceding that there may be a cut.....

SHRI P. SUNDARAYYA: There is a cut.

SHRI C. D. DESHMUKH: .. in contingent benefits. This cut is consequential on the Appellate Tribunal's pay scales themselves. But so far as the general emoluments are concerned, I have said that we have ensured that they will not be cut. (*Interruption.*)

49 RSD.

I do not give in. We have accepted the pay scales of the Labour Appellate Tribunal, and in some cases it is true that they are somewhat less than the pay scales of the Sen Tribunal's Award; in other cases they may not be. The pay scales of the Sen Tribunal which were subsequently frozen were admitted by them temporarily.

SHRI P. SUNDARAYYA: In most cases it is less than the Sen Award.

SHRI C. D. DESHMUKH: Hon. Members are determined not to see the point that I am making, that is, the first modification we are making is entirely in the interests of the employees because both the Sastry Tribunal and the Labour Appellate Tribunal have said that present emoluments need not be protected if by the implementation of their awards there was going to be a reduction in the present emoluments. Although the point was urged before the tribunals, it was definitely rejected by both the tribunals, that is to say, the Sastry Tribunal as well as the Labour Appellate Tribunal. (*Interruption.*)

I cannot carry on replying to running commentaries of the hon. Member. I hope other hon. Members will listen to this and that is that although both the tribunals had rejected this point and held that present emoluments should not be protected, we took the step to protect the present emoluments by and large. Now, it may be that in some cases there might be a loss, what I have called 'contingent loss'.

Now, Sir, I have referred already to the rural sector and I was going to say that we tried to argue this before the tribunal, but that was rejected, as I said, on the ground that Government's right to intervene was limited to the points raised by the parties themselves. But the main point I make is that no one could know in advance how the Labour Appellate Tribunal's Award would affect the banks, and incidentally I may say that —although it has not been voiced here —there is an opinion in labour quarters that there should be no Labour,

[Shri C. D. Deshmukh.]  
Appellate Tribunal in such things. I can say only as a reply to that argument—although I do not agree with them—that what we have done is, we have more or less accepted the Sastry Tribunal's Award—that is to say, the award which should not, in their opinion, have been appealed against—and in addition we have protected the emoluments which were in addition to that award, which they were drawing now.

Now there is another point that I wish to make—I made it in the other House and that is really in justification of the point which now seems to be conceded by almost everybody, that Government have a duty to examine the award to see whether it affects any public interest, that is to say, whether it should be modified on public grounds. Now, that is because there is a distinction between industrial tribunals and other judicial courts. While the procedure of these tribunals is similar to that of the law courts, the former have no substantive law to administer. There is no clear-cut justiciable issue on which they can adjudicate. Apart from case law that the tribunals have themselves been evolving, they go by the notion of 'living wages' which, in the absence of any norms having been fixed by Parliament, is purely subjective.

SHRI AKBAR ALI KHAN (Hyderabad): Is it a fact that the banks have gone to the Supreme Court—that notwithstanding the concessions granted by the Government, the banks have gone to the Supreme Court?

SHRI C. D. DESHMUKH: I am not aware of any such move by the banks. Again on this question of modification—I do think this point was important—I should like to say that the first suggestion for the modification of the award came from the employees themselves. I have a copy of a resolution here, which is the first resolution to my knowledge, passed by a body of bank employees. That was the resolution passed in the public meeting

held on the 11th May 1954 under the auspices of the Patna Bank Employees' Association in the Anjuman Islamia Hall where they said *inter alia*: "This meeting further urges the Government of India to take immediate measures to ensure that no cut in the ordinary emoluments of any bank employee takes place as a result of the L.A.T. Award which would ultimately disturb industrial peace." That is what they end their resolution with.

And that is precisely what we have done.

SHRI B. GUPTA: I would ask the hon. Minister to place the entire resolution before the House.

SHRI C. D. DESHMUKH: I have not got the time. Obviously, the hon. Member now does not like the arguments.

SHRI B. GUPTA: Because they are no arguments at all.

SHRI C. D. DESHMUKH: As I said, therefore, this demand made by the employees has been more or less fully met. Now, Sir,.....

SHRI S. N. MAZUMDAR (West Bengal): If the hon. Minister takes the resolution of the Patna Bank Employees' Association, why is he not prepared to accept the resolution of the All-India Bank Employees' Association?

MR. CHAIRMAN: His point is, you have taken only one particular Association.....

SHRI C. D. DESHMUKH: Which is the most important one.

SHRI S. N. MAZUMDAR: There is the All-India Bank Employees' Association.

SHRI C. D. DESHMUKH: That is a matter of judgment because there are other interests involved.

MR. CHAIRMAN: All right, get along.

SHRI C. D. DESHMUKH: Apart from the consideration of the matter from the public point of view, we have to look at it from the point of view of the bank employees themselves, limited as such point of view would necessarily be. The Sen Award gave them certain substantial benefits. Some of these had already come into operation, so far as salaries, scales of pay and dearness allowance, etc., were concerned, by March 1951 before the Sen Award was declared void. And the Government enacted, as I said, emergency legislation to freeze the benefits earned during March 1951 in respect of scales of pay and rates of allowances only. Then came the Sastry Award and afterwards the Labour Appellate Tribunal. And speaking from their point of view the only modifications made by the Government in the Labour Appellate Tribunal's Award are in regard to the dearness allowance and adjustment of salaries in which respects all that the Government has done is to revert to the Sastry formula which we thought was more appropriate. In all other respects, apart from sectional modifications to which I shall advert presently, the Appellate Tribunal's Award is maintained. That means that in respect of the numerous other matters adjudicated by the Tribunal, such as payment of gratuity, house rent allowance and other allowances, provident fund, medical aid and expenses, leave benefits, etc., the Award of the Appellate Tribunal has been left untouched.

Further, Sir, so far as the scales of pay themselves are concerned, we have not reverted to the lower scales of pay of the Sastry Tribunal but have retained the higher scales of pay awarded by the Appellate Tribunal. It is true that the Appellate Tribunal's scales of pay are at some points less than those of the Sen Tribunal, but that is a dispensation already implicit in the Appellate Tribunal's Award. It is also true that under the scheme of dearness allowance adopted by the Sastry as well as by the Appellate Tribunal, that is to say, linking the

dearness allowance to the all-India cost of living index rather than linking dearness allowance in various places to the cost of living indices of 46 different places in the country, people in certain odd places like Dehri-on-Sone who were getting capriciously high rate of dearness allowance—I believe Rs. 114 as against Rs. 33 in Bombay or Madras. ....

SHRI P. SUNDARAYYA: The supervisory staff is getting Rs. 900 as dearness allowance in the Imperial Bank, Calcutta.

SHRI C. D. DESHMUKH: That is quite irrelevant. I am dealing with....

MR. CHAIRMAN: It is with regard to local banks. He is merely saying that compared to the scales prevalent in Madras, Bombay and other places, they were getting much more.

SHRI C. D. DESHMUKH: Four times more

SHRI P. SUNDARAYYA: The supervisory staff is getting eight times 114.

MR. CHAIRMAN: Maybe, but that has nothing to do with this.

SHRI C. D. DESHMUKH: Now, the bank employees when they appeared before us said that about 42 per cent of their number would lose if the Appellate Tribunal Award was implemented. That is to say, they thought that in dearness allowance they would lose. Now, we asked them to give us figures as to how this 42 per cent is made up. Actually, what we said to them was, "Please furnish full lists if possible, office to office, showing the reduction consequent on the Sastry and Appellate Tribunals' Award in respect of the 42 per cent workers. Please also send us evidence to show that the basic wage of 75 per cent of the employees will be reduced." All the information they have.

[Shri C. D. Deshmukh.]  
sent us—it reached us only a few days back—is that this 42 per cent is split up between different States of Bombay, Madras, Orissā, Delhi and so on. They have been unable to give us the information. That does not matter very much. But my point is, if in their view 42 per cent were going to be affected, then we have saved those 42 per cent from loss.

SHRI P. SUNDARAYYA: Not at all.

SHRI B. GUPTA: You have made it worse.

MR. CHAIRMAN: Whatever they do must be worse.

SHRI C. D. DESHMUKH: Here are some figures. In the case of one bank the pre-Sen cost of establishment was Rs. 1.12 crores; on the basis of the Sen Award it was Rs. 1.32 crores and on the basis of the Sastry Award it was Rs. 1.31 crores, that is to say, there was not much difference in the over-all between the Sen and the Sastry awards. On the basis of the Labour Appellate Tribunal it is Rs. 1.48 crores and on the basis of the modified Award, we believe, it would be about Rs. 1.40 crores. My point is, as between the pre-Sen and the present figures, there is an increase now from Rs. 1.12 crores to Rs. 1.40 crores.

SHRI P. SUNDARAYYA: It may be the case of only one bank; not general.

SHRI C. D. DESHMUKH: I have other instances. Banks which are already paying very high, like the exchange banks, possibly would not find much difference. I should like to quote figures but by and large it is true that in the case of many banks there has been this increase and we know from the figures furnished to us by about 30 banks that there is going to be a definite increase in their establishment charges as a result of the full

application of the award of the Labour Appellate Tribunal. Now, what we have done is, we have reduced the dearness allowance scale a little bit to bring it into accord with the Sastry Award but at the same time we have protected the present emoluments of the employees.

Now, Sir, the other modifications are in respect of rural areas of 30,000 population and less. So far as rural areas in Part A States and certain Part C States are concerned, where the Sen Award was already applicable, Government have decided to constitute them into another class, that is, Class IV, and prescribe for them the scales of pay awarded by the Sastry Tribunal to Area III. Here also the the protection of existing emoluments for 12 months will be operative. So far as Part B States are concerned about which Dr. Ambedkar asked a question, the position is somewhat different. The Sen Award was not applicable to those States and the first all-India tribunal to have jurisdiction over this area was the Sastry Tribunal. The award of the Sastry Tribunal was stayed during the appeal and the Appellate Tribunal's award would have been the first all-India award to be operative in these areas. In Part B States generally banking is relatively undeveloped and in certain special areas like Travancore-Cochin there are a very large number of small banks most of which would have been hit but for this modification.

SHRI P. SUNDARAYYA: Is it not a fact that this award does not apply to Travancore-Cochin banks if they are limited in the State?

SHRI C. D. DESHMUKH: If their offices are confined only to the State, it is not applicable.

Now, Sir, we have received representations from the Travancore-Cochin banks that these units would have been prejudiced by the other parts of the award had they been applied to



them. Now, this is a matter of judgment as to whether in towns of thirty thousand and less this exemption should have been made. We feel that, apart from the loss and profit of any individual bank, a bank ought to have the opportunity of finding out whether a particular area is promising or not. And, therefore, they should start offices with unavoidable expenditure only in order to find out the possibilities and if they find that that neighbourhood is developed, then next year—since this Award is compulsorily to be in

force only for one year and may be less—and in future years, it will always be possible to find out what the earnings of those offices are and to remove some of those from this particular exemption. (*Time bell rings.*)

MR. CHAIRMAN: The House stands adjourned till 8-15 tomorrow morning.

The House then adjourned at sixteen minutes past one of the clock till a quarter past eight of the clock on Friday, the 3rd September 1954.