

The Bank As An Employer

A chronicle of the Bank's functioning would not be complete without a reference, however brief, to its personnel policies and management. As a central bank, the Bank had special responsibilities as an employer. On the one hand, it had to provide sufficient remuneration and incentives to attract personnel of high calibre, with integrity and ability well above the ordinary; on the other hand, it had to be conscious of the fact that although beyond any fear of shortage of funds it was a public institution, with the need to avoid extravagance and to observe due canons of economy. The Bank had, of course, little need to choose its staff when it opened its doors in April 1935, for much of its establishment was transferred to it from the Imperial Bank and the Government of India. Nevertheless, rules were framed almost immediately for recruitment of suitable personnel as and when the necessity arose.

Jobs in the Bank were much sought after, a special reason for this being the prevailing unemployment among the educated youth, mainly in consequence of the economic depression of the 'thirties. For 'fifty and odd' temporary jobs announced by the Bank's Calcutta Office early in 1935 in connection with the share issue, it was reported that there were ten thousand candidates. Commenting on the scene, the Indian *Finance* said *:

It was not a rain, but a downpour, of applicants. They came from all corners of Calcutta from most mofussil stations of Bengal. The building was chokeful of crowding graduates. The overflow in the street was so heavy that the traffic was held up; and there was a perfect jam. The men who got into the building could not get out; the crowd in the street, who were all the time pressing towards the entrance of the building, were panting and perspiring; and some fainted in the crush, I understand. The officials, who were to make the selection, were nonplussed. Never did any advertisement in Calcutta papers have such

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pulling power. In sheer desperation, the police were rung up; and their assistance requisitioned to clear up the building and the streets.

In the spheres of both recruitment and promotion, the Bank learnt by experience and evolved policies to meet its growing needs. Consistently with its commitment to safeguard the interests of the transferred staff, promotions were made on the basis of the twin criteria of seniority and efficiency; similarly, while making direct recruitment to the higher cadres, a balance was sought to be achieved between the need to obtain highly specialised personnel and the need to offer adequate opportunities for betterment to its existing staff. Strangely, however, in the matter of systematic training of its employees in the different aspects of the Bank's work, little was done for a long time, the only-steps that were taken being those necessary to implement the decision to unify the staff of the Banking and Issue Departments. Even the encouragement given to the staff to pass the Institute of Bankers' examinations was not an original step; the management merely adopted what was the practice of the Imperial Bank. Consequently, there was not much mobility of staff between the different departments, though it must be added that having regard to the rather restricted scope of the Bank's activities in the early years, this was not a handicap to the operational efficiency of the Bank.

In the traditions of a progressive employer, welfare measures such as passage concessions, medical facilities and provision of housing accommodation were also taken, although in some directions the progress was rather slow.

Employer-employee relations in the Bank were, on the whole, cordial. This was conspicuous in the difficult years of the war, when the staff in general had to carry a very heavy load of work. Only once, after the close of the war, was there a threat of precipitate action from the employees, but this was averted by the adroit intervention of the Governor. A machinery for resolving differences by negotiations was then developed. The Bank was equally concerned with devising suitable machinery for settling disputes in the commercial banks; it was consulted by the-Government in connection with industrial legislation governing the settlement of such disputes.

With the increase in the activities of the Bank the strength of the different classes of staff grew steadily. The following table shows the increase in the number employed between 1936 and 1951:

Year	Officers (including Treasurers)	Superintendents (including Deputy and Assistant Treasurers)	Assistants, Clerks, Coin/Note Examiners	Subordinate staff	Total
June 1936	51	120	1,568	715	2,454
June 1951	184	469	4,006	1,564	6,223

Until the mid-sixties no systematic efforts were made to develop a specialised Personnel Department in the Central Office. For nearly thirty years since the Bank's inception, personnel problems were handled by the Chief Accountant's Office, which also dealt with general administration, the Bank's accounts and currency work. In regard to the branches a beginning was made in the late 'fifties by the appointment of Personnel Officers to attend to staff matters exclusively.

RECRUITMENT, TRAINING AND PROMOTION

The Bank's initial requirements of staff were met by taking over from the Government and the Imperial Bank of India the staff engaged in the discharge of functions transferred to it. The senior staff required was taken from the Government or the Imperial Bank, initially on a temporary basis. The majority of the junior staff came from the Currency Offices and the Audit and Accounts Department of the Government and the Public Debt Offices and Government Accounts Departments of the Imperial Bank; they were taken over, as far as possible, on a permanent basis. The transferred staffs were assured of their existing pay and conditions of service. It was the Bank's intention to form as soon as possible its own cadres through recruitment of its permanent staff and fixation of their pay and other conditions of service.

Classification of Staff

The transferred staff retained the respective gradations which were applicable to them before they came over. Such gradations were many and complex, this being particularly so in the case of those transferred from the Imperial Bank, where there were several grades of Clerks and the position differed from 'circle' to 'circle'. But gradually they were absorbed into the permanent cadres of the Bank's staff, who were originally classified as 'A'-Officers, 'B'-Assistants and clerical staff, 'C'-Treasurers and their staff and 'D'-Subordinate staff. In

1946, the cadre of 'Assistants' was substituted by that of 'Superintendents'. In 1946, when a comprehensive revision of pay scales took place, the staff belonging to the different categories were reclassified as 'A'-Officers, 'B'-Staff-General Department, 'C'-Staff-Cash Department and 'D'-Staff-Subordinate. A new grouping of staff was introduced in the year 1948 as under:

Class I - Officers

Class II - Staff Assistants, Superintendents, Deputy and Assistant Treasurers and other employees on grades the starting pay of which exceeded Rs. 200 per mensem

Class III - Clerical and Cash Department staff not included in
Class II

Class IV - Subordinate staff

Following the arrangement in vogue in the Imperial Bank and in the Currency Department, the clerical class was divided into two grades, namely, (i) those who performed routine work (Routine Clerks) and (ii) those whose work was of a more responsible character (Senior Clerks). This nomenclature was changed in 1946 to Clerks Grade II and Clerks Grade I, respectively.

Recruitment Policy

The services of Officers, who were initially taken in the Bank's service on temporary deputation, were retained on that basis for some time. The general principle followed was to replace them with the Bank's own permanent staff as rapidly as was consistent with the efficient working of the Bank. At the inception, the Governor felt that for some time the Bank should recruit Officers with special qualifications on separate contracts, or borrow them from other services, their terms of appointment being fixed according to their qualifications. The Governor also considered it necessary to 'provide from the start for a reasonable proportion of European officers'. To this end, he thought that it might be desirable to offer some of the European Officers, whose services were lent temporarily on deputation from the Imperial Bank, permanent positions in the Bank on suitable terms.

Except in the case of recruits of European domicile, or Officers appointed on special contracts for duties of an exceptional nature, the Officers' cadre of the Bank was to be ordinarily filled by recruits promoted from the Superintendents' grade, the latter being filled by promotion from the clerical grades. The object of this policy was twofold: first, to ensure that before promotion Officers had gone through the mill and become properly acquainted with the actual routine of the various departments of the Bank, and secondly, to stimulate efficiency in the clerical grades by affording the prospect of promotion to those who proved themselves capable of shouldering higher responsibilities.

The stages in the evolution of recruitment policy and practice are detailed in the following paragraphs.

Clerical Grades

Under the general promotion policy mentioned above, considerable importance was attached to the method of recruitment at the clerical level. An elaborate procedure of advertisement, test and interview for

preparation of an annual waiting list of suitable qualified candidates was prescribed as early as May 1935. Also, the Managers were made personally responsible for all such recruitment.* While no minimum qualifications were prescribed for entrants to classes 'C' and 'D', candidates for appointment to the lowest cadre in class 'B', i.e., those to be taken up in the clerical grade, were required to be at least matriculates of an Indian University. The maximum age limit for appointment was 22 years for undergraduates and 25 years for graduates. A *minimum* age requirement, at 18 years, was fixed later for all classes, in November 1940. The upper age limit for appointment was frequently relaxed, when qualified candidates were not available. Fresh recruits were normally appointed at the lowest pay in the scale, but in exceptional cases an appointing officer could recommend the grant of up to four initial increments. No minimum qualifications or age limits were prescribed for recruits to class 'A' as appointments in that class were ordinarily made by promotion from class 'B'.

At Bombay, the recruitment of Clerks for the Bombay Office, the Central or Chief Accountant's Office and the specialised departments (viz., the Agricultural Credit Department, the Department of Banking Operations and the Department of Research and Statistics), which was undertaken separately by the respective departments/offices themselves, was centralised in July 1947 when a Central Recruitment Board was set up in the Central Office. The Board, which did not include any outside member, consisted of the Chief Accountant, the Bombay Manager and any other 'Officer who might be co-opted as a member when recruitment of persons with special knowledge or experience was made. The Personnel Relations Officer was its ex-officio Secretary. The Board was also made responsible for the preliminary selection of candidates for posts which required advertisement on an all-India basis and selection by a higher authority.

During the period of World War II, the Bank experienced difficulties in recruiting persons of good academic qualifications as Routine Clerks. In departments like the Agricultural Credit Department, where the majority of clerical staff had to be graduates, preferably in Economics, there were many cases of resignations. Reviewing the situation in June 1942, the Governor (Sir James Taylor) felt that the Bank's scales of pay for the clerical posts were not sufficient for the better sort of graduates and candidates with other special qualifications, being incapable of either attracting new recruits in sufficient numbers or keeping them contented after they were recruited. The system of recruiting graduates as Routine Clerks also suffered from the drawback that better qualified men were required to go through long periods of mechanical work

* From August 1951, the Chief Accountant was associated with the final interview of candidates found to be successful in the written tests.

which provided little opportunity for testing their ability to undertake duties of a higher responsibility.

The Bank's scales of pay were framed at a time when it had to take its staff as it found them; they applied, moreover, to only a section of its heterogeneous staff. In the initial stages, promotions were fairly quick owing to the rapid expansion of the Bank's activities, but as things stabilised, the pace slowed down. Having visualised, in the light of some years of experience, the place of graduates in recruitment and promotion, it was considered necessary to give special encouragement to this section of the staff. The Governor, therefore, proposed to use his powers to grant advance initial increments more liberally to candidates with 'specially impressive academic qualifications'. Under this scheme, advance increments were sanctioned to double graduates and graduates who had passed in the second or a higher class, at the time of their recruitment as Clerks. Later on, the scheme was extended to cover also the members of the clerical staff who had either qualified earlier or acquired the qualification after joining the Bank's service.

The policy for grant of advance increments to graduates was revised in November 1946, by the removal of the distinction between pass class graduates and higher class graduates. Simultaneously, however, the Managers were advised that recruitment of staff should be more selective in the future, and every attempt made to get candidates of the highest calibre available. Also, they were to maintain 'a reasonable balance' between the proportion of graduate and undergraduate Clerks. After 1948, the benefit of the scheme of advance increments was extended also to the Cash Department staff.

Mention may be made here of an arrangement introduced in Calcutta as an emergency war-time measure, some time prior to 1942, for the recruitment of clerical staff. Under this, the Calcutta University Appointments and Information Board sorted out the applications (received in response to the Bank's advertisements), selected candidates for the tests, conducted the examinations and recommended a panel of names to the Manager who made the final selection after interviewing the candidates. The arrangement was discontinued in August 1951.

As the activities of the Bank, particularly in fields such as the provision of advice on matters of agricultural credit, expanded, the existing man-power in the clerical class proved qualitatively inadequate. The Agricultural Credit Department was also expected to serve as a training ground for executive appointments in the Bank so that in course of time an Officers' cadre with a good knowledge of central banking could be built up. In view of all this, a cadre, intermediate between that of a Senior Clerk and that of a Superintendent, designated as 'Research Assistants', was created in April 1939. The posts were

filled, either by promotion of the Senior Clerks who were in charge of the type of work for which the posts were being created and who had given evidence of possessing the required degree of ability and special knowledge, or by recruiting promising candidates from outside.

After the Agricultural Credit Department was reorganised into three departments in 1945, corresponding grades of Banking Assistants in the Department of Banking Operations and Economic and Statistical Assistants in the Department of Research and Statistics were created. Two years later, i.e., in the middle of 1947, a parallel cadre was created in the Bank's Central Office also; this grade was designated as 'Assistants - Central Office'.

The Assistants' cadre in the Bank was more or less comparable with that of their confreres in the Government, whose work was described by the First Pay Commission in these words: 'to note on cases, put up precedents and present an intelligent appreciation of facts for the orders of a superior officer'.

Cash Department Staff

The Bank had to devise special safeguards with regard to the day-to-day handling of its cash balances and their custody. The Cash Department at each office was in charge of a Treasurer; the Treasurers were required to furnish guarantee by way of cash and Government securities and were responsible to the Bank for any loss caused to it by the dishonesty or negligence of their subordinates. In the case of the latter staff, those transferred from the Imperial Bank or the Government had to give security comparable to what they were required to furnish earlier, by way of a fidelity insurance or contribution to a Guarantee Fund.

The Bank instituted a Co-operative Guarantee Fund on October 1, 1935; employees were to make graded half-yearly contributions to the Fund which accepted liability for losses occasioned by the guaranteed staff to the extent of the amounts for which they were guaranteed. All the Cash Department staff and those in classes 'A' and 'B' drawing more than a specified salary were to contribute to the Fund. On termination of their service with the Bank, or on transfer to appointments for which security was not required, guaranteed employees were eligible to receive a bonus from the Fund on the basis of a prescribed formula. Transferred employees were given the option either to retain their former conditions of service regarding the furnishing of security or to relinquish them and agree to be bound by the provisions of the Bank's Guarantee Fund.

In April 1936, it was considered whether the Treasurers should themselves be allowed to take guarantees from the staff under them in view

of their personal responsibility for losses but it was decided against adopting the proposal. In view of this special overriding responsibility, recruitment to class ' C ', that is to say, the Treasurers' staff, was made by the Managers on the basis of nominations made by the Treasurers, care being taken to see that the field of recruitment did not thereby become unduly narrow. The chief qualification for appointment to a post in the Treasurer's Department was a sound financial position and a good character and not possession of good academic qualifications. Even the age limits fixed for recruitment of Clerks were not strictly observed for appointment of the Shroffs and Note Examiners.* As suitable personnel were more easily available with the end of the war, and in view of the improvement of the pay scales in the Bank in 1946, the minimum educational standards and age limits fixed for recruitment of clerical staff were made applicable to appointment of the Treasurers' staff also, in February 1947.

Officers

In the matter of recruitment of Officers the story is, throughout, one of efforts to get the best persons possible to fill this cadre. It cannot, however, be said that there was a conscious policy from the very early years enumerating the principles to be followed for appointment to this class. The number of Officers in the Bank (including the Treasurers) rose from 51 in 1936 to 82 in 1945; the figure more than doubled during the next quinquennium. From time to time reviews were undertaken to assess the requirements of the next few years and *ad hoc* steps were taken to meet them. Generally the Officers' posts were filled by promotion of suitable persons from the Superintendents' class, but this was augmented by direct recruitment of well-qualified and experienced personnel from outside. There was also direct recruitment of persons in a somewhat lower cadre for being given all-round training with the object of eventual appointment as Officers. When the needs were emergent, as when exchange control was introduced on the outbreak of the war and there was an acute problem of finding an adequate number of men conversant in foreign exchange banking, they had to be met by drawing temporarily on Government or other banks.

It was mentioned earlier that the Bank's initial requirements of Officers were met by the temporary deputation of Officers from the Government of India and the Imperial Bank on special terms arranged with reference to the terms and conditions of their own permanent services. The recruitment of Officers to form a permanent cadre in the Bank was to take place gradually as the needs became clearer. In

* In 1946, with the comprehensive revision of pay scales, the two grades were merged under a new nomenclature Coin/Note Examiners.

August 1936, when a review was made after allowing for the European recruitment effected by transfer from the Imperial Bank, it was decided to fill ten posts permanently, consistently with the need to avoid a block in the Officers' cadre and to maintain efficiency: five were to be filled by promotion from the Superintendents' cadre and five by direct recruitment. The new recruits were to be taken up as Clerks (with the initial advance increments permissible) and put through their paces under an intensive scheme of training before being appointed as Officers. The Deputy Governor, Sir Sikander Hyat-Khan, outlined their programme of work thus:

they should be appointed to the junior clerical grade in the first instance and required to work as clerks for the first twelve months and as junior superintendents for another year. Thereafter, subject to their receiving satisfactory reports, they will be promoted to Class A as probationers. They will also be required to work as Senior Superintendents for a period of at least 12 months before being confirmed in Class A, and for such further period after confirmation as the Governor may consider necessary, before they are entrusted with the duties of an officer. In addition it will be compulsory for these recruits to pass the examination of the Institute of Bankers within a period of 4 years from the date of their initial appointment. If they fail to pass Part I of the examination within two years their increments will be stopped, and if they fail to complete Parts I and II within 4 years they will be liable to be discharged. These recruits will eventually replace the Imperial Bank staff temporarily lent to the Bank.

In addition, an Officer was directly recruited for the Agricultural Credit Department in the middle of 1936 by selection through advertisement, for undertaking tours and relieving the Officer-in-Charge of the more routine duties. Mention may also be made here of the *first* direct appointment (i.e., not on deputation from the Imperial Bank) of an Indian Officer in the Bank a little earlier, viz., in January 1936. Mr. T. K. Ramasubramaniam, an employee of Lloyds Bank Ltd., was taken up as a special case, because of the shortage of trained Officers in the Bank and the inability of the Imperial Bank to spare any further Officers for transfer to the Bank.

In September 1937, another review was made of the prospective requirements of Officers in the next few years. The review revealed that the Bank was soon likely to experience a shortage of Officers, owing to retirements, etc. The most satisfactory way of providing for future requirements, Sir James Taylor felt, would be to recruit as probationers every year one or two men with very good educational qualifications as well as social standing with a definite assurance to them at the outset that if they shaped well, they would be placed as Officers on probation after a period of three years' intensive training in the Bank. With this aim, on September 20, 1937, the Bank advertised

in newspapers of all-India circulation for the posts of Probationary Assistants. From a very large number of applications received, the Bank selected its first two Probationary Assistants, Messrs Loqman Haider and D. N. Maluste. As appointments in this manner were not covered by the existing rules, the Committee's approval, in principle, to the scheme was obtained in December 1937.

At the same time, not to overlook the claims of promising members of its own supervisory staff, a number of such employees were promoted as Officers in the various departments of the Bank, on the strength of reports from the Managers.

The scheme of recruiting Probationary Assistants caused apprehension among the staff: it was urged that while direct recruitment might be resorted to to fill posts involving work which was essentially of a technical character, in other cases, it was likely to affect the staff morale adversely and impair their efficiency. The Bank clarified that though it reserved the right to recruit the necessary staff, it had no intention of ignoring the claims of the existing employees, and that it would strive to restrict direct recruitment to the absolute minimum.

More than three years went by before another assessment of the Bank's requirements of Officers on a long range view was attempted. It was found that having worked on a very fine margin all along, the Bank had not built up any reserve of Officers at all against leave, retirement or casualties, not to speak of future expansion or even meeting the demands of the war. The general accent on seniority in the case of promotions from the Superintendents' class to the Officers' class also created difficulties as many of the transferred staff were, in view of their age and background, immobile and not adaptable to new types of work. It was therefore decided in December 1940 that an adequate reserve should be created from amongst the younger and brighter set of Superintendents so that systematic arrangements might be made to train staff *in advance* of actual requirements. The scheme proposed that a small number of Senior and Junior Superintendents* who were likely to fit themselves for early promotion to class 'A' should be taken away from their normal duties and given intensive training in all the departments of the Bank for periods ranging from one to three years according to their ability and previous experience. Promotions would be made from this reserve as necessity arose. To be eligible for selection for such special training, the Superintendents had to be graduates and had to have passed at least Part I of the examination of the Indian or English Institute of Bankers. The selection was to be made from amongst those recommended by the Managers of the offices, having regard to their all-round efficiency and ability. The first selection under the scheme was made in March 1941; further selections were

* These were two separate grades until 1946.

made in 1942, 1945, 1947 and 1949. The selections were confined to those who were not above the age of 40 and had worked as Superintendent for at least two years.

Recruitment of Probationary /Staff Assistants -Scheme of 1944

The next major review of the policy of recruitment of Officers was made in January 1944 by Governor Deshmukh. The war, and particularly Japan's entry into it, had further accentuated the need for experienced Officers. Obtaining Officers from other banks, including the Imperial Bank, or from the Government even on temporary transfer was out of the question, except in cases of extreme emergency. The experiment made in 1935 and 1936 under the scheme of recruiting men with special qualifications as Clerks with advance increments and testing them for promotion to class 'A' was not a success and was therefore abandoned. As for the 1937 scheme, no recruitment of probationers had been made after the first two appointments and it was considered to have lapsed. Direct recruitment to the Officer class was also ruled out, except where it was required to meet emergent conditions or to fill posts calling for specialised training and experience.

Taking stock of the situation, the Governor felt that the future policy for filling posts of Officers should be such as would 'ensure not only that a sufficient' number of Officers of the right type are always available to handle our normal out-turn of work but also that a provision exists for any possible expansion which may have to be undertaken during the period of transition from war to peace, and in the post-war period, when, to keep in touch with the greatly extended banking system of the country, we shall have to consider opening branches at provincial headquarters where we are not represented'. For this purpose he considered it necessary to fix definite proportions of posts to be filled by the only two means available, viz., (a) by men of high educational qualifications, good social standing and ability, to be recruited specially for ultimate service as Officers, and (b) by giving accelerated promotion to particularly suitable employees already in the Bank's service.

In this context, it had also to be considered that while prior to the war young men of education and good family were prepared to enter the Bank at the bottom of the ladder, war conditions had created more lucrative openings elsewhere and persons of the standards required were no longer coming forward to join its clerical grades. However, as the majority of the Officers' posts were for discharge of work of a routine nature in the Issue and Banking Departments for which a grasp of procedural details, solidity, and trustworthiness were more important than academic brilliance, the Governor felt that the greater

number of vacancies arising in the future should be filled from the Superintendents' class. Accordingly, he laid down a ratio of two to one for promoted members of the staff and directly recruited staff, respectively, for filling every three vacancies arising in the Officers' cadre. As regards direct recruitment, the Governor considered that the most suitable course was to create a separate cadre of Assistants on the lines then obtaining in the Imperial Bank of India, and to fill the prescribed proportion of vacancies in the Officers' cadre from amongst the Assistants. All appointments of Assistants were to be made by selection through advertisement and the Bank's staff with the necessary qualifications were to be allowed to compete with the outside candidates.

The Central Board approved the scheme in February 1944. Detailed rules embodying the terms and conditions of service of the Assistants, entitled the Reserve Bank of India Staff (Assistants) Rules, 1944, were then drawn up; these rules were later incorporated in the Staff Regulations. The selection of candidates for appointment as Assistants was to be made by the Committee of the Central Board, from out of a panel of candidates considered suitable by the Governor. Director Mr. C. R. Srinivasan held that this procedure amounted to 'a denial of opportunity of service on the selection Board to Directors representing other circles' owing to the fact that the Committee met in Bombay for the greater part of the year. He offered two alternative suggestions -the constitution of an *ad hoc* Committee of the Central Board periodically to deal with matters of recruitment and service or of a Committee comprising the Presidents of the Local Boards. Although the Governor did not think that any change in the procedure was called for, the matter came up informally at the next Board meeting on April 17, 1944, when it was decided that the Committee of the Central Board should, for the purpose of selection, co-opt the President or in his absence the Vice-President of each of the Local Boards, if not already on the Committee. The arrangement of holding these special Committee meetings, which led to considerable delays in recruitment, was abandoned in April 1950, the selections thereafter being made by the Governor on the advice of the Deputy Governors, subject to confirmation by the Committee of the Central Board at its usual weekly meetings.

The first batch of Assistants was recruited entirely from amongst the staff, in December 1944. The staff recruited to this cadre were known as Probationary Assistants during the period of their probation, which was ordinarily three years. On the satisfactory completion of their probation, they were confirmed as Staff Assistants. The Probationary Assistants were given every facility to learn the work of the different sections and to prove their fitness in the service.

In accordance with the policy approved by the Board in February 1944, it was ensured that a very large percentage of higher appointments went to the staff who had entered the Bank's service in the lower grades and by dint of their merit and industry had worked their way up.

In 1945, when two new Departments were created, it gave rise to special staffing problems. Direct recruitment of Officers had to be resorted to on a fairly large scale to provide the Department of Research and Statistics with personnel possessing specialised knowledge and experience. The requirements of staff of the Department of Banking Operations also necessitated the recruitment of Officers directly from outside from among those experienced in co-operative or commercial banking. The various banking enactments threw a heavy responsibility and a large volume of work on the Reserve Bank, particularly in the domain of bank inspections. An examination of the inspecting staff requirements revealed that more supervisory than clerical staff were required. In order to reduce the cost of inspections it was proposed to employ Staff Assistants, who would in due course take the place of the inspecting Officers, and in the meantime assist the Officers in the inspection of branches and in writing the reports. The staff required for the inspections had to be recruited and trained. Apart from those appointed from the existing staff by normal promotion or those selected for their special qualifications, there was recruitment by advertisement, the eligible members of the staff being allowed to compete with the outside candidates.

Superintendents' Cadre

Placed between the Officers and the Clerks or Assistants, the Superintendents formed an important part of the Bank's establishment. Promotions to this class presented some difficulty in the initial years owing to the need to safeguard the interests of the transferred staff without compromising the efficiency of the cadre. The question had to be viewed by the Bank as one of balancing in a fair manner the claims of the transferred staff and those of Clerks directly recruited. The policy adopted was to permit transferred employees with good or even fair reports to have their normal promotion whilst, at the same time, giving such encouragement as was possible to direct recruits in the clerical cadre possessing outstanding qualifications. The Bank's view throughout was that too high a premium should not be placed on seniority and that efficiency and merit (not necessarily accompanied by high academic qualifications) should be the paramount considerations insofar as appointments to the Superintendents' grade were concerned.

Besides, the Bank had to look several years ahead in respect of its requirement of Officers, taking into account retirement and the growth of the Bank's operations. For the purpose of meeting a likely dearth of Officers in the Issue Department, arrangements were initially made to provide a few promising young Superintendents from the Banking side opportunities for being trained in the Issue Department procedure so as to be available later on as Officers, if necessity arose. Later, the Issue Department personnel were also given training in the Banking Department, with the same object in view.

Staff below the Clerical Level

Appointments of the class 'D' staff (such as Peons, Durwans, Coolies and Sweepers) were made by the Managers as occasions arose. Certain minimum qualifications for recruitment were specified in 1942, when the pay and allowances admissible to these categories of staff were raised. To assist members of the subordinate staff to compete with other applicants, for promotions to class 'B' or class 'C', the Bank waived the upper age limits prescribed for these posts; the number of promotions from class 'D' to a higher class was, however, insignificant.

Communal Representation

In pre-Independence days, much importance was attached to securing a balanced representation of the many communities in India on the Bank's staff. At the very inception of the Bank, it was laid down that the appointing officers should 'pay particular attention to the necessity of preventing the members of any one family or community from assuming an unduly predominant numerical position'. The former object was achieved by requiring each applicant to state whether he had any relative in the service of the Bank and leaving it to the discretion of the appointing officers to see that appointments were not made in such a way as to result in the creation of family cliques. However, in the case of the Treasurers' subordinates, this restriction was not imposed; in view of the Treasurers' overriding responsibility for losses, it was considered advantageous to have close ties amongst the staff, provided that the element of kinship was not so preponderant as to imperil the control of the executive.

In considering the allied question whether, in making recruitment, any preference should be shown to the sons and dependents of the Bank's employees, the Bank had to reconcile the genuine desire of the staff to see their children or dependents provided for by the Bank with the risk of deterioration in the quality of the staff recruited, owing to

a narrowing of the field of selection, and the possibility of undue influence being exerted by some employees. The view taken was that the Bank should not ordinarily recognise such claims. It was, however, felt that after the retirement of an employee, or in the event of his death, one of the members of the family on whom the family burden had come to rest might be given appointment, other things being equal, that is to say, provided he had the requisite qualifications. Such special cases were considered sympathetically, on their merits.

As for the communal principle, the objective was that, as far as possible, no single community formed more than two-thirds of the personnel in class 'B' at any one place. The time for rectifying any communal disproportion in the cadre of a particular office was when fresh staff were being recruited; however, staff once taken into the Bank's employment, either permanently or temporarily, in accordance with the prescribed procedure, were not to be penalised for the sake of adjusting communal representation. Until the desired proportion was secured, not less than 50 per cent of the new appointments were required to be distributed among the members of the other communities. Thereafter, the proportion was to be at least one in three. For appointments to classes 'A', 'C' and 'D', no such fixed proportions were prescribed, but the principles indicated for class 'B' were required to be followed as closely as circumstances would admit. In making nominations for appointments to class 'C', the Treasurer was not put under any restriction in view of his special responsibilities.

Among the Officers, the majority of whom had been taken over from the Government and the Imperial Bank of India, there was naturally a 'marked communal disparity' in the beginning. In this situation, the five posts of Officers proposed to be filled in 1936 by direct recruitment of suitable persons at the clerical level were decided to be distributed, subject to availability, among Muslims (2), Sikhs (1), Parsees (1) and Hindus (1). It was felt that this was 'the best that can be done in the circumstances and a fairly satisfactory beginning'.

The stress on securing a communal proportion was subject to the candidates being otherwise well qualified. In view of this, the proportions envisaged could not always be maintained in respect of all communities. Efforts were, however, made from time to time to secure a reasonable balance. In furtherance of this policy, the Bank made a special selection, in December 1945, of Probationary Assistants from out of candidates coming from the minority communities.

The Bank's policy regarding the recruitment of minorities, especially Muslims, on its staff was the subject of some comment in the press. The Finance Ministry as well as the Bank's Directors also received representations occasionally from communal organizations alleging

inadequate recruitment by the Bank from the communities whose interests they sought to promote. An exhaustive review of the steps taken to increase the proportion of minorities in the Bank's service, aimed at apprising the Directors and the Ministry of Finance of the correct position, was undertaken in February 1947. The review revealed that between 1935 and 1947, the percentage of Muslims in the Bank's service had increased from nil to 12 in class 'A', from 1.9 to 9 in the Superintendents' cadre, from 5.6 to 15.2 in the clerical category and from 16.2 to 18.7 in class 'D'. Stipulations regarding age limits were freely waived in the case of candidates belonging to the minority communities; high educational qualifications were also not insisted upon. Further, wide publicity to the Bank's advertisements was given by issuing them in important vernacular newspapers and also circulating them to the Muslim Chambers of Commerce and other institutions seeking to further Muslim interests. Again, Muslim institutions such as the Muslim Rights Protection Board, Lahore, were requested to assist in forwarding applications to the Bank from suitable candidates whom they came across; the response from these bodies was, however, very poor. The supersession of Muslim employees could not be ordered by branch Managers without the prior approval of Central Office.

With the partition of the country and the establishment of a Government committed to secularism, the emphasis gradually shifted to meeting the special needs of the economically and socially backward classes, i.e., the Scheduled Castes and the Scheduled Tribes. Various concessions in the matter of age, educational qualifications, application fees, priority in appointment, etc., were extended to members of these communities in line with Government's policy to encourage their appointment.

From time to time, relaxations of the age limits were allowed or preference for appointment shown to certain categories of applicants, depending on the nature of the handicaps from which they suffered; among these classes of candidates were ex-service personnel, refugees from Pakistan, those who took part in the national movements and retrenched bank employees.

As regards the European element in the Bank's staff, particularly in the higher cadres, besides the efforts to secure some Officers from the Imperial Bank, direct recruitment from the U.K. was also thought of; a provision for an overseas pay was also made for such Officers. However, there were in fact very few European recruits other than those who originally came from the Imperial Bank. This was mainly due to the efforts of Deputy Governor Nanavati who wanted the maximum opportunities to be given to Indians. In the matter of staff, he stood for Indianisation as much as in the buying of India-made articles. In

this connection, it is of interest to know that when the office raised objection to the buying of Indian made clocks on the ground that they stopped working frequently, Mr. Nanavati remarked that it did not matter even if all the clocks in the Bank came to a standstill!

There were hardly any women on the Bank's rolls in the early years, the few who joined being mainly telephone operators. The first ladies to be taken up for clerical work joined in the early forties, and the first to be recruited directly as an Officer (Miss Dharma Venkataraman) joined in March 1949. Gradually, the number increased, particularly in the Department of Research and Statistics, where many were recruited for the tabulation of statistical data. Nevertheless, women formed less than 8 per cent of the total staff in January 1968.

Mobility and Training of Staff

For well over two decades of the Bank's existence, except for the efforts made to train the staff of the Issue and Banking Departments in the work of both, with a view to unifying the two Departments, strangely enough, little was done in the direction of a systematic training of the newly recruited staff in the Bank's procedures and policies, although much emphasis was placed on the recruitment of men with a good academic background. Also, there was comparatively little mobility of staff; but this was necessarily so, in view of the nature of work in these departments being totally different from that in the Agricultural Credit Department. There was, however, a freer movement between the different departments, at the higher administrative levels.

As the range of the Bank's activities widened and there was increasing specialisation in the work done in the different departments, there were modifications in the groupings of staff with a view to securing that employees with special experience or qualifications suited to particular types of work were retained in departments where the work called for such knowledge or skills. After the Agricultural Credit Department was reorganised in August 1945, the staff of the Department of Research and Statistics and the Agricultural Credit Department were constituted as a separate group for the purpose of promotion at all levels as they held high academic qualifications and were recruited for specialised work. However, this did not preclude the Bank from transferring staff on the general list (which comprised the Issue, Banking and Exchange Control Departments, the Central Office and the Department of Banking Operations) to the new group or vice versa, if this was considered necessary in the Bank's interests. Effective April 1, 1951, the groupings were revised so as to constitute the Department of Banking Operations, the Agricultural Credit Department and the new Department of Banking Development into one unit,

while the Department of Research and Statistics and the other general departments remained as two separate units. The Agricultural Credit Department was formed into a separate group in April 1957.

The unification of the Issue and Banking cadres may now be referred to. The Issue Department of the Bank formed mainly out of the Currency Office staff, and the Banking Department constituted from staff belonging to the Public Debt Offices and the Government Accounts Departments of the Imperial Bank, functioned originally as separate units. This was also convenient, since the Departments were mostly housed at different places at each centre. This arrangement was, however, only temporary, the intention being that when the Bank had constructed its own buildings and the Banking and Issue Departments were housed under the same roof, their staff should also be amalgamated.

As mentioned already, early in 1938 a start was made in the direction of providing a nucleus of supervisory staff trained in the requirements of both the Departments; some of the staff from the Banking side were posted for training on the supervisory desks of the Issue Department. A few months later, as the Bank's buildings at Bombay and Rangoon were nearing completion, it was considered desirable to arrange for reciprocal transfers of staff between the two Departments. It was therefore decided that suitable employees who had two years' experience in either Department and, preferably, had passed Part I of the Institute of Bankers' examination should be posted to the other Department with a view to acquiring a working knowledge of its procedure. The training was also extended to those not satisfying these requirements, but who showed good ability and an aptitude for learning new work.

The inter-departmental training scheme did not for obvious reasons cover the staff working under the Treasurer. But academically well-qualified and promising employees were transferred to the non-cash side of the Issue or Banking Department with the approval of the Chief Accountant. These transfers were however very few.

It was years later, that is, in 1950, that steps were taken to combine the seniority of the Clerks Grade II attached to the Banking and Issue Departments at each centre, as a prelude to the maintenance of a combined seniority for all the cadres of these two Departments. With a view to equalising opportunities for promotion to the staff of both the Departments, and in view of the inter-departmental training already in vogue, the Bank acceded to the request of the Employees' Association made at the conciliation meeting held in October 1949 and introduced a common seniority at the lowest level, to begin with.

Following the practice in the Imperial Bank and other leading commercial banks, the Bank formulated a scheme in June 1936 to

encourage its non-officer staff to appear for the Institute of Bankers' examinations, by the grant of honoraria for passing such examinations. In 1946, the scheme was liberalised so as to allow an option to the non-officer staff either to prefer the honorarium or to get special increments, the latter being admissible only if the examinations were completed within a specified period. A library containing books on banking and kindred subjects was gradually built up in each office for the use of the staff to enable them to prepare for these examinations. Greater importance was attached to the passing of these examinations only long afterwards, by making promotion from the clerical to the higher grades conditional on the employees qualifying in these examinations; effective September 1, 1953, no employee was eligible for appointment as a Superintendent unless he had completed Part I, and no employee could be confirmed in such a post unless he had completed Part II also of these examinations. From then onwards, Probationary Assistants were also required to pass these examinations before their confirmation as Staff Assistants, whereas in the earlier years, they were ineligible for promotion to the Officers' grade until they had completed the two parts.

GENERAL CONDITIONS OF SERVICE

The terms and conditions of service governing the directly recruited staff of the Bank were embodied in rules called the Reserve *Bank of India Staff Regulations*, which were non-statutory. These Regulations were prepared on the basis that they should be confined to the more general conditions of service and that the actual pay scales and allowances, the numbers of the cadres, etc., should be relegated to appendices, the Central Board taking power to itself to modify these from time to time. The Regulations were based largely on Government rules. The first Staff Regulations came into effect on November 1, 1935. They were revised on a comprehensive basis in 1936. In August 1943, certain urgent amendments were carried out, pending a general revision to be undertaken after the war. The provisions of the Regulations were also supplemented and clarified by the issue of Staff Rulings from time to time. When the entire pay and allowances structure of the staff was revised, first in 1946, and later again in 1948, resulting in their liberalisation to a considerable extent, opportunity was taken to bring all the employees in the Bank, i.e., both the transferred staff and the direct recruits, under one set of service rules in order to simplify establishment administration, though option was given to the existing staff to continue to be covered by the old Regulations, including the pay scales. The new Regulations came into force on December 1, 1948.

Discipline

Service in the Bank called for high standards of integrity and faithfulness from its employees. The service rules drawn up in 1935 therefore prescribed a detailed code of conduct for observance by them. The Officer staff had to serve the Bank at any place and in any capacity as they might from time to time be directed, but other employees were not ordinarily liable for transfer. The strictest secrecy was to be maintained regarding the Bank's affairs and the affairs of its constituents; to this end, a Declaration of Secrecy to be furnished by all employees was added to the Staff Regulations in 1938. The rules exhorted the employees to 'use their utmost endeavors to promote the interests of the Bank' and to 'show courtesy and attention in all transactions and intercourse with the officers of Government and the Bank's constituents'. Active participation in politics or in any political demonstration as also engagement in any commercial business or pursuit or the acting as an agent for an insurance company was prohibited. Speculation in stocks, shares, securities or commodities of any kind was not permissible, nor was any connection with the formation or management of a joint-stock company. Employees in debt were required to disclose the actual position to the Bank and the steps being taken to rectify it; failure to do so or inability to liquidate the debts within a reasonable time rendered them liable to dismissal. Penalties of varying magnitude, the heaviest of which was dismissal, were prescribed for misconduct, negligence or breach of the Bank's regulations; any penalty could, however, be imposed only after the employee was given an opportunity to explain his action and to defend himself. The employees had also a right of appeal against the penalties to an authority higher than the one who imposed them.

When the Staff Regulations were revised in 1948 the provisions, which had proved inadequate and had been found to contain several lacunae, were tightened up on the basis of the Government Service Conduct Rules and other rules issued by the Government and the Imperial Bank of India.

Pay Scales

For the direct recruits, the Bank framed its own scales of pay modelled on the then existing scales under Government for comparable categories of staff. To enable him to place concrete proposals before the Board in this regard, the Governor called for suggestions from the branch Managers in May 1935. In the light of the replies received, the Committee approved a comprehensive set of pay scales at its meeting on September 18, 1935; it also fixed the number of posts in each

class/grade for each office. Two separate grades each for the Clerks (Routine and Senior Clerks) and the Superintendents (Junior and Senior Superintendents) were provided. The scales of pay originally prescribed for the several categories of staff were not the same at all centres, based as they were on living conditions and the emoluments for similar work in other institutions at those places.

The pay scales of certain categories of staff in classes ' C ' and ' D ' were revised by the Bank in August 1936, when some anomalies came to light. With the outbreak of the war, however, complaints began to be received from the employees and the Staff Associations that the Bank's scales of pay did not compare favourably with those obtaining in similar institutions; requests were also received for the grant of a 'dearness' allowance to the low paid employees to compensate them for the increase in the cost of living. A dearness allowance was granted to the staff in May 1941; this is dealt with in detail in another section. A change in the basic scales, however, had to be considered in the light of permanent factors. The matter was, therefore, examined in consultation with the Managers of all the offices. After considering the local conditions, the changes that had taken place in the organisation of the Bank since its inception, and the Managers' views, the pay scales of the staff below the clerical level were revised upwards in January 1942.

While making this revision, the Bank kept in view several points, namely, the pay scales allowed in other banks and Government offices to employees of the same category, the fact that it paid to its ' D ' class employees a bonus equal to one month's pay for each completed year of service when their services were determined, and also the advantage which the Reserve Bank employees had by way of regular rules of service.

The principal changes effected were the substitution of incremental scales for fixed pay, wherever it existed, *subject to efficiency*, and a reduction, in many cases, in the intervals at which increments could be drawn. The Managers were advised that in view of the higher salaries payable thereafter, it was desirable that there should also be a corresponding improvement in the level of efficiency of the subordinate staff. They were asked to make a special effort to ensure recruitment of the right type of staff possessing certain minimum qualifications; thus, a candidate selected for appointment as a Peon was required to 'be literate in the local vernacular, be able to take down verbal and telephone messages intelligently and be able to ride a bicycle' and 'be able to read English sufficiently to know to whom files, letters, etc., are addressed '. Increments were not to be granted as a matter of course, but 'should be made dependent on approved service and continued efficiency '.

Pay Revision after the War

The close of the war brought fresh demands from the Bank's employees for a comprehensive revision of the pay and allowances structure and in the context of the inflationary situation, the Bank recognised the need for an early and suitable improvement in the pay scales. However, in considering this question, it was first necessary to have some definite basis for determining what the cost of living would be in the immediate future years and where it was likely to settle down. At the informal meeting between the Governor and the representatives of the Employees' Association, Bombay, which preceded the Conciliation Conference * in June 1946, the Governor indicated the Bank's approach to the problem thus:†

although the Reserve Bank was an independent institution in the peculiar position of being capable of issuing as much of currency as it wanted, any grant by it to its employees should be based on some sort of general levels, and should not in any sense disturb the economic and commercial life of the country to a serious extent. He personally would only be too glad to see established in the country the basic conditions of living of the United Kingdom or the United States of America, but for obvious reasons, the Reserve Bank could not, by itself, create a new heaven on earth, and allow emoluments which had no relation to the economic set-up in which we are working, though he and the Directors were prepared always to view the cause of the staff sympathetically and have already laid down a policy that we should be prepared to give our staff slightly more than what other comparable institutions are prepared to pay, thus giving a lead to a policy of enlightened employment of white collar labour. The question, he said, was not as between the employees and the executive of the Bank or the Board; it was not even between the employees and the shareholders whose share of the dividend was limited by statute. Ultimately, the issue was between the employees and the taxpayer.

The question was not of money in view of the Bank's power to create more currency, but then the very fact that the Bank was in a position to create more money, placed it under a great responsibility to see that the emoluments paid by it were not unrelated to the current economic set-up.

At the Conciliation Conference, it was pointed out on behalf of the employees that the Bank's scales were based on the revised scales of pay introduced by Government in 1931, a year of depression, and since then radical changes had taken place in the conditions of living and of employment, more especially as a result of the repercussions caused by World War II. It was urged that the Bank should provide a decent living wage for its employees to enable them to maintain themselves and their families in a reasonably good condition. A model

* The events that led to the convening of the Conference are narrated later.

†Extract from the report on the meeting.

budget of a Clerk, based on a family of five, as well as a list of pay scales for the various categories of staff, based on that budget, were presented to the Bank for its consideration.

In the Bank's view, a revision of pay scales could not possibly be undertaken on the basis of a model budget as such a budget was not related to the economic wealth and productivity of the country. The Bank's representatives at the Conference felt that the proper method was to proceed by reference to the actual expenditure incurred by the employees and to attempt as far as it was practicable to adjust the war-time emoluments of the employees to the extent necessary to enable them to meet their current budgetary deficits. For this purpose, the Bank had tried to ascertain the budgets of the staff by an inquiry conducted by the Department of Research and Statistics, but the response to the questionnaires issued was very poor. Besides, the compilation of the data collected was expected to take some time, and it was not, in the existing circumstances, possible to await it. The Central Government employees' grievances were to be investigated by a full-fledged commission, viz., the First Pay Commission, but the Bank was denied the benefit of the Commission's views as it had to decide the question considerably in advance of the publication of its report. Since there were no middle class cost of living index figures, and it was not appropriate to base their recommendations on the working class indices, the Bank's representatives proposed to accept the report of an independent economist, namely, Professor J. J. Anjaria of the Bombay University, on an inquiry into the effects of war-time inflation on middle class families in Bombay city as a basis for considering a wage revision. The employees' representatives were not, however, inclined to accept the findings of this report and pointed out several limitations in it.

Considering all the circumstances, the Bank's representatives felt that the most practicable course was to adopt the method that had been followed in Ceylon where the wage system had been the subject of a detailed enquiry and the Government, on the basis of the recommendations of a Salaries Committee, had introduced a new salaries scheme which had assumed a permanent increase in the cost of living to the tune of $33\frac{1}{3}$ per cent above the pre-war level. On their part, the Bank's representatives were prepared to go a little further, at any rate in the case of the low paid employees, and to recommend to the Bank a 50 per cent rise in the basic starting salary of a Routine Clerk. They were also agreeable to recommend a higher rate of increment so that the employees might be able to reach the top of their grades at a much quicker pace than what was possible hitherto.

The Conciliation Conference resulted in an amicable settlement of the issues relating to the pay scales of the staff in classes 'B', 'C' and

' D' and other items. The new scales were given effect to retrospectively from April 1, 1946, after they were approved by the Central Board at its meeting held on July 20, 1946.

Simultaneously, the pay scales of the Bank's Officers and Treasurers were also revised. The Government Director on the Central Board felt that the revision of the Officers' pay scales should be held over until the report of the Pay Commission was issued but that some adjustment in their dearness allowance might be made in the meantime, if necessary. The Governor and the other Directors considered, however, that a modest revision of these scales was desirable, in view of the large demand of commercial banks for experienced officers. The revision was then approved by the Board.

One of the objects of the revision was also to rationalise the pay scales. The cost of living at all centres having gone up on account of the war and in order to have mobility of staff, it was considered desirable to have uniform scales of pay at all centres, as far as practicable. Opportunity was also taken to have a common running scale for Junior and Senior Superintendents (the cadre itself being renamed as Superintendents) and for Shroffs and Note Examiners (the new grade being called Coin /Note Examiners).

In April 1947, a separate scale of pay, slightly higher than that of Clerks Grade II, was created for Typists; previously, the two classes of staff enjoyed a common grade and were mutually transferable and this created difficulties. With their segregation, separate recruitment began to be made for the Typists' posts and Typists were eligible for promotion only as Stenographers. However, opportunities were provided for the Typists and Stenographers to get into the clerical and supervisory grades.

Not long after the pay scales in the Bank were revised in 1946, employees in several commercial banks both in Bombay and in Calcutta were able to secure higher scales of pay than those of the Reserve Bank, either under industrial awards or otherwise. The Reserve Bank employees therefore renewed in August 1947 their request for a further revision and, in particular, for a unification of the scales of pay of Clerks Grade I and II.

The Bank management recognised that there was justification for some revision in the scales. However, in view of the difficulty of prescribing a uniform scale of pay for all centres within the framework of the various bank awards, it offered to implement the awards *in toto* at centres where there was such an award, and at other centres to pay the clerical staff the average of the emoluments paid by three leading commercial banks, viz., the Imperial Bank of India, Central Bank of India and Bank of India. As part of this offer, the existing special allowances admissible to the Bank's staff were to be withdrawn and

allowances granted to them at the same rates as in other banks. This offer was not, however, acceptable to the employees. Hence they withdrew their earlier demand for a unified scale for Clerks and were prepared to accept two scales for the clerical staff within the offer made by the Bank. The clerical scales so revised were approved by the Committee at its meeting on October 20, 1948 and were given effect to retrospectively from April 1, 1948.

Bonus Element

The Bank did not pay an annual bonus to its staff as was the practice in the commercial banks. The employees' demand was that either such a bonus should be paid to them or the element of bonus should be included while constructing the pay scales. In the Conciliation Conference held in 1946, the Bank's representatives made it clear that the grant of a bonus to the staff, on the ground of the Bank having made certain profits, would be indefensible in principle; there was no direct relation between the employees' efforts and the amount of a central bank's profits, the latter being 'the incidental results of policy decisions taken by the authorities charged with the responsibility of determining the volume and cost of the nation's supply of money'. The bonus admissible to the employees of the commercial banks could not also be taken into account in determining the pay scales of the Bank's staff as it was dependent on the profits earned by these institutions and was a variable factor. However, in determining the rates of allowances admissible to its employees, the Bank took this factor into account, the reason being that should the bonus granted by the other banks be reduced or totally withdrawn at any time, it would be possible for the Bank to make a suitable reduction in the allowances paid by it so as to bring the emoluments of its staff in line with those of the employees of other banks without disturbing their basic pay structure. In other words, the Bank sought to maintain broad parity with the emoluments awarded by adjudicators.

Dearness/Grain Compensation Allowance

One of the important components of the salary structure of the Bank's staff during the war time was the 'dearness' allowance, granted by the Bank for the first time in May 1941 to compensate the staff for the rise in the prices of essential articles. The allowance was liberalised gradually as the war progressed, both in its quantum and in its coverage. Originally intended to be purely temporary, it has continued to be a part of the employees' emoluments to this day! At every stage beginning with its introduction, there had to be a blending of two

objectives, namely, that of alleviating the genuine hardships of the staff and the equally important one of preventing an accentuation of the inflationary pressures in the economy. Although the Employees' Association began, after the commencement of hostilities, to make frequent requests for the grant of a war allowance to the staff, the Governor could not see his way to recommending the sanction of such an allowance to the Central Board. The question was one of general importance requiring uniform action by most employers; besides, the Government had adopted various control measures to keep prices within reasonable limits. It was only after most of the Provincial Governments had come to accept the principle of granting a dearness or grain compensation allowance to their low paid employees that concrete proposals were brought before the Committee at its meeting on May 14, 1941.

When the allowance was first sanctioned, it was confined to the low paid members of the subordinate staff of the Bank, and was based wholly on the pattern of the allowances sanctioned to Government employees by the Governments of the areas in which they were serving. The allowance was to fluctuate with the cost of living, and was to be discontinued on the return of normalcy.

As the year advanced, the cost of living in the bigger cities went up, and it became clear that the scale of this allowance as well as the categories of staff to whom it applied needed liberalisation. While the Government of India did not favour a revision in the basic rates of pay to make up for the increase in the cost of living as a result of war conditions, they were content to leave other employers, including even the Provincial Governments, to regulate the dearness allowance as they thought best. Towards the end of 1941, the Bank came to the conclusion that it should act on its own on the basis of data available with it comparing the concessions it granted not so much with corresponding concessions granted by the Provincial Governments but rather with those granted by the commercial banks and the other large private employers of labour. In January 1942, the Bank sanctioned its own scale of allowances, which was somewhat more liberal than that of the generality of provincial scales; the benefit of the allowance was extended also to the lower paid ministerial employees of the Bank. Further revisions of the rates of this allowance as well as the maximum pay limit up to which it was applicable were made in July 1942, October 1942 and January 1943.

While making these revisions, the Bank had fully in mind its general responsibility in regard to inflation. It proceeded on the principle that no public interest would be served by refraining, on grounds of inflation, from giving its lower paid employees sufficient to maintain themselves and their families at the minimum subsistence level. As Deputy

Governor Deshmukh reported to the Government in January 1943, the Directors had 'unreservedly' approved of the revisions made; indeed, being more familiar with the dearness allowances granted in the business world than with the much smaller allowances granted by the Governments, Central or Provincial, they had 'on occasions expressed mild doubts regarding the adequacy of the new scales'.

Reviewing, in June 1943, the quantum of relief necessary to meet the rise in the cost of living since January of that year, the Bank decided that rather than increase the dearness allowance further, which accentuated the tendency towards inflation, it could assist the staff by making arrangements to supply them with foodgrains at reasonable rates. Under the scheme approved by the Committee of the Central Board on June 30, the dearness allowance was to be frozen at the rates ruling on January 1, 1943. The Bank was to open grain shops and stock certain essential articles of food-stuffs like rice, wheat or wheat flour, pulses and sugar; supplies from these shops were to be made to the staff at prices prevailing on January 1, 1943. It was hoped that the Bank would be in a position to obtain bulk supplies at reasonable wholesale rates. The scheme evoked from Sir Purshotamdas Thakurdas the comment that whether the Bank gave a cash allowance or grain at reduced rates, the safeguard against inflation was a comparatively thin one!

By and large, the commodity scheme worked satisfactorily though on that account the Bank could not avoid subsequent increases in the dearness allowance. The quantity supplied to each employee was, as a rule, to be based in respect of each commodity on the ration fixed per head by the Provincial Governments but in actual practice this had to depend on what supplies the Bank was able to secure from those Governments or from the market. This aspect of the problem was brought to the specific notice of the Government of India at the instance of Sir Purshotamdas Thakurdas who recorded a minute, before the Committee met on June 30, on the dire necessity for increasing the supplies of food available to the public. The staff at certain centres who were unable to participate in the scheme were paid compensation in the form of a cash allowance. Suitable modifications were made to the scheme from time to time, having regard to the local conditions in each centre.

The grainshops were closed at the end of June 1954, in view of the general improvement in the supply position of foodgrains in the country.

A brief mention may be made here of the Bank's concern over the tendency of the great majority of industrial employers to pay liberal allowances and bonuses to their labour force, mainly at the cost of the State, and over its inflationary aspect. One of the Bank's suggestions

was that this tendency be countered by empowering Excess Profits Tax Officers to disallow deductions on account of bonuses, dearness allowances, directors' fees, etc., that they might consider excessive; another was that Government take some direct measures for controlling or regulating bonuses and allowances to employees by banks, factories and other large employers. These appear to have been unacceptable to the Government for the reason that they might give rise to serious discontent both among labour and employers of labour. The Government's policy, in regard to their own employees, was to hold down the scale of dearness allowances, and instead, try to make more food available and at reasonable prices. The Government contemplated addressing private employers to request them to keep in view the principles and rates adopted by them (the Government) while revising their scales of dearness allowance. The idea was however given up when Government were themselves forced to raise the dearness allowances of their own staff in the early months of 1943. Another proposal which they considered, but gave up, was that of asking employers to pay only a certain percentage of the bonuses declared by them in cash.

In January 1948, the question of giving a measure of relief, by way of a dearness allowance, to the supervisory and Junior Officer classes was seriously considered by the Bank. The Government, who were consulted, were opposed to the grant of dearness or war allowance to the Officers. However, faced with a serious threat of losing its experienced Officers to other banks (which did not hesitate to pay dearness allowance even to their highest salaried officers), the Bank extended its scheme of dearness allowance in August 1943 to cover Officers drawing pay up to Rs. 850. While advising the Government of this the Governor observed that the Bank was left with no alternative but to raise the upper pay limit for grant of the dearness allowance as the earlier expectations that there would probably be a fall, at any rate no further rise, in the price index did not materialise. The Bank's scheme of dearness allowance was enlarged, by stages, and in course of time covered Officers drawing higher pay also.

Local Pay/Allowance

The original scales of pay of the Bank were, as mentioned already, not uniform at all the centres for each category of staff, as they were based on an assessment of the differences in the cost of living at the places. In July 1944, when the Bank decided to grant some further relief to its employees in classes ' B ', ' C ', and ' D ', it was decided to grant it in the form of a local allowance. This was because the Bank was opposed to the grant of a bonus; besides, the time was not considered

suitable for revising the pay scales, and the dearness allowance had reached what was then considered as 'a sufficiently high figure'. The staff at Bombay, Calcutta, Delhi and Karachi were given a local allowance at a higher rate than those at Madras, Kanpur, Lahore, Akola and Allahabad. A special *ad hoc* allowance which the Delhi Office staff were getting earlier was merged with this allowance.

In January 1945, the nomenclature of this allowance was changed to 'local pay' so that it could count for superannuation benefits; its rates were also increased. A year later, the scheme of local pay was further liberalised; its benefit was extended to the Junior Officers in class 'A'. But when the entire pay and allowances structure of the staff was revised later in that year, the local pay was merged in the pay scales of the employees. Under this revision, uniform scales of pay were introduced. The staff at Bombay and Calcutta were, however, granted a local allowance at specified rates. Local pay was reintroduced in October 1953.

House Allowance

The Officers of the Bank were entitled to a house allowance when residential quarters were not provided for them. This was largely on account of the frequency of their transfer from one office to another. It was not the intention that the quantum of the allowance should be governed by the actual expenditure incurred by an Officer in renting living accommodation. As transfers of the other staff were infrequent, this allowance was not extended to them.

The grant of house allowance to the non-Officer staff was claimed during the Conciliation Conference in 1946 but the request was not acceded to by the Bank. The Bank's representatives put forth their arguments thus:

the essential point for consideration was what could be regarded as adequate remuneration for the employees, and it was of little importance from the point of view of the employees how the remuneration thus arrived at was disbursed, and unless there were special reasons for breaking the amounts into several groups, it would be desirable to confine their number to as few categories as possible as that would simplify accounting.

They added that from this point of view the best arrangement would be to divide the remuneration of the non-Officer staff into only three categories: (i) pay, (ii) dearness allowance, and (iii) local allowance. House rent allowance came to constitute a distinct item of the pay structure of these employees only from October 1953.

Family Allowance

In 1945, with a view to considering the desirability of granting a ' Children's allowance ' in order to assist the lower paid members of the staff in bringing up their children, the Governor desired that the Department of Research and Statistics should ascertain and collate data relating to the marriage and/or children's allowances granted in other countries to black-coated workers. In October of that year, the Department gave the Governor details in respect of these allowances in various countries numbering 21 in all.

In 1946, at the Conciliation Conference, a scheme of granting a family allowance to the clerical, Cash Department and subordinate staff was recommended by the representatives of the Bank, partially at least to meet the claim of the employees' representatives for raising the maximum of the clerical scales. The scheme was, however, introduced to benefit only the staff in classes ' B ' and ' C ', as the subordinate staff preferred to have an improvement in their scales of pay in *lieu of* this allowance. The allowance was made admissible to employees who had attained the age of 30 and had put in a minimum period of service of five years in the Bank. These conditions were insisted upon as it was not the intention to encourage early marriages or an increase in population! The allowance was not fixed at a percentage of pay; it was a fixed sum per child, being admissible for not more than three children. In 1948 the condition that only employees who had reached the age of 30 would be eligible for this allowance was removed. Family allowance was sanctioned for the Class IV staff also, with effect from October 1, 1953.

There were also other special allowances sanctioned on an *ad hoc* basis to the staff to meet severe hardships or distress, e.g., to the staff of the Rangoon and Indian offices evacuated to other centres during the war and those of the Bank's offices in Pakistan following the communal disturbances after the partition of the country. The latter staff were also given monetary assistance to rehabilitate themselves in India.

These scales of pay and allowances did not apply to the staff of the Bank's London Office; except the Manager who was always sent from India, the staff comprised those initially taken over from the London branch of the Imperial Bank and local recruits.

SUPERANNUATION BENEFITS*Provident Fund*

The type of superannuation benefits to be given to the staff was decided simultaneously with the pay scales, although it appears that the impact

of these benefits on the pay structure as a whole was not taken into account in arriving at the decision. In the Governor's words:

I consider that it is better to give the staff a provident fund rather than pensionary rights, and that, to secure a contented staff, the contribution of the Bank to it should be fixed on a liberal basis. I propose that the Bank should make a contribution equal to the amount subscribed by the employee, with the interest thereon, up to a maximum of ten per cent of his pay and leave pay.

The Central Board approved the proposals in June 1935, and decided that the scheme should be made applicable compulsorily to all employees drawing a pay of Rs. 30 or more per mensem and that the minimum contribution should be 5 per cent of their pay. Accordingly, a Provident Fund was instituted by the Bank for its employees on October 1, 1935, after obtaining the approval of the Governor General in Council in terms of Section 58 of the Reserve Bank Act. The provisions of the Provident Funds Act, 1925, were extended to the Bank's Provident Fund which was also added to the Schedule to that Act; this enabled the subscribers to the Fund to derive the benefits of freedom from attachment under Court decrees for debt, etc., available under that Act, and of income-tax exemption,

For the transferred employees who had pensionary rights and who decided to retain them, the Bank constituted a Pensions Fund.

Retirement Bonus

The staff transferred from the Treasurer's Department of the Currency Offices were eligible to get a retirement bonus, at the rate of a month's pay for each year of service, calculated under their former rules. They were allowed to enjoy the benefit of this scheme instead of joining the Bank's Provident Fund, if they wished to do so.

This form of retirement benefit was considered more suitable than the Provident Fund in the case of the Bank's subordinate staff, as there were very few amongst them who earned more than Rs. 30 per month, and when they did, it was only for a short portion of their total service. It therefore appeared equitable to grant the bonus to all the employees of this class irrespective of the fact that some of them might also have a small compulsory Provident Fund. Under this scheme, which was introduced in 1936, the subordinate staff leaving the Bank after completing five years' service were given a bonus of one month's average pay for each year of their service. The scheme was abolished when their pay scales were liberalised in April 1946 as a result of which they had to contribute compulsorily to the Bank's Provident Fund and were entitled to contributions to their accounts from the Bank.

Gratuity

As early as January 1936, the employees asked that the Bank's monthly contribution to the Provident Fund be supplemented by a Gratuity payable in a lump sum at the time of retirement, similar to the scheme obtaining in the Railways and Local Bodies. The request was not acceded to.

In the Conciliation Conference of 1946, it was urged on behalf of the employees that the Provident Fund benefit was inadequate to enable them to maintain themselves and their families on a reasonable standard of living after retirement from service. Moreover, the principle of giving a Gratuity had been accepted by Government and quasi-Government institutions. While actual calculations of the amount that a Routine Clerk would get under the Bank's Provident Fund scheme and what he would get under the Railways' scheme showed that the Bank's staff were not worse off than the railway employees, the Bank's representatives recognised that as things then looked, an era of low interest rates would continue and the future price level would also be somewhat higher than what it was in prewar days. Hence they were prepared to recommend a scheme of Gratuity, to supplement the existing superannuation benefits, for acceptance by the Bank. The scheme contemplated the payment of a lump sum at the time of an employee leaving the Bank's service, equal to half a month's retiring substantive pay for each complete year of his service, and not exceeding such pay for 15 months. As Gratuity was a reward for long and meritorious service, it was to be admissible, under this proposal, only on the completion of a minimum service of 12 years. Gratuity on this scale was to be granted both to the transferred and the directly recruited staff, the amount being calculated in the case of the former with reference to their total permanent service and not merely service rendered since the Bank's inception. Besides, the transferred staff were to be eligible for Gratuity, irrespective of whether they had given up their former superannuation benefits or not. The Central Board accepted these recommendations in July 1946, with the proviso that the amount of Gratuity paid should in no case exceed Rs. 25,000. The scheme was proposed to be implemented by amending the Provident Fund regulations.

After consultation with the Central Government, the Bank framed separate (non-statutory) rules in October 1947 for the payment of Gratuity. The qualifying period of service was, however, put at 15 years' permanent service as suggested by the Government. The Bank also undertook to bear the income-tax payable on the amount of Gratuity. The rules were given effect retrospectively from April 1, 1946, the date on which the revised pay scales came into force. In the

case of the subordinate staff who ceased to be eligible for a retirement bonus after their pay scales were revised with effect from April 1, 1946, they were allowed Gratuity at the rate of one month's pay in respect of their service prior to that date; for service rendered after April 1, 1946, they were to be paid Gratuity on the same scale as the other categories of staff.

The Gratuity scheme was liberalised in stages over the years. On July 1, 1953, the basis of payment was raised to one month's pay for each year of service subject, however, to the same ceiling as before; for service rendered in excess of 30 years, an additional gratuity, over and above the prescribed maximum, was also made payable, at the rate of half a month's pay for each year of service. The minimum qualifying service was lowered to ten years in June 1956, in line with the direction of the Bank Award in this respect. At the same time, Gratuity ceased to be regarded as an *ex gratis* payment.

MEDICAL AND OTHER BENEFITS

Besides attempting to keep the staff contented with regard to their emoluments, the Bank introduced or encouraged many welfare schemes for them. The schemes were directed towards improving their health and efficiency or providing them with conveniences like residential accommodation. Quite often, the initiative for any new scheme or enlargement of the scope of an existing one came from the staff, e.g., the purchase and distribution of multi-vitamin tablets to the employees at cost price or the grant of subsidies to sports clubs organised by them.

A separate Staff Welfare Section was created in the Central Office, in charge of a Personnel Relations Officer, in 1947, for attending exclusively to matters pertaining to the introduction and implementation of the various welfare schemes. The Personnel Relations Officer was to provide a liaison between the Bank and the staff associations. He was to visit all the Bank's offices at suitable intervals to make contacts with the representatives of the staff of those offices. The Welfare Section was to study labour legislation and keep itself posted with current thinking on labour problems-in the country. It was also entrusted with the duty of arranging the annual meetings between the Bank and the representatives of the staff and devising ways and means of promoting and maintaining harmonious relations between the two.

Medical Aid

The necessity of providing for the continuance of medical aid to the transferred staff, who were already in receipt of such aid, was the

immediate purpose of the Bank's initial scheme for giving medical aid to its staff. The Bank attached considerable importance to the physical fitness of its staff and gradually widened the scope of medical aid both on humanitarian grounds and with a view to maintaining and improving efficiency. No person could be appointed to the Bank's service unless he had been certified by an approved doctor to be 'of sound constitution and medically fit'.

Initially, the Bank undertook to provide for all its staff ordinary medical attendance free of charge. But this did not include the cost of surgical operations, nursing charges or specialists' fees. In exceptional cases, fees not regarded as coming within the scope of 'ordinary medical attendance' were also paid by the Bank at its discretion. The Bank appointed allopathic doctors as its Medical Officers on a part-time basis for giving medical attention to its employees, the first such appointment being at Calcutta soon after the Bank was inaugurated.

The first dispensary of the Bank was opened in Calcutta very early, i.e., on July 1, 1935, but it was only five years later that one at Bombay was established. The dispensaries at Kanpur, Madras and Delhi were started in the years 1942, 1944 and 1947, respectively. The dispensaries were a success, right from the start. Yearly reports were called for from the Medical Officers; these threw much light on the general health of the staff.

In 1945, with a view to improving the facilities in regard to medical attendance so that not only the staff but also their families might get prompt and expert hospital treatment, the Medical Officer at Bombay was requested to propose suitable schemes. After considering various possibilities, the K.E.M. Hospital Scheme was brought into force with effect from July 1, 1948. Under this scheme, the Bank paid a sum of Rs. 2.85 lakhs as a donation towards the building of a ward with equipment, the ward to be known as the 'Reserve Bank of India Ward'. In consideration of this, the Hospital undertook to provide beds up to a maximum of 20 for the Bank's employees and their families when required at any time. While the investigations, operations and routine treatment of the patients were free, the transfusion of blood, costly drugs and injections, and the patients' board were separately paid for by the Bank. The scheme was not, however, altogether satisfactory, in view of the delays in obtaining the necessary papers at the Hospital and the refusal of the Hospital authorities to give any preferential treatment to the Bank's employees in regard to the provision of beds.

After the finalisation of the K.E.M. Hospital Scheme at Bombay, similar facilities were extended gradually to the staff at other centres. Where beds were not reserved in hospitals at certain centres, the Bank's Medical Officers assisted the employees and their families in securing

admission in Government or Municipal hospitals, the charges for the hospital treatment being borne by the Bank. The Bank paid special attention also to the identification and treatment of tuberculosis among the staff and their families.

The Bank arranged, beginning from February 1948 in Bombay and later in other offices, to purchase multi-vitamin tablets in bulk and supply them to the staff at cost price; the facility was introduced at the request of some employees in Bombay who drew the Bank's attention to a parallel scheme already in existence in all Government departments.

With the construction of residential accommodation for the staff, dispensaries were opened at those colonies also and Medical Officers appointed on a part-time basis to attend the dispensaries. The process has been, in short, one of gradual liberalisation throughout, of the facilities available not only to the employees themselves but also to their families.

Passage /Leave Fare Concessions

The European Officers, both in Government service and in the Imperial Bank, were being given a certain number of free passages to England. When the Bank started functioning, it was considered desirable not only to continue this concession but also to extend it to the Officers of Indian domicile. The concession was considered to be conducive to a contented and efficient staff. The scheme provided for the Bank's meeting the cost of return fares to the country or place of domicile, as the case might be, of the Officers and their families once in 4 years in the first 12 years of service and thereafter once in 3 years. The passage concession was also available to Officers proceeding to their place of domicile or elsewhere on their retirement from the Bank's service.

Although the question of extending this concession to the other staff was considered from time to time, and was also discussed during the Conciliation Conference of 1946, it was not until 1948 that the Bank agreed to adopt a scheme for granting leave fare concessions to all categories of its staff if and when the Central Government issued orders on the Pay Commission's recommendations in this respect. Accordingly, a scheme to give passage concessions was introduced by the Bank in December 1948 after the Government's decision became known. The Government's scheme, which was effective January 1, 1948, provided for reimbursement of two thirds of the cost of railway fares for a Government servant and his family proceeding from his headquarters to any place in India, every year. As it was felt that it might not be administratively convenient for the Bank to allow every employee to proceed on

leave every year, under the Bank's scheme the employee and his family were allowed to proceed to his place of domicile once in three years, the Bank bearing the full cost of the fares both ways, not exceeding the fare for himself and four full fares for the family.

Housing Accommodation

In the matter of provision of housing accommodation to its employees, the Bank made a beginning only after the war, but once the principle was accepted, fairly rapid strides were made in a few years in securing residential buildings or plots of land for construction of houses at many centres. At the Conciliation Conference held in 1946, in support of their demand for house allowance the employees quoted a proposal by the Bombay Housing Enquiry Committee that every employer in Bombay engaging more than 500 workers should be required to build housing accommodation for his employees. While the Bank was willing to take advantage of any Government sponsored scheme for housing the staff, practical difficulties existed in undertaking such an obligation independently in view of the acute congestion in all the big centres and the prevailing extreme shortages in the supply of building materials of all kinds. But realising the need to assist its employees, especially its lower paid staff, the Bank agreed in principle to build residential accommodation wherever possible, for being let out at suitable rents.

In Bombay and Calcutta, Officers and Superintendents occupying Government requisitioned accommodation were asked to vacate those premises following the Government's decision to discontinue the provision of housing accommodation to the Bank's staff. As a consequence, the Bank purchased residential buildings in Bombay in 1947 and 1950 for housing some of its Officers. During those years, sizeable plots of land were also acquired in Bombay for construction of suitable quarters for nearly a thousand families of the non-officer staff, with amenities such as a playground, a kindergarten school and a community centre. In Delhi, the Bank joined the Government's scheme for providing quarters to its staff, and the construction work was entrusted to the Central Public Works Department. With a view to giving relief to the staff transferred from the Bank's Karachi and Lahore offices to Kanpur after the partition, the Bank constructed a number of family quarters and two or three dormitories in the compound of its office premises. In Calcutta, negotiations were completed for the purchase of a large plot of land for a modern housing colony. In later years, the Bank constructed residential accommodation at several other centres where it had offices, the number of such quarters standing at over 2,400 in 1969, against a total staff of around 19,000.

It is interesting to note that in August 1947, the Governor (Deshmukh) desired, on hearing of certain arrangements made by the Tata group of industries for assisting their employees to construct houses on a co-operative basis, that the Bank should examine the feasibility of encouraging the formation of co-operative housing societies among its staff and arranging for grant of financial accommodation to them on reasonable terms. However, a scheme to provide loans to such societies on easy terms was introduced in the Bank only 14 years later!

Sports Clubs, Canteen Facilities, etc.

From the very early years, the Bank encouraged and financially assisted the sports clubs of its employees at the different centres. Donations were given provided the membership was open to all the employees of the Bank, a reasonable number of the employees of all departments joined the club and the bulk of the money required was found by subscriptions from among the members.

At centres where the employees or staff associations wished to run canteens, the Bank made available to them the necessary space in the office premises. It also constructed a dining room and lounge on the terrace of its office premises in Bombay in 1948 for the use of its Officers and for entertaining distinguished visitors. An Officers' mess was run on a co-operative basis in Bombay; the Bank undertook to bear the cost of establishment, crockery and utensils, the Officers availing themselves of the facilities under the scheme being required to pay, on a *pro rata* basis, only the actual expenditure incurred monthly on the purchase of food-stuffs.

The Bank recognised co-operative societies formed by its employees provided there was nothing objectionable in their by-laws. It encouraged employees' co-operative credit societies by agreeing to the proposal for making deductions from the employees' salaries towards repayment of loans taken from the credit societies. But while doing so, it kept an eye on the affairs of the societies generally, and discouraged any tendency among their members to overborrow or incur debts unnecessarily. To ensure this, the Manager or, in his absence, a Senior Officer, presided over the meetings of the societies, as that helped the Bank to keep in touch with the members of the societies and exercise a check on their borrowings. The societies were asked to fix maximum credit limits and also limit the number of repayment instalments. The societies were permitted to open accounts with the Bank and were also provided accommodation on the Bank's premises.

STAFF RELATIONS

Relations between the Bank and the staff during the period covered in this volume were generally cordial. During the war, the employees rose to the occasion and gave of their best; despite their demands, frequently made, for monetary compensation in some form or other for the hardships they had to endure, and for the heavy demands made on their energies, there were no serious clashes with the management. The Bank, on its part, was sympathetic to the employees' demands and encouraged the growth of an esprit de corps. There was a threat of a showdown in 1946, but it was averted at the last minute, the staff agreeing to negotiate with the management. Important landmarks in the history of employer-employee relations in the Bank are mentioned in the paragraphs that follow.

Recognition of Staff Associations

Soon after the Bank was inaugurated, the management expressed its willingness to recognise the seven local currency staff associations as well as their federal organisation, namely, the All-India Currency Offices Union. In a letter dated May 9, 1935, to one of the Managers, the Deputy Governor indicated the conditions for such recognition:

The Bank will be prepared to continue the recognition which has been previously accorded by Government to the Currency Association provided that the latter maintains the same attitude as previously, that is to say, that its requests are limited to matters which concern the conditions of service of the staff and are put forward in moderate language, and that the Association continues to represent the large majority of the staff concerned.

Later, the associations changed their names into the Reserve Bank of India Issue Department Associations. With the Bank's permission, the staff of the Banking Department were also enlisted as members. The associations then became the Reserve Bank of India Employees' Associations.

In December 1942, the 'D' class staff of the Bank at Bombay formed a separate union, which was later on registered under the Indian Trade Unions Act, 1926. This Union was recognised by the Bank subject to the same conditions as were applicable to the other associations. This Union was subsequently allowed to represent also the 'D' class staff at Madras and Delhi. The Officers of the Bank also formed themselves into an association in February 1949 and obtained recognition from the Bank.

Associations formed on communal considerations were not eligible for recognition.

Stress on Conciliation

Discussions between the associations' representatives and the senior officials and top executives of the Bank promoted mutual understanding and created the necessary climate for a proper and amicable settlement of the employees' claims. However, an exceptional situation arose in 1946 when, feeling the impact of the steep rise in prices on their cost of living as a result of the war, the employees began to agitate for an improvement in their terms of service. A section of the employees took the extreme attitude that the unions should force a decision on the Bank by organising a strike. The Reserve Bank of India Employees' Association, Bombay, convened an extraordinary general meeting on May 9, 1946, to discuss the future line of action and resolved that should the Bank fail to give a favourable reply to the demands of the Association by May 27, the Association should serve the Bank with a 'proper and legal notice of strike'.

The Governor was, even otherwise, willing to consider the employees' grievances sympathetically. In view of the far-reaching character of the demands made by the Association on a wide variety of items, he considered that it would be advantageous if a special committee consisting of representatives of both the Association and the management was appointed under the chairmanship of the Deputy Governor, Mr. McCallum, to examine and report on them to him for submission to the Central Board, the next meeting of which was fixed for July 20.

Sir Chintaman met the office-bearers of the Association in Bombay on May 23 informally, at the latter's request, when he told them of the two methods open to them, viz.,

- (1) to see if by an exchange of arguments, which has not taken place, what the bases of your demands are and how far we can accede to them. It may be that an exchange of arguments might lead to some kind of reasoned accommodation and both parties may be satisfied.
- (2) to give notice of strike any time you like, and we ask the Government to appoint an Adjudicator under Rule 81A of the Defence of India Rules.

He made it clear to them that strike as a legal measure, which under the law was open to the unions, would not be available to them. The Bank being a public body, any stoppage of work meant not only public inconvenience but a complete cessation of all financial business in the country. Hence the Government could be expected to refer the dispute for compulsory adjudication once a strike notice was given, and resort to strike after such a reference was made would only be illegal. The Governor had also no reason to expect that an Adjudicator would be a social reformer; as his considerations would primarily be

the economic conditions of living and the conditions obtaining in other comparable bodies, he could not go beyond suggesting a few adjustments here and there. The Governor pointed out also that conciliation had the merit of being based on good-will, which had no place in adjudication. Explaining the composition of the committee he proposed to appoint, the Governor told the Association that there would be three representatives from the Bank, one of whom would be the Deputy Governor who would also act as its chairman. The Association was free to nominate its own representatives. The committee's report was not to be a majority report but was to reflect the views of both the sections represented on it.

While the Governor favoured conciliatory methods, he simultaneously took in hand arrangements to meet any direct action by the employees. He obtained the Government's agreement in principle to appoint an Adjudicator under the Defence of India Rules if the endeavours to persuade the employees to agree to settle their demands by negotiating with the Bank failed and the threatened strike materialised. Even the name of the person to be appointed as Adjudicator was settled in advance. Fortunately, the necessity to go in for compulsory adjudication was averted.

Conciliation Conference

As a result of further discussions, it was decided to rename the special committee as a Conciliation Conference, composed of representatives of the Bank and of the Council of the All-India Employees' Association, the staff having in the meantime decided that their demands should be negotiated by this Council. As already mentioned, the Chairman of the Conference was Mr. McCallum, Deputy Governor. The Conference met seven times during the month of June 1946. The Association represented the non-officer staff other than the 'D' class. The 'D' Class Union was separately consulted as regards matters concerning that class of employees. As a result of the deliberations, the Bank's representatives made specific recommendations, which were broadly agreed to by both sides. On the basis of these recommendations, which the Governor placed before the Board with his own comments, the entire pay and allowances structure of the non-officer staff in the Bank was revised. The Officers' and Treasurers' salaries were also revised at the same time.

Two years later, in December 1948, a further step was taken to consolidate the spirit of conciliation and good-will. The Bank decided, in consultation with the Association, that the representatives of the Employees' Association at each centre should meet the local Managers once every quarter and those of the All-India Association should meet

the representatives of the central executive of the Bank once every year for mutual discussions on matters affecting their common interests. By establishing more frequent contacts between the management and the staff at both the central and branch levels, this machinery helped to settle or minimise differences in an atmosphere of tolerance and to maintain the accord reached in 1946.

Employer-employee Relations in Commercial Banks

The Bank attached importance not only to the maintenance of cordial relations with its own employees but also to the quick and effective settlement of disputes concerning terms of service, etc., arising between other banks and their staff. Its advice was therefore often sought by Government with respect to the application of labour and trade union laws to the banking industry.

Prior to 1949, the responsibility for the settlement of disputes between banking companies and their employees was that of the Provinces, under the respective Provincial laws as well as in terms of the Industrial Disputes Act, 1947. On the initiative, largely, of the Reserve Bank, consequent on the serious developments in the United Provinces in the wake of the B. B. Singh Award in the dispute between 40 bank managements and their employees, this responsibility was transferred to the Central Government by an Ordinance entitled the Industrial Disputes (Banking and Insurance Companies) Ordinance, 1949, issued on April 30, 1949. The Ordinance amended the Industrial Disputes Act, 1947, so as to transfer the responsibility for settlement of industrial disputes in banking companies having branches or other establishments in more than one Province (including the Imperial Bank of India) from the Provincial Governments to the Central Government. * It also specifically prohibited the Provincial Governments from referring any industrial dispute in insurance or banking company for adjudication and provided for abatement of proceedings in any such dispute pending before Provincial Tribunals as on April 30. The Central Government also took powers to refer for readjudication awards already given by Provincial Tribunals.

The Ordinance was extended by a period of six months on its expiry on October 30, 1949, and was replaced by an Act in December 1949. An All-India Industrial Tribunal (Bank Disputes) was set up in June 1949 in pursuance of the Ordinance, to go into industrial disputes in more than 200 banks all over the country.

* The Central Government was made the 'appropriate Government' in relation to industrial disputes in the Reserve Bank only in August 1956 [cf. The Industrial Disputes (Amendment and Miscellaneous Provisions) Act, 1956].

The Bank was again called upon to tender opinion on the provisions of the Labour Relations Bill and the Trade Unions Bill, insofar as they applied to banking companies. The Bills were introduced in the Indian Parliament in February 1950.

The Labour Relations Bill agitated the banks considerably. To consider representations of banks and commercial interests as well as those from employees' organisations, the Ministry of Labour convened a Conference of Employers and Workers in Banking and Commercial Interests in New Delhi on May 18 and 19, 1950. A representative of the Reserve Bank also attended the Conference at the request of Government. Later, the matter was also considered at a special meeting of the Bank's Central Board held on July 3.

The Reserve Bank was of the view that in regard to banks there should be separate legislation. The object was not to place bank managements in a privileged position vis-a-vis their employees, but to devise a machinery designed to ensure justice to employees in regard to conditions of work, etc., without endangering the security of banking institutions in general. The Bank felt, however, that it could not undertake the formidable task proposed to be entrusted to it by the various Bankers' Associations of prescribing the conditions of service in banks and of settling disputes between employers and employees in individual banks. Regarding the type of machinery that should be set up for dealing with labour disputes in banks, the Bank's ideas were as follows:

- (1) A Statutory Board or Tribunal should be set up consisting of -
 - (a) a Chairman, who should be a High Court Judge, ex-High Court Judge or an officer of similar status, to be appointed by Government,
 - (b) a representative of the Reserve Bank, and
 - (c) a member nominated by Government.

It should be the duty of the Board to ensure that standing orders providing for all matters specified in the First Schedule of the Labour Relations Bill were adopted by banking institutions. In the case of any dispute between the bank employees and the bank authorities in regard to these standing orders or any other matter, the decision of the Statutory Board would be final.

(2) Conciliation Officers should be appointed by the Finance Ministry on a regional basis to settle differences between bank employees and employers.

(3) In every banking institution there should be annual meetings between the Staff Association representatives and the bank management at which the former should have opportunities of making representations in regard to modifications in the conditions of service, etc. If no agreement was arrived at, the dispute might be referred by either party to the Conciliation Officer for the region. If his efforts to arrive at a settlement failed, the question might be referred by the Central Government to the Statutory Board, whose decision would be final.

(4) No strike should be permitted in banks. On the other hand, the Government should not have the authority either to amend or to set aside any award given by the Tribunal.

The Board broadly accepted the Governor's suggestions for recommendation to Government. The Board also wished to emphasise that any restrictions on bank managements that went appreciably beyond these proposals would seriously affect the position of the existing banks and prejudice the expansion of banking facilities.

As regards the Trade Unions Bill, the Bank's attention was directed to the question of recognition of unions of bank employees. The Board's views were:

In view of the key position which banking institutions occupy in the economic structure of the country and of the high standard of education required of bank employees, the Board consider that as in the case of civil servants, a trade union of bank employees should not be entitled to compulsory recognition by Government, if it does not consist wholly of bank employees or if it is affiliated to a federation to which trade unions of persons other than bank employees are also affiliated.

The Governor communicated the proceedings of the Board meeting to Government and left it to them to consider whether provisions embodying the Board's suggestions could be made within the framework of the Labour Relations Bill or whether separate legislation, ' which might take the form of a new Section in the Banking Companies Act ', should be introduced.

The Ministry of Labour was not in favour of incorporating in the Banking Companies Act regulations relating to labour matters. It was, however, agreeable to giving effect to most of the Bank's recommendations by suitable changes in the Labour Relations Bill; in fact, some of them were already covered by its existing provisions. Subsequently, on reconsideration, there was a veering round to the view that banks should be dealt with separately -either by adding a separate chapter to the Labour Relations Bill itself or by enacting an altogether separate piece of legislation. At the request of Government, the Bank, which was still in favour of a separate enactment for banks, drafted a tentative Bill entitled ' Labour Relations (Banking Companies) Bill ' and forwarded it to Government in June 1951, The measure was intended to ensure uninterrupted working of banks by providing, on the one hand, for the prohibition of strikes and lock-outs, and on the other, for a simple, speedy and automatic machinery for conciliation or adjudication of industrial disputes in banks. However, before these proposals could be considered, the Labour Relations Bill, 1950, itself lapsed on the dissolution of the provisional Parliament.