CHAPTER - V

INDUSTRIAL RELATIONS
CHAPTER V
INDUSTRIAL RELATIONS

5.1. Introduction

Industrial relations forms an important aspect of human resource management. It needs no reiteration that one of the major functions of human resource management (HRM) is to retain people who are performing at higher levels. This requires that the organizations provide, among other things, satisfactory labour relations (union-management relations). If this activity is performed effectively, we can expect to have competent employees who are committed to the organization and satisfied with their jobs.¹

Banking being a service industry, any friction in the relationship between the management and unions culminating, into stoppages of work in the industry can cause a lot of inconvenience to the customers or the general public. Therefore, the State / the Government being a custodian of the interests of the customers/general public has to regulate the relationship between the unions and management of the industry.

While the Government and its agencies, managements and their associations, employees and their unions are the three major “actors” of the Industrial Relations System (IRS), the presence of a fourth participant in the form of customers or the general public cannot be

ignored because they are directly affected by the manifestations of the industrial relations problems in the shape of poor or suspended services. Although this presence has always been there in banks from the establishment of the industry, the focus appears to have shifted much more to this fourth participant from the mid 80s and particularly from the 90s in the wake of liberalisation. Thus the focus of industrial relations shifted to work practices which affect customer relations.¹

In the following paragraphs the relationship between the three major “actors” of the IRS—State/Government, employers/associations and the employees and their unions are discussed in detail. In view of the fact that the subject of ‘customer service’ is gaining importance in recent years within the purview of industrial relations in the banking industry, the same has been discussed in a separate chapter (Chapter VI).

The relationship that takes place between the unions and management in the banking industry could be characterised by conflict as well as co-operation. Some of the most commonly visible processes of interaction between the unions/employees and management are: collective bargaining, workers’ participation in management, grievance redressal, industrial conflicts (strikes) and various forms of indiscipline and discipline maintenance.

In all these processes and other processes of interaction certain communication channels are used by the parties. Needless to say, if the channels of communication are adequately provided by the management, and are properly used by the members of the

organization as also the unions, without any ambiguity in the contents of the messages(s) communicated, there is every likelihood of the employer-employees/union frictions getting redressed and improvement in the interpersonal relations.

The Government interferes in the union management relations/employer-employees relations by way of enacting and implementing different laws and constituting various committees etc., to look into important matters concerning the parties and to prevent industrial disputes. In other words, the Government plays the role of a facilitator of harmonious relations between the management and the unions. Thus, in the gamut of human resource management, the roles played by the management, unions, state/Government form an important part. John T. Dunlop\(^1\) calls these three parties as "actors" of the industrial relations system.

In this chapter we shall discuss the following aspects of industrial relations in the Indian banking industry in general and the UCO Bank, its Orissa Zone and Bhubaneswar Division, in particular:

a) Collective bargaining
b) Workers' participation in management
c) Grievance handling
d) Industrial conflicts (strikes);
e) Indiscipline (Discipline Administration); and
f) Communication.

---


According to Dunlop, an industrial relations system includes three "actors", namely:

(i) workers and their organizations; (ii) managers and their organizations, and (iii) Government and its agencies. According to him, these actors interact with each other and formulate work rules which will be applicable to them.
Before we take up these aspects for a detailed analysis, we shall give a brief outline about the history of the industrial relations in the Indian banking industry, and a brief idea about the three "actors" of the industrial relations system of the industry so as to provide a backdrop to our discussion on the above mentioned aspects.

5.2. History of Industrial Relations in the Indian Banking Industry

Banking is a service oriented industry where the quality, quantity and type of services depend to a large extent on the maintenance of sound industrial relations. The problem of maintenance of good industrial relations was not acute during the early 40s. The number of branches and the number of employees were very small. The employees of the bank were not organized and they were under constant threat of losing their jobs. The management, on the other hand, was apparently exploiting and forcing them to work for ten to eleven hours in a day. They were being paid very low wages, specific pay scales were not prevailing, 'increments were not given regularly and other facilities like leave, medical aid etc., were almost unknown.¹ A separate department to look after the personnel matters was virtually not existing in any of the banks. The General Managers of the respective banks were looking after the personnel matters. But with the increase in the strength of employees and expansion of business the banks had to start small staff departments in the 40s to look after the personnel functions, management of discipline and legal matters. Mostly pro-management, these departments always tried to safeguard the interests of the banks only. This attitude of these departments led to some kind of dissentment.

among the employees, as their problems howsoever genuine were not being given due attention. At this juncture they realised the necessity of organising themselves into trade union for the banking industry as a whole in order to pursue their demands. As a result, the All India Bank Employees' Association (AIBEA) was formed on April 20, 1946.

For the first time in the history of the Indian Banking industry the employees of Bank of India, Bombay, with the support of AIBEA, gave a strike call on July 26, 1946 demanding improvement in their service conditions, better leave facilities, gratuity etc. Gradually the strike spread to Uttar Pradesh, West Bengal, and other states. Subsequently, the industry had witnessed several strikes mainly for wage revision, improvement in the service conditions etc. In response to these developments in the industry the Government, in its role as a regulator of industrial relations, appointed several adjudicators, industrial tribunals and Labour Appellate Tribunals (LATs) under the chairmanship of renowned judges like H.V.Divatia, K.C.Sen, S.P.Sastry, P.B.Gajendragadkar, K.T.Desai, and others for proper disposal of matters.1 While these developments were taking place in the industry, three new unions/federations, namely, Bank Employees' Federation of India (BEFI), National Organization of Bank Workers (NOBW), and National Union of Bank Employees (NUBE), came into existence. As the AIBEA was the single largest union/federation at the industry level, the IBA invited it in 1966 for bipartite negotiations on wages and other related issues. Thus, the first bipartite agreement was reached on October 19, 1966. The signing of the agreement by the parties could be said to have served as a turning point in the trade union movement of the banking industry.

1 For details see Chapter IV, "Employee Compensation and Benefits".
After the nationalisation of banks in 1969, the number of branches had increased with corresponding increase in the workforce of the banks, including the UCO Bank.\(^1\) With the increase in the branch network both in the urban and rural areas in the country the banks started recruiting well qualified employees as clerks and officers. As the number of employees started increasing, there was a corresponding increase in the membership of the unions. As such, the unions became stronger both organizationally and financially. All this helped them to have an upperhand over the management. Thus, in the post-nationalisation period, there has been a significant shift in the balance of power between the management and the unions. The subsequent developments in the interaction between the management and the unions following the first bipartite agreement bear a testimony to this phenomenon.

In the middle of 1991, the Union Government introduced the New Economic Policy. As a result, the Indian economy, including the banking sector, was made open to the foreign investors. Privatisation and partial deregulation were introduced which were vehemently opposed by the employees' unions. Nevertheless, as the Government insisted that the banks should become more competitive and operationally efficient in a globalised environment, the employees and their unions appear to have realised the importance of improving customer services and financial performance in the new

\(^1\) See Chapter II, Table 2.6.

| The total number of Branches and staff strength, in the Banking industry and UCO Bank as on 31.3.1995. |
|-------------------------------------------------------------------------------------------------------------------------------------------------
| **Branches** | **Staff Strength** |
| Banking Industry | 47745 | 948473 |
| UCO Bank | 1793 | 34834 |
competitive environment which was somewhat unusual for them. Needless to say, in the changing environment the need for maintenance of harmonious industrial relations is a *sine qua non*.¹

5.3. The Three Major Actors of Industrial Relations System in the Banking Industry

5.3.1.1. Trade Unions in the Banking Industry:

Trade unions, as the culmination of the collective strength of the working class, are a part and parcel of any industrial relations system. It is an organization of the workmen formed to protect their economic interests, improve their working conditions etc.² All trade unions have objectives or goals to achieve which are contained in their constitution and each union has its own strategies to achieve those goals.

Trade union movement was started in India during the second half of the nineteenth century. But in the Banking industry the first trade union was formed in the year 1946 in Calcutta.³ Gradually several unions were formed in different parts of the country. At the national level, the AIBEA came into existence on April 20, 1946,⁴ to monitor the activities of different state level/branch level unions. The AIBEA was the sole representative union at the industry level until the formation of the BEFI in 1958, and the NOBW in 1965.

¹ For example, a strike will mean that the banking industry will suffer interest loss of Rs. 200 crores per day and also huge loss for customers. There will be disruption of clearing to the tune of Rs. 17,000 crore to Rs. 20,000 crore per day. *The Economic Times*, Calcutta, September 16, 1995, p. 1.
Subsequently, two more national level unions were formed after the nationalisation of the major commercial banks in 1969— the NUBE; and the INBEC. A number of developments took place in the trade union movement of the banking industry during the second half of 1970s. The NUBE got merged with Indian National Bank Employees’ Congress (INBEC) and a new employee’s organization called National Confederation of Bank Employees (NCBE) was formed in 1975. A section of employees from the erstwhile INBEC, formed a new industry level organization called the Indian National Bank Employees’ Federation (INBEF).¹

Most of the bank unions and federations are organized independent of political parties though some of them have unofficial political affiliations. For example, the BEFI has direct links with the Communist Party of India (Marxist) (CPI-M); the INBEF is affiliated to the Indian National Trade Union Congress (INTUC) which is directly linked with the Congress party.

The officers and supervisory staff had not organized themselves into trade unions till the second half of 1960s. They were considered by the management as their own people as they were associated with the decision-making process. The members of these groups seemed to be more inclined and loyal towards the management. They enjoy more power and exercise authority over the award staff. That was perhaps the reason why they did not organize themselves as trade unions. But gradually the necessity of having a trade union of their own was felt because they wanted to establish their own identity (in between the higher management and award staff) as a group of significance in the social system of the bank. They wanted to restore

and preserve their status and powers which they perceived as having been lost because of the collusion of higher management and the clerical staff.\(^1\) Further, they thought that without pressure and show of strength (as the award staff unions do) the management would not give certain economic benefits. A strike by the supervisory staff in the State Bank of India in 1969 and an agitation by the officers of RBI in 1975 established confidence and made the officers realise the advantages of having their own association and confederation on the lines of the award staff unions. The idea of such confederation materialised in 1975 when the All India Confederation of Bank Officers’ Organization (AICOBBOO) was formed.\(^2\) The Confederation though joined INTUC during the National Emergency period (1975-77) became independent immediately after the Emergency, and soon it adopted a militant posture against the management and the Government regarding trade union rights.

With the expansion of branches and increase in the business after nationalisation of banks in 1969, the promotional avenues for the award staff were widened. As a result, large number of award staff employees were promoted to the posts of officers to fill up the vacancies created on account of branch expansions. These officers, in order to keep their loyalty to their former unions, formed several parallel officers’ associations. For example, the All India Bank Officers’ Association (AIBOA) was sponsored by the AIBEA, National Organization of Bank Officers (NOBO) was sponsored by the NOBW, Indian National Bank Officers’ Congress (INBOC) was sponsored by the INBEC.

\(^1\) Ishwar Dayal and Baldev R. Sharma, *Strike of Supervisory Staff in the State Bank of India*, Bombay: Progressive Corporation Private Ltd., 1971, p. 75.

In a subsequent split, a new organization called All India Bank Officers' Confederation (AIBOC) came up in 1985, and this organization controls majority of the officers in the banking industry. The AIBOC has been negotiating with the IBA since 1985 as a sole recognised body representing the officers in the country.

Thus the banking industry in India witnesses multiplicity of unions as in most of the other industries. The emergence of SC/ST and backward employee associations added a new dimension to the multiplicity of trade unions in the banking industry. Managements of the banks recognise the unions which have the majority support or membership and invites them for negotiations and for other discussions. On the other hand, the minority unions, appear to create problems for the management in the smooth functioning of the business at the branch level, and some times, at the Divisions and Zonal office level. Although the aims and objectives of the unions are not significantly different from each other, inter-union relations are characterised by hostility and mutual distrust. Indian banks are affected by union rivalry. The minority unions try to gain the acceptance by the management and swallow the strength of the majority unions while the unions having majority membership want to retain their supremacy. In such a situation every union resorts to mudslinging against the other, claiming that theirs is the only effective union in protecting the employees' interest. Management in such cases wants to take advantage of the situation by supporting the

---

minority union. It is appropriate at this juncture to quote the opinions of the AIBEA and the IBA on inter union rivalry.

In the opinion of the AIBEA, "some organizations have been formed under the patronage of the management and some have been pampered by the party in power. It has sometimes happened that an agreement by a majority union has been challenged by the minority union; and the Government without going into the matter has referred the matter to the tribunal".\(^1\)

The IBA expressed its opinions about the union rivalry as follows:

"Due to historical reasons, different unions exist at various branches and the all India pattern presented by such unions on account of their affiliation to the central organizations of their choice is that in some cases an all India majority union of a bank is a minority union at branches in certain states and vice versa."\(^2\) Consequently, several local unions have acquired patronage and power to such an extent that they disown agreements reached by the all India unions, particularly if they owe allegiance to a rival camp and thus disrupt work. The experience of banks has been that settlements unless they are agreed to by the major constituent units, are difficult to be enforced upon units at the branch level. The only alternative open to the bank management, therefore, is to associate the various unions according to their respective strengths with the settlement of disputes at different stages rather than drive the hostile

---


\(^2\) Ibid.
unions into opposite camps leading to a further aggravation of the present unreasonable attitude adopted by the unions.1

It is a coincidence that despite the fact that in all nationalised banks there have been inter-union conflicts, the possible problems associated with multi-unions have increasingly been offset by the IBA's practice of having multi-union negotiating committees at the industry level (Joint Consultative Committees) for discussion of issues relating to wages and other financial benefits and service conditions; and structural committees at the Zonal/and Divisional level2 to discuss the day to day matters relating to customer service, productivity, business and other internal problems of the Zones and Divisions which are outside the purview of the industry level negotiations.

A significant feature of the major bank unions of the workmen and officers is the stability in the union leadership. Tarakeshwar Chakravarty, General Secretary of the AIBEA and S.K.Bal, General Secretary of the BEFI, are the key leaders who happen to be associated with the unions since their inception. Similarly in the UCO Bank, Orissa, C.R.Naik, Secretary UCO Bank Employees' Union (Affiliated to AIBEA), Papa Rao, Secretary, UCO Bank Employees' Association and British Basa, Secretary UCO Bank Officers' Association, Orissa, are the founder members and have been associated with the unions since their inception. That the stability in leadership provides strength to the unions has been amply proved by the bank unions. This can be gauged from the way the union leaders ensured (through Bank Bipartite Settlements) improvement in the

1 Ibid., pp. 51-53.
2 In The UCO Bank, the structural committee is called the 'Business Development Committee'.
wages and other financial benefits over the years; and the amount of control they have in respect of administrative matters like posting of new recruits, inter-branch/division/zone transfers etc.

Another notable feature of the bank union leadership is that all the leaders are "insiders"\(^1\) at all levels—industry, corporate office, zonal, divisional and branch levels.

In the recent years, one of the strategies of the bank unions in pursuing their goals is to collectively present to the IBA their demands relating to important issues including wages and other financial benefits, and if the situation warrants, to organize strikes jointly.\(^2\)

Despite the fact that these unions have their own allegiance to different central trade union federations and/or political parties, though unofficially, they have some amount of uniformity in their approach in respect of most of the important issues that are taken up at the industry level bargaining. The positive effect of this phenomenon is that unions could successfully pressurize the management at the negotiating table for better economic concessions and work rules favourable to the employees.\(^3\)

---

\(^1\) For our study an "insider" is a person who is employed in the bank.

\(^2\) In 1995, two strikes—one on August 31, and the other on September 26 and 27—were organized by the bank unions jointly by forming a Joint Struggle Committee. Similarly in 1997 upto October two strikes—one on July 4 and the other on August 28 and 29—were organized collectively by the unions. The main aim of the two day strike (on August 28 and 29, 1997) by 13 lakh bank employees was to nip the local area banks (formation of which was proposed by the Government) in the bud and barring non-banking financial companies (which formed only recently) from taking deposits.

\(^3\) More details are given in this chapter under the heading 'Collective Bargaining'.
5.3.1.2. Trade Unions in the UCO Bank

Trade union movement started in the UCO Bank during the post-war period as it made its appearance in other important banks. In the centres like Calcutta, Delhi, Bombay and Madras the employees of the UCO Bank formed unions to protect their economic interests and to fight against the unfair practices of the management such as longer hours of work, lower wages, arbitrary decisions in matters of promotion etc. The All India United Commercial Bank Employees’ Federation (AIUCBEF) was formed in the year 1963. Prior to this, the trade unions of the UCO Bank at different centres/branches used to join any national level federations of the banking industry. Even now, the UCO Bank employees/unions are free to join any national level federations either directly or through the state level federations.

5.3.1.3. Trade Unions in the UCO Bank, Orissa

In Orissa the UCO Bank employees (award staff) formed into two unions-- the UCO Bank Employees’ Union (in 1953) and the UCO Bank Employees’ Association (in 1971). The officers of the UCO Bank, Orissa formed two associations-- the UCO Bank Officers’ Association, Orissa (in 1967) and the UCO Bank Officers’ Union (in 1981). Particulars relating to the registration, affiliation and membership of the award staff unions and the officers associations are given in Table 5.1.
Table 5.1
Trade Union Profiles of the UCO Bank, Orissa

<table>
<thead>
<tr>
<th>Name of the Union/Association</th>
<th>Year of Establishment</th>
<th>Registration</th>
<th>Year of Registration</th>
<th>State Level</th>
<th>National Level</th>
<th>Claimed Membership Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unions of Award Staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. UCO Bank Employees' Association, Orissa</td>
<td>1953</td>
<td>795</td>
<td>Not available</td>
<td>All Orissa Bank Employees Association</td>
<td>Bank Employees Federation of India</td>
<td>1002</td>
</tr>
<tr>
<td>2. UCO Bank Employees' Union, Orissa</td>
<td>1972</td>
<td>1325</td>
<td>February 1981</td>
<td>-do-</td>
<td>All India UCO Bank Employees Federation and AIBEA</td>
<td>590</td>
</tr>
<tr>
<td>Officers' Associations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. UCO Bank Officers' Association, Orissa</td>
<td>1967</td>
<td>1274</td>
<td>April 1980</td>
<td>Bank Officers' Federation, Orissa</td>
<td>All India UCO Bank Officers and All India Bank Officers' Confederation</td>
<td>540</td>
</tr>
<tr>
<td>2. UCO Bank Officers' Union, Orissa</td>
<td>1981</td>
<td>Not yet Registered</td>
<td>--</td>
<td>-do-</td>
<td>All India Bank Officers' Association</td>
<td>140</td>
</tr>
</tbody>
</table>

Source: Data supplied by the respective unions.

The day to day activities of the unions are looked after by an executive committee consisting of President, Vice-President, General Secretary and some executive committee members elected at the general body meeting of the union at the state level. At the general body meeting the members representing the zonal office, and divisional offices and branch offices of the Bank will nominate their respective representatives as the executive committee members.

Reportedly, in Orissa the UCO Bank award staff unions do not have any inter-union rivalry and in fact on some occasions they
worked collectively on matters of common interest. For zonal level negotiations on certain local level issues the management of the Bank in the state invites both the unions. This practice, which is more or less a reflection of the industry level practice, is being adopted since the first bipartite negotiation in the Industry.

5.3.2. Indian Banks Association (IBA)

While the above were the developments in respect of the award staff unions, almost all the banks of the country got themselves organized into an association, called the Indian Banks Association in the year 1946. Thus, the IBA’s members include most of the public and private sector banks, foreign banks, co-operative banks and certain financial institutions of the country. The IBA has its office at Bombay (now Mumbai). The aim of the IBA is to assist the member institutions in various matters like liaisoning between the Government, RBI and Banks, bank customer service, publicity, legal issues, training and education etc. It invites the representatives of the award staff and the officers’ association to negotiations on matters relating to wages and other terms and conditions of employment.

The IBA has the following committees:

(1) A Personnel Committee (to look after the personnel administration matters of the members).

(2) Negotiation Committees (to have negotiation with the workmen and officers' union).

Besides the above two committees, IBA forms small committees, as and when required, to tackle different issues such as customer service, industrial conflicts (strikes) etc.
The Chairman of the IBA signs the Memorandum of Understanding (MOU) before it is sent for approval to the Ministry of Finance, Government of India.

5.3.3. Government

The role of the Government as an actor of the industrial relations system of the banking industry, among other things, is to formulate policies/guidelines regarding the functioning of the banks and to oversee the overall functioning of the banks in general.

Furthermore, through enactment of laws such as Payment of Gratuity Act, 1965, The Employees’ Provident Fund and Miscellaneous Provisions Act 1952, etc. the Government ensures social security of the employees; and through the Industrial Disputes Act, 1947, it aims at preventing and settling industrial disputes between employees and management in the industry.

As and when necessary, the Government appoints certain committees to look into various issues concerning the banking industry and its employees.¹

5.4. Collective Bargaining

Collective bargaining is a process wherein one group representing the employers and the other representing employees sit

¹ The following are some of the important committees formed by the Government after nationalisation of major commercial banks.

(a) Pillai Committee (1977) under the Chairmanship of V.R. Pillai to look into the salary and other service conditions of the officers of the banks.

(b) Narasimham Committee (1991) under the Chairmanship of M. Narasimham for financial sector reforms.

(c) Three Member Fact Finding Committee (1996) under the Chairmanship of T.L. Shankar, IAS to find out whether there is any discrepancy in the salary of Award Staff and Officers of the Banks.
together to negotiate the terms of employment. In collective bargaining divergent view points are put forth by the parties concerned and through negotiations, a settlement is arrived at. The *ILO Workers’ Education Manual* defines collective bargaining as “Negotiation about working conditions and terms of employment between an employer, a group of employers or one or more employers’ organizations on the one hand, and one or more representative workers’ organizations on the other with a view to reaching agreement”.

The collective bargaining process starts as soon as a charter of demands is presented to the management by the unions on behalf of their constituent members. Before the actual negotiations begin both the management and the union groups go through several intra-organizational bargains. The management settles a set of internal policy issues relating to other concessions it would make, the wage and other benefits it would pay. Before reaching an agreement other important aspects such as cost implications of the union’s demands and its effect on profit, viability of the firm, escalation of prices of its goods and services etc., are to be considered by the management group.

At the bargaining table, the unions’ charter of demands ranging from the wage increase to personnel policies are discussed. The management presents its view points especially, the state of the industry, the environment, its capacity to pay and its constraints. Similarly, the unions demand wage increase to meet the increased cost of living etc. Finally, it is for the management to decide whether to accept/concede the demands of the unions fully or

---

partially or reject them. Sometimes the management puts forth counter demands of its own.¹

5.4.1. Collective Bargaining in the Banking Industry

In the banking industry the salaries and other service conditions of the award staff are revised through collective bargaining between the major unions and the IBA at the industry level.

In the following paragraphs we shall discuss the collective bargaining practices in the banking industry including the UCO Bank and UCO Bank Orissa Zone under the following headings:

(a) Collective bargaining for fixation/revision of the salaries of award staff.

(b) Collective bargaining on pension issues.

(c) Collective bargaining relating to mechanisation.

5.4.1.1. Collective Bargaining for Fixation/Revision of the Salaries of the Award Staff

Prior to 1966, salary fixation/revision and other service conditions were made on the basis of the awards given by various committees appointed by the Government from time to time for the banking industry. Later, efforts were made with the help of the IBA to have collective bargaining instead of Government intervention in the matters pertaining to employment conditions and industrial relations.² As a result, collective bargaining process started in the banking industry in the year 1966 when the First Bipartite Settlement

---


² Jacob Mankidy, "Banking" in C.S.Venkata Ratnam and Anil Verma (Eds.), *Industrial Relations: Current Perspective*, op.cit., p. 245.
was reached between the AIBEA and the management represented by the IBA for a period of three years.

After the expiry of the period of the first bipartite settlement, the Second Bipartite Settlement was signed in the year 1970 for a period of three years. The Third Bipartite Settlement which was due for 1973, could not be reached until 1979. Reportedly, the lukewarm response of the management towards the unions' demand for revision of salaries and improvement in the service conditions was responsible for the undue delay in the commencement of negotiations. Such attitude of the management caused the displeasure of unions and the latter manifested their resentment in the form of a one day strike in 1974. As the matter was getting dragged on without any indication of the management inviting the unions to negotiations, the National Emergency was promulgated in the country in 1975. During the Emergency period (1975 to 1977), the unions were virtually compelled not to resort to any agitational programme on any issue. It was only after the lifting of the Emergency that the parties had several rounds of negotiations. Finally, the AIBEA being the single largest union signed a settlement in 1979 for a period of four years. The Third Bipartite Settlement was given retrospective effect from September 1, 1978 upto August 31, 1982.

The Fourth Bipartite Settlement, which was signed between the IBA and the AIBEA and NCBE on September 17, 1984, provided some new benefits to the award staff of the industry—new pay scales merging dearness allowance with the basic was fixed, stagnation increments were provided and enhancement of House Rent Allowance was made (See Table 5.2).
The Fifth Bipartite Settlement, signed on April 10, 1989 further modified the pay scales of the award staff and enhanced other allowances like medical aid, professional qualification allowance, hospitalisation charges etc. On July 16, 1991 a supplementary settlement was signed in which the halting allowance, split duty allowance, leave fare concessions, etc. were taken up.

On February 14, 1995 the Sixth Bipartite Settlement was signed in the industry which further enhanced the pay scales and other benefits of the employees in the industry. A notable feature of this settlement was that all the award staff unions --AIBEA, NCBE, BEFI, and INBEF-- had signed the agreement for the first time in the history of the banking industry. The particulars of the six Bipartite Settlements are depicted in Table 5.2.

### Table 5.2

**Particulars of Bipartite Settlements of Award Staff Employees of the Banking Industry of India**

<table>
<thead>
<tr>
<th>Bipartite Settlements</th>
<th>Date on which the Bipartite Settlements was signed</th>
<th>The period for which the Bipartite Agreement/ Settlement remained in force</th>
<th>Award Staff Unions/ Federations signed the agreement</th>
<th>Salient features of the Bipartite Settlements</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>October 19, 1966</td>
<td>January 1, 1966 to December 31, 1968</td>
<td>3 AIBEA</td>
<td>Uniformity in the pay scales to the employees was maintained</td>
</tr>
<tr>
<td>Second</td>
<td>October 12, 1970</td>
<td>January 1, 1970 to December 31, 1973</td>
<td>4 AIBEA</td>
<td>1. Salary and other service conditions were improved</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2. Abolished area-wise differences in the basic pay</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3. Merged a part of dearness allowance with the basic pay</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4. Reduction in the span of scale from 25 years to 20 years</td>
</tr>
<tr>
<td>Date</td>
<td>Pay Scales and Other Benefits</td>
<td>Details</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>-------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third August 1, 1979</td>
<td>September 1, 1978</td>
<td>August 31, 1982</td>
<td>4</td>
<td>AIEA &amp; NCBE</td>
</tr>
<tr>
<td>Fourth September 17, 1984</td>
<td>July 1, 1983</td>
<td>June 30, 1987</td>
<td>4</td>
<td>AIEA &amp; NCBE</td>
</tr>
<tr>
<td>Fifth April 10, 1989</td>
<td>November 1, 1987</td>
<td>October 30, 1992</td>
<td>5</td>
<td>AIEA &amp; NCBE</td>
</tr>
<tr>
<td>Sixth February 14, 1995</td>
<td>November 1, 1992</td>
<td>October 31, 1997</td>
<td>5</td>
<td>AIEA, NCBE, BEFI &amp; INBEF</td>
</tr>
</tbody>
</table>


Note: Supplementary Bipartite Settlements are not included in the list.

Over the years, the bank employees could make substantial gains (See Table 5.3 and Fig 5.1).
Table 5.3

Increase in the Salaries of Award Staff over the Years

(in Rupees)

<table>
<thead>
<tr>
<th>Settlements</th>
<th>Pay Scales of Clerical Staff</th>
<th>Pay Scales of Subordinate Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Minimum</td>
<td>Maximum</td>
</tr>
<tr>
<td>First Bipartite (1966)</td>
<td>154</td>
<td>400</td>
</tr>
<tr>
<td>Second Bipartite (1970)</td>
<td>170</td>
<td>550</td>
</tr>
<tr>
<td>Third Bipartite (1979)</td>
<td>325</td>
<td>1040</td>
</tr>
<tr>
<td>Fourth Bipartite (1984)</td>
<td>520</td>
<td>1660</td>
</tr>
<tr>
<td>Fifth Bipartite (1987)</td>
<td>900</td>
<td>2835</td>
</tr>
<tr>
<td>Sixth Bipartite (1995)</td>
<td>1750</td>
<td>5500</td>
</tr>
</tbody>
</table>

Source: Bipartite Settlements I to VI, IBA, Bombay.

5.4.1.2. Collective Bargaining on the Pension Issue

Introduction of pension scheme as a retirement benefit was taken up by almost all the unions in 1990 when the RBI announced a scheme of pension substituting the Provident Fund. While the AIBEA and the AIBOA were willing to accept pension instead of contributory provident fund (CPF) as the second retirement benefit after gratuity, the other unions --NCBE, BEFI, NOBW, AIBOC--demanded pension as a third retirement benefit--Gratuity, Provident Fund and Pension in that order. To pursue their demand all the unions/federations except the AIBEA and AIBOA formed a Coordinating Body and submitted a memorandum to the Finance Minister, Government of India on October 4, 1991 and subsequently, a nation-wide strike was organized on April 30, 1992. Meanwhile, after prolonged discussions, the IBA and the AIBEA reached an
Fig. 5.1 Increase in the Salaries of the Award Staff over the Years in the Banking Industry/UCO Bank
understanding on May 24, 1993 treating pension as a second retiral benefit instead of CPF. Subsequently, other three unions namely BEFI, NCBE, INBEF, signed a bipartite settlement on Pension, on October 29, 1993. However, the employees (both officers and award staff) were given option either to accept the pension as the second retiral benefit or continue with the CPF. This option is not applicable to the employees who join their service after October 31, 1993.

The employees of State Bank of India enjoy pension as third retiral benefit—Gratuity, Contributory Provident Fund, and Pension in that order since their joining in the services. For this purpose, they contribute 1 per cent of their basic pay to the pension fund created by the Bank.

5.4.1.3. Collective Bargaining Relating to Mechanisation

Right from the signing of the Second Bipartite Settlement the IBA was proposing to mechanise the banking operations. But there was strong resistance by the unions to the efforts of the IBA in the initial stages. However, the IBA could convince the unions gradually and sign an agreement with them on September 8, 1983 to introduce Advanced Ledger Posting Machines (ALMPs) in selected branches.¹

A special agreement (revising the 1983 agreement) was signed by the IBA and different unions in which it was specifically mentioned that this agreement would be applicable to those branches that have 1000 or more vouchers per day calculated on an average of 52 preceding weeks and which have aggregate deposits of Rs. 15,000 million or more as on December 31, 1985. Besides this,

this settlement also specified the rate of special allowance payable to employees operating the ALMPs machines.

The bipartite settlement of March 29, 1987 between the IBA and the AIBEA and the NCBE had incorporated a clause which allowed individual banks to have separate negotiations on computerisation. As a result, the Indian Overseas Bank, Bank of Baroda, and some other banks, had made separate bank level agreements on computerisation. This trend could be regarded as the starting point of shifting the major issues from the industry level to the bank level. However, the IBA never spared its efforts to obtain the consent of different unions in the matter of mechanisation/computerisation and on October 29, 1993, it succeeded in signing a bipartite settlement with all the unions except the BEFI which signed later in December 1993.

5.4.2. Collective Bargaining in the UCO Bank:

Important issues which are common to all the employees of the banking industry like salary and other emoluments, service conditions etc. are settled at the industry level. However, there are certain other issues which differ from bank to bank like creation of posts, promotion policy etc. and therefore, these issues are to be settled at the individual bank level. The union leaders of the concerned banks take up such issues and negotiate with the bank management.

The All India UCO Bank Employees Federation had for the first time signed an agreement with the management of UCO Bank for a fair promotion policy in December 1968. This paved the way for unions in other banks to have similar agreements in their banks.
Since then a number of agreements have been signed by the AIUBEF and the management. Some of them are as follows:

(i) An agreement was reached for absorption of casual workers working for more than 240 days in three years as of October 12, 1989 in the sub-ordinate cadre.

(ii) To minimise the anomalies to certain extent minutes of understanding was signed by the management on revision of fitment formula of subordinate staff promoted to clerical cadre.

(iii) Another agreement was signed for revision of floor area for determining scale/wages of sweepers.

(iv) Agreement for creation of 228 vacancies for promotion from subordinate cadre to clerical cadre for the year 1989 was signed.

(v) The UCO Bank Employees Association reached an agreement with the management of the Bank to release the promotion list of JMS-I and additional vacancies of special assistants against back-log clearance of promotion to JMS-I.

Some of the issues in respect of which negotiations were taking place in the UCO Bank at the time of writing this report were the issues like promotion policy for outstanding sports persons, canteen subsidy for all branches, allowance for odd hour duty in service branches, payment of overtime to the employees of rural branches, recruitment in replacement of promotees, staff welfare schemes etc.

5.4.3. Collective Bargaining in the UCO Bank, Orissa Zone

As most of the important issues are settled at the industry level and UCO Bank level, there is little scope for bargaining at the zonal
level. As such, only a few agreements were signed by the UCO Bank Employees Unions (Orissa) and the zonal management. Some of the important issues on which the agreements were reached over the years are: creation of special assistant post in urban areas; creation of an officiating Head Cashier post in the Ashoka Market Branch, Bhubaneswar; siphoning the housing loan quota earmarked under the National Housing Board Scheme for outsiders/public to staff members of the Bank as additional loan, etc.

The existing practice with regard to the representation of employees' union for collective bargaining is that three representatives from among the two unions that are functioning in the state are given representation in the negotiations.

5.5. Workers' Participation in Management

5.5.1. Introduction

It needs no reiteration that workers are the greatest assets of any organization; including the banks. As workers can play significant role in ensuring industrial peace and harmony the involvement of workers/employees is essential at every stage of management. Involvement of the workers at all the levels of decision making process is generally known as workers' participation in management.

The basic philosophy of participative management is that once the people are committed to the goals of the organization they will exercise self direction and self control in the service of their objectives to which they are committed; and their commitment to

---

1 The Zonal Management has to get the approval of the corporate office of the Bank before it signs any agreement with the unions.
objectives is a function of rewards associated with their achievement and therefore external control and threat of punishment are not the only means for bringing about efforts towards organizational objectives.¹

The Concept of Workers' Participation in Management

Workers' participation in management, otherwise known as participative management, co-partnership, co-determination, co-management, industrial democracy etc., has no precise definition, since it has been interpreted differently by different people at different times. While attempting a definition of the term, Alexander observes that "management may be considered participating if it provides scope for workers to influence its decisions or to share in some of the managerial functions and prerogatives".²

In the Indian context, it assumes a wide variety of forms namely:³ (a) Information sharing, wherein the workers are merely informed of certain aspects of the enterprise without much botheration for their reaction; (b) Problem-sharing, wherein the management may seek the help of the workers and unions in solving specific organizational problems; (c) Joint-consultation, wherein the workers are consulted by the management before any decisions are made so that the workers' point of view could also be taken into account by the decision-making authority; and (d) Workers' Participation in management, wherein the process of decision making

² K C Alexander, Participative Management: The Indian Experience, New Delhi: Shri Ram Centre for Industrial Relations, 1977, p. 108.
becomes really joint and bipartite between the management and workers. It amounts to sharing of decision-making authority.

**Objectives of Workers' Participation in Management**

The main objective of workers' participation in management is to inculcate a sense of responsibility in the minds of the workers towards achieving the organizational goals. Besides this, the workers' participation in management aims at creating an atmosphere, where the workers and management feel closer to each other and the workers' urge for self expression is satisfied. Thus, on the one hand, it is a means to achieve greater job satisfaction and on the other it helps achieving the goal of improved industrial relations. All this will ultimately help in boosting employee morale and productivity of the organization.

In the following paragraphs we shall:

A) discuss the participative management practices in the Indian banking industry and the UCO Bank; and

B) try to assess to what extent the participative management practices help the industry in ensuring industrial peace and harmony, among other things.

**5.5.2. The Worker Director**

Soon after nationalisation of major banks in 1969, the Government announced constitution of the Board of Management of the Banks and inclusion of employee directors in the Boards. The provisions and guidelines for the appointment of Board of Directors are contained in the Nationalized Banks (Management and Miscellaneous Provisions Scheme), 1970. In 1971, the Government of
India, introduced the scheme of Workers' Representation on the Board of Directors in the banking industry. Two employees—one representing the award staff and the other representing the officers—are appointed as directors on the Board of Management of each bank. These directors are chosen from among the three whose names are suggested by the award staff unions; and the three nominated by the officers' association. In this connection Mehta's interview with some Chairmen-cum-Managing Directors (CMDs) and worker and officer directors of some public sector banks regarding the effectiveness of the board level participation revealed the following:

The Chairmen thought that by participating as worker directors the bank employees should always co-operate with them. On the other hand the worker directors felt that their participation on the boards of the banks was only an extension of their trade union activities. They were in no way prepared to give up the trade union works for any other activities including the directorship on the boards. There was also a divergent perception regarding the scope of the worker directors' participation. The Chairmen thought that worker directors limit their participation only to some interest issues relating to themselves. On the contrary, the worker-directors argued that they had a right to participate in all the issues (agenda items) including the credit and investment management placed before the Board.

Further, the interview revealed that the Chairmen considered that officers' participation as totally unavoidable. They thought that officers are part of management and they should not vote out items placed by the top management before the Board. On the other hand,

---

the Officers' directors were quite certain about their own rights and responsibilities. In this respect, they appeared to be closer to the thinking of worker directors rather than the Chairmen-cum-Managing Directors.

At the ILO's Asian Regional Conference on Freedom of Association it was reported that one of the frequent causes of failure of board level participation by the employees, particularly, the award staff, is that suspicion of trade unions that the special arrangements made for workers' participation may be used as a device to undermine collective bargaining position of the trade unions as representatives of workers' interests.

Our interviews with some of the state level union leaders of the UCO Bank Employees' Union (Orissa) and UCO Bank Employee Association (Orissa), reveal that the worker directors feel themselves isolated in the boards. They seldom get freedom and status as accorded to other directors. Moreover, workers' representatives are in minority and hence they are not in a position to check and overrule the dominance of the management.

Thus, in the banking industry the board level participation by the employees does not seem to serve the real purpose for which it has been introduced.

5.5.3. The National Emergency and the Participation Schemes for the Banks

During the National Emergency period (1975-1977) the workers' participation in management was encouraged by the Government. In 1976, an amendment was made to the Constitution. In Section 9 of the Constitution (42nd Amendment) Act, 1976 a new Article (Article 43-A) was inserted which is of great significance for
the working class. The article reads as follows: The state shall take steps by suitable legislation or in any other way to secure the participation of workers in the management of undertakings, establishments, or other organisations engaged in any industry).

In January 1977, a scheme for workers' participation was announced, exclusively for public sector enterprises, including banks which are service organizations employing 100 or more employees. This scheme provided for unit level councils whose job was to eliminate factors hampering operations and to improve methods of operations. For this purpose, the banks were required to set up joint councils (of management and award staff employees) one each at the divisional, regional/zonal levels.

Before any progress could be made in the implementation of this scheme in the banking sector, the Government at the centre lost its power and eventually the scheme was not pursued enthusiastically by the banks. All this suggests that participative scheme introduced by the Government under normal circumstances may not be successful if the parties lack initiative to pursue the scheme enthusiastically.

5.5.4. Other Techniques of Workers' Participation in Management

Other techniques of workers' participation in management which involve employees of the banking industries at the grass root level are: (a) Quality Circles, (b) Employee Suggestion Schemes and (c) House Journals.

In the following paragraphs we shall discuss the operation of these techniques in the banking industry, including the UCO Bank.
(a) Quality Circles

A Quality Circle is a type of voluntary organization/association of employees made up of small group of people belonging to the same department or branch of an organization for solving quality and productivity problems. It is a voluntary organization of workers who regularly meet to identify, analyse and solve their work related problems. Generally, supervisors are not the members of the circles.1 The basic purpose, of quality circles is to allow employees to become more involved by solving their own job-related problems in an organized way. Thus, the quality circles aim to bring about improvement in the quality of service and quality of work-life of employees. Quality circles were introduced in the banking industry in the later half of 1980s.2 Some banks like Canara Bank, State Bank of India achieved certain tangible and intangible benefits from quality circles.3 But the other banks are yet to achieve such benefits. Among other things, the following factors are responsible for this phenomenon.

(i) Quality circles are voluntary associations of award staff employees of the banks. There are no clear-cut guidelines from the top management as regards their functions and membership.

(ii) Unlike in the manufacturing industries where the functions of workers and those of the supervisors are quite distinct, in the banks there is considerable overlapping of functions between award staff

---


and officers/managers; and among different sections and departments. A clear-cut line of demarcation of functions is therefore hard to find. As a result, there is a dilemma as to whether membership of quality circles should be confined only to the award staff or should it also include the officers and accountants.

(iii) Since it is not compulsory for all the employees to join the quality circles, some employees may not prefer to become members of any quality circle. This may lead to a situation where the two or three award staff employees who are posted in small branches may not become enthusiastic to form a quality circle.

(iv) Another problem that may arise in the functioning of the quality circles is when the members of the quality circles are transferred to other branches. There is no certainty that the persons who come in place of those transferred would join the quality circles. All these may disrupt the working and the continuity of the quality circle activities.

(v) It was reported that some middle level managers tended to develop an apprehension that the quality circles would expose their deficiencies, dilute their authority and would enable their superiors to find fault with them for not finding solutions to the problems earlier. This sort of apprehension is likely to affect the very philosophy of quality circles in a subtle way.

(vi) It has been reported that the unions in the banks are not enthusiastic about the formation of quality circles as they apprehend that quality circles would minimise the importance of unions. In the absence of union support to the quality circles, it is doubtful whether the quality circles would continue to function effectively.
(vii) Lack of suitable machinery at the apex level of the banks to co-ordinate the activities of the quality circles at various branches, divisions and zones is another factor responsible for the unsatisfactory functioning of the quality circles.

(viii) Interviews with a cross-section of employees revealed that the top managements of the banks are yet to realise the importance of creating proper awareness among the employees as to the advantages of the quality circles. Further, even where the quality circles are functioning, the top management’s lack of interest in providing adequate training to the members of quality circles with regard to identification of problems, working out appropriate solutions and the like is another factor responsible for the unsatisfactory functioning of the quality circles.

(b) Employee Suggestion Scheme

Employee suggestion scheme is a system of participation to encourage the employees to submit their ideas to the management. It aims at securing co-operation of the employees in more efficient conduct of the business. It gives a feeling of importance to the workers and improves employee relations with the management.

In the Indian banking industry, including the UCO Bank all the employees are free to give suggestions for the improvement of the business of the bank. If their suggestions are accepted by the management, the management gives due recognition by way of giving appreciation letters. However, there is no provision in the banking industry for any monetary reward.
(c) **House Journals**

In the banking industry all the banks have their own house journals. The house journals serve as important media of communication. The employees are free to express their views and comments on the functioning of bank and also on other aspects relating to the bank management through these journals. Thus, the house journals serve as media of employee participation. Undoubtedly, the views and comments of the employees would help the management in plugging loopholes in the management of the banks and bringing about further improvement in the employer and employees relationship. They also provide inspiration to the employees by highlighting the achievements of the banks in different fields and the contribution of employees to those achievements.

**5.5.5. Workers' Participation in Management in the UCO Bank**

In order to encourage workers' participation in management, the UCO Bank has constituted Business Development Committees at the Zonal Offices (one at each zonal office). The Zonal Manager, Divisional Managers, and some senior officers of the Zone concerned represent the workmen. This committee deals with such issues as

---

1 Different banks publish their house journals with various names. A list of some of the house journals are given below:

<table>
<thead>
<tr>
<th>Name of the Bank</th>
<th>Name of the Journal</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Bank of India</td>
<td>&quot;Colleagues&quot; at the Bank level and &quot;Oddisi&quot; at the Orissa Zonal level</td>
<td>Once in every two months</td>
</tr>
<tr>
<td>Union Bank of India</td>
<td>&quot;Union Dhara&quot;</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Indian Bank</td>
<td>&quot;Ind Image&quot;</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Canara Bank</td>
<td>&quot;SHREYAS&quot;</td>
<td>Once in every two months</td>
</tr>
<tr>
<td>UCO Bank</td>
<td>&quot;Banking Chintan and Anuchintan&quot; in Hindi; and UCO TOWER in English</td>
<td>Quarterly</td>
</tr>
</tbody>
</table>
productivity, improvement in the business performance, customer service etc.

Like other nationalised banks, the UCO Bank has workmen and officer Directors in the Board. At present the Vice-President of AIBEA represents the workmen and Vice-President of AIBOA represents the officers in the Board of Directors of the Bank. Quality circles have been formed at all the branches of the Bank. This researcher while visiting different sample branches could notice that quality circles were not meeting at regular intervals. Moreover, nobody takes them seriously. The branch level management does not seem to be enthusiastic about the constitution of quality circles.

Like other nationalised banks, the UCO Bank encourages employee suggestions through the suggestion scheme which is operating at all levels of the Bank. Those offering useful suggestions are given letters of appreciation. Further, names of the employees and suggestions offered are published in the house journals of the UCO Bank, namely, Banking Chintan aur Anuchinatan (in Hindi) and UCO TOWER (in English).

5.6. Handling of Grievances

A grievance means “any discontent or dissatisfaction, whether expressed or not and whether valid or not, arising out of anything connected with the company that an employee thinks, believes or even “feels”, is unfair, unjust or inequitable”.¹

In the course of human events even in the best managed company, employee discontent, gripes and complaints will certainly

arise. Thus an employee may feel that he has not been treated fairly or the conditions of employment are not satisfactory, or the organizational policies, rules and practices are misinterpreted or not applied properly, and this gives rise to grievances. Needless to say, if the grievances are not treated properly and promptly, they may lead to low morale and more serious forms of unrest.

For the purpose of handling grievances, the management can adopt either a formal or an informal grievance procedure. The informal method of grievance handling, which is often referred to as 'open door' policy, allows an employee with a grievance to directly walk into the chief executive's office and walkout with the grievance heard and redressed; if possible. However, experience has shown that except in small concerns it is rarely workable. The formal procedure (step-ladder method) on the other hand, has several advantages. It brings to the surface the human problems of the organization, acts as a "safety valve" for the controlled release of the gripe, helps in establishing and maintaining a "work-culture" in which the individual employees and their work groups learn how to respond or react to the policies of the management, and acts as a check and balance on the arbitrary and capricious decisions of the management. 1

5.6.1. Grievance Handling in the Banking Industry, including the UCO Bank

Although there is no elaborate and time bound grievance procedure in the banking industry including the UCO Bank, the bank employees seeking redressal of their grievances are required to follow the formalities outlined below:

An employee desirous of redressal of any grievance relating to unfair treatment or wrongful exaction on the part of the bank or a superior, shall either himself or through a representative or a registered union, submit a complaint to the manager or any officer appointed by the manager on his behalf. The employee shall also have the right to endorse a copy direct to the Head of the Department concerned for information.

The manager or such officer, after receiving the complaint from the employee investigates the matter. The employee concerned or the union representative shall have the right to be present at such investigation. A copy of the order finally made is supplied to him if he asks for. Complaints relating to assault or abuse by any person holding a supervisory position or refusal of any application for urgent leave shall be enquired into immediately by the manager or by such officer as he may appoint in this behalf.

If the grievance is not redressed at the branch level then it will be referred by the Branch Manager to the Divisional/Zonal Head, and finally, if required to the Corporate Office of the concerned bank.

The UCO Bank, Orissa zone employees normally approach the respective Branch Managers personally for redressal of minor grievances at the branch level. The major grievances like transfers, promotions, withholding the increment of employees by the management on disciplinary grounds etc., are redressed jointly by the management and employee unions. The unions (of both the award staff and officers) play a dominant role in the redressal of employee grievances. The usual practice is that first they make a complaint to the Branch Manager and discuss the matter at the branch level. If the branch level management fails to redress the grievances, the unions
move to the Divisional/Zonal level, and finally to the corporate level. Reportedly, most of the local issues of the UCO Bank, Orissa Zone are settled either at the branch level or at the Divisional/Zonal level. Common issues like salary revision/fixation, employment conditions, employee benefits etc., are normally settled through collective bargaining at the industry level. In the UCO Bank, data relating to the number of grievances received and redressed over the years is not maintained. In the absence of such data it is not possible to draw any meaningful conclusions with regard to the grievance handling machinery in the Bank.

5.7. Industrial Conflicts ( Strikes)

5.7.1. Introduction

Some observers would contend that conflict—latent or manifest—is the essence of industrial relations,¹ or at least most would agree that it is deeply rooted, enduring and essential feature of the employment relationship. Economic factors such as wages, incentives, job security etc., are among the major sources of industrial conflicts. In given circumstances the conflict gets manifested in one or more forms. In fact, the conflict universe encompasses both collective and individual responses including not only strikes (i.e. concerted, temporary cessations of work) but sabotages, work slowdowns and boycotts as well as individual actions such as absenteeism and quitting.²

As strikes are the most overt form of conflict in the Indian banking industry, including the UCO Bank, in the following paragraphs we shall cover this aspect (strikes) in the banking industry in detail.

5.7.2. Strikes in the Banking Industry in India (including the UCO Bank)

Strikes in the banking industry in India either by the workmen/award staff or the officers have become a common feature in recent years before any salary fixation/revision (See Table 5.4) and needless to say, these strikes cause considerable damage not only to the industry, nation, but also to the customers and the public.¹

In the earlier days of trade unionism in the banking industry strikes were mainly called by the workmen unions. All the categories of officers in the banks were at that time apparently having a pro-management stand, and perhaps because of this they did not have any militant attitude towards the management. It was only towards the later part of 1969, that the seeds of industrial conflict by the officers were sown.²

As the Table indicates, a number of strikes were organized by different unions—award staff unions and the officers' association. There are certain issues like introduction of computers in all branches, privatisation of bank etc., still left unsettled. Discussions

¹ Customers cannot deposit their money in the bank; they cannot withdraw money from the bank, their cheques etc. cannot be cleared, drafts cannot issued and Money Transfers cannot be made to the customers. There will be huge financial loss to the banking industry in the form of interest, income, total business etc. The money market of the country will come to a standstill which will ultimately affect the nation's economy and the public at large.

² In June 1969, for the first time in the history of the banking industry, the supervisory staff of the State Bank of India went on a 17 day strike (from June 11, 1969 to June 28, 1969).
on those issues between the unions like BEFI and IBA are in progress. Over the years, the unions have gained strength and become organizationally so strong that the management of the nationalised banks fear even to transfer employees without consulting the unions of award staff and officers. Perhaps the developments (outlined below) following the revision of the pay scales of officers of the banking industry (which incidentally was made after the financialisation of the Sixth Bipartite Settlement of the award staff) bear testimony to the award staff unions' organized strength and the solidarity they have among them.

The recent revision of pay scales of officers (in May 1995) sowed the seeds of discontent among the award staff, which has implications for industrial relations in the industry. The award staff unions argued that while there was only 10.5 per cent rise in their scale of pay after the Sixth Bipartite Settlement, the increase was 16.5 percent in the case of officers. According to them, this was not the practice in the previous settlements and there used to be parity in the increase in the salaries of the award staff and the officers every time a settlement was signed.

The award staff unions have pointed out that there is higher neutralisation of DA in fixing pay scales of officers which is against the existing practice. They argued that the basic principle of neutralisation of DA should be the lower the pay, the higher shall be the neutralisation (compensation against price rise). They pointed out that in case of the officers the rate of neutralisation was 115 per cent. While it was only approximately 103 per cent and 106 per cent in case of the clerical staff and sub staff employees.

---

respectively. But the IBA argued that the Scale-I officers were not given 115 per cent neutralisation, and it was simply the “rate of merger” not the “rate of neutralisation” as interpreted by the unions—AIBEA, NCBE, BEFI, and INBEF. In order to press their demand for parity in the increase in the salaries of the award staff and the officers, all these unions formed a Joint Struggle Committee, and launched a strike on August 31, 1995; and again on September 26 and 27, 1995. They had also given a call for an indefinite strike from December 19, 1995. Realising the gravity of the situation, the Government appointed a Fact Finding Committee, consisting of three independent members to ascertain all facts relating to pay, allowances etc. of both award staff and officers.

The committee after verifying the facts from the records of the IBA and member banks pointed out that there was higher neutralisation in case of officers of the bank. The Committee also noticed discrepancies in the calculation of house rent allowance, hospitalisation expenses, fixed personal allowance, personal qualification allowance and disparity in pay scales of officers and the award staff. The Committee suggested an upward revision of scales of pay for the award staff.

The IBA accepted the suggestions of the Committee and signed an agreement with the four unions (AIBEA, NCBE, BEFI and INBEF)

---

1 Strike by the bank employees can cause heavy financial losses. As can be seen from Table 5.4, the total business loss per day in the industry during 1991-92 to 1994-95 ranged between Rs. 954 crore to Rs. 1460 crores.

2 A Fact Finding Committee was constituted on January 8, 1996 (as per the MOU signed by the employees' unions and the IBA on November 27, 1995) under the Chairmanship of T.L. Shankar, IAS, with Vimala Visvanathan and B.D. Upasani as members. The Committee submitted its report on May 3, 1996 to the Government.

on December 14, 1996. Thus the difference in the increase on pay between the officers and award staff was minimised considerably.

As regards the unions' relationship with the Government, the unions in recent years, despite their displeasure had to concede to the former's efforts towards privatisation of the nationalised banks partially and inviting the foreign banks to set up their branches in India.

**Table- 5.4**

**Particulars of Strikes/Work Stoppages in the Banking Industry in India (including the UCO Bank), 1990-91 to 1995-96.**

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dates on which Strike(s) held</th>
<th>Unions Participated</th>
<th>Purpose for which strikes were organized</th>
<th>Total Mandays lost</th>
<th>Total business loss* (per day) in the industry</th>
<th>Other Losses ( per day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>May 15, 1990</td>
<td>AIBEA and BEFI</td>
<td>Some modifications in the scales of pay and other benefits in the Fifth Bipartite Settlement, Against Ban on the recruitment.</td>
<td>18,42,256 (70,966)</td>
<td>951 (38.71)</td>
<td>80.93 (2.11)</td>
</tr>
<tr>
<td></td>
<td>June 12, 1990</td>
<td>BEFI</td>
<td>AIBOC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991-92</td>
<td>Nov. 11, 1991</td>
<td>AIBEA and BEFI</td>
<td>Against price rise, Govt's new Economic Policy, industrial policy, de-nationalisation/privatisation</td>
<td>9,27,997 (35,496)</td>
<td>1092 (44.05)</td>
<td>88.02 (2.93)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>AIIOOA &amp; AIBOC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992-93</td>
<td>April 30, 1992</td>
<td>AIBEA &amp; BEFI</td>
<td>Wage revision of Award Staff Employees</td>
<td>37,51,348 (1,42,852)</td>
<td>1216 (43.32)</td>
<td>92.55 (2.67)</td>
</tr>
<tr>
<td></td>
<td>June 16, 1992</td>
<td>AIBEA &amp; BEFI</td>
<td>Against Deconcentration &amp; privatisation of Banks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>AIIOOA &amp; AIBOC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>March 18, 1993</td>
<td>AIBEA</td>
<td>Against Narasimham Committee Report</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>March 29, 1993</td>
<td>BEFI</td>
<td>Against privatisation of Banks</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---


2 As per this settlement/agreement "Neutralization for sub-staff and clerical staff increased to Rs. 113.59 per cent and 102.29 per cent respectively as against 106.35 per cent and 102.57 per cent in terms of the Sixth Bipartite Settlement pay scales.
### 1993-94

<table>
<thead>
<tr>
<th>Date</th>
<th>Organizations</th>
<th>Action</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept 02, 1993</td>
<td>AIBEA &amp; BEFI, AIBOA &amp; AIBOC</td>
<td>Salary revision of Award Staff and Officers</td>
<td>Bharat Band against Economic Reforms</td>
</tr>
<tr>
<td>18,97,940 (70,162)</td>
<td>1315 (38.02)</td>
<td>94.60 (2.62)</td>
<td>8.52 (0.15)</td>
</tr>
</tbody>
</table>

### 1994-95

<table>
<thead>
<tr>
<th>Date</th>
<th>Organizations</th>
<th>Action</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 08, 1994</td>
<td>AIBEA, BEFI, NCBE, NOBW &amp; INBEF</td>
<td>Salary revision of Award Staff and Officers</td>
<td>28,45,419 (1,04,502)</td>
</tr>
<tr>
<td>1554 (41.65)</td>
<td>111.25 (2.84)</td>
<td>10.48 (0.21)</td>
<td>26.44 (3.21)</td>
</tr>
</tbody>
</table>

### 1995-96

<table>
<thead>
<tr>
<th>Date</th>
<th>Organizations</th>
<th>Action</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept 26, 1995</td>
<td>AIBEA, BEFI, NCBE, NOBW &amp; INBEF</td>
<td>Against discrepancies/difference in the pay scales of the Award Staff and Officers</td>
<td>NA</td>
</tr>
<tr>
<td>Sept 27, 1995</td>
<td>-</td>
<td>-</td>
<td>NA</td>
</tr>
</tbody>
</table>

Source: (i) *IBA Bulletin* (Special Issue) 1995-96, Bombay.  
(ii) Data supplied by the UCO Bank, Calcutta.

* Business Loss per day = \( \frac{\text{Total advances for the Year}}{365} + \frac{\text{Total Deposits for the Year}}{365} \)

Note: Figures in brackets relate to the UCO Bank; N.A.: Not available.

### 5.8. Indiscipline

Discipline is important in all walks of life—be it a family, a school, a hospital or an industry. It need not be overemphasized that an organization that is devoid of discipline i.e. willing, acceptance or adherence to rules and norms by the organizational members, would find it difficult to divert most of the time and attention towards maintenance of discipline.

According to *Webster's Dictionary*, discipline (1) “is training that corrects, moulds, strengthens or perfects; (2) it is control gained by enforced obedience; it is punishment or chastisement”.

---

### Table

<table>
<thead>
<tr>
<th>Date</th>
<th>Organizations</th>
<th>Action</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept 02, 1993</td>
<td>AIBEA &amp; BEFI, AIBOA &amp; AIBOC</td>
<td>Salary revision of Award Staff and Officers</td>
<td>Bharat Band against Economic Reforms</td>
</tr>
<tr>
<td>18,97,940 (70,162)</td>
<td>1315 (38.02)</td>
<td>94.60 (2.62)</td>
<td>8.52 (0.15)</td>
</tr>
</tbody>
</table>

### Table

<table>
<thead>
<tr>
<th>Date</th>
<th>Organizations</th>
<th>Action</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 08, 1994</td>
<td>AIBEA, BEFI, NCBE, NOBW &amp; INBEF</td>
<td>Salary revision of Award Staff and Officers</td>
<td>28,45,419 (1,04,502)</td>
</tr>
<tr>
<td>1554 (41.65)</td>
<td>111.25 (2.84)</td>
<td>10.48 (0.21)</td>
<td>26.44 (3.21)</td>
</tr>
</tbody>
</table>

### Table

<table>
<thead>
<tr>
<th>Date</th>
<th>Organizations</th>
<th>Action</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept 26, 1995</td>
<td>AIBEA, BEFI, NCBE, NOBW &amp; INBEF</td>
<td>Against discrepancies/difference in the pay scales of the Award Staff and Officers</td>
<td>NA</td>
</tr>
<tr>
<td>Sept 27, 1995</td>
<td>-</td>
<td>-</td>
<td>NA</td>
</tr>
</tbody>
</table>

Source: (i) *IBA Bulletin* (Special Issue) 1995-96, Bombay.  
(ii) Data supplied by the UCO Bank, Calcutta.

* Business Loss per day = \( \frac{\text{Total advances for the Year}}{365} + \frac{\text{Total Deposits for the Year}}{365} \)

Note: Figures in brackets relate to the UCO Bank; N.A.: Not available.
To Davis discipline is "employee self-control to meet organization's standards and objectives." In a similar vein, Chatterjee notes that "discipline is to mean (a) a form of self-control (b) positive habit; and (c) willing acceptance of norms.

The above definitions underline, *inter alia*, two points. First, the conformity to a set of rules, implied or explicit, is fundamental. Second, the methods ensuring conformity differ and range from training and positive reinforcements to punishments.

It therefore follows that indiscipline means employees' failure to comply with rules and regulations including standing orders of the organization.

5.8.1. Disciplinary Action

For the sake of maintaining order and discipline in the organization, an employer has an inherent right to punish delinquent employees. However, with the emergence of modern concepts of social justice, natural justice, etc., the employer's inherent right has been subjected to certain restrictions so as to protect the employee against vindictive and capricious actions. The employer is, therefore, required to follow a proper procedure before awarding any punishment to any of his employees. Broadly speaking, management can resort to five possible approaches in dealing with cases of indiscipline namely:

(a) The judicial approach;
(b) The human relations approach;

---

(c) The human resources approach;
(d) The group discipline approach; and
(e) The leadership approach.1

In India, except the Industrial Employment (Standing Orders) Act, 19462 no other statute prescribes the procedure to be followed before awarding punishment to an employee. However, over the years, a body of principles emerged as a result of decisions of the Industrial Tribunals as well as the High Courts and the Supreme Court indicating the basic cannons to be observed and the correct procedure to be followed by the management in such cases. The body of principles thus emerged was based on the elementary principle of natural justice that no man should be condemned unheard. The body of principles may be summarised as follows:

1 (a) The Judicial Approach:

It is commonly followed in India. Various kinds of misconduct are listed in the standing orders and penalties are also mentioned. The decision of the Supreme Court in various cases also serve as guidelines.

(b) The Human Relations Approach:

It calls for treating an employee as human being and considers the totality of his personality and behaviour while correcting faults.

(c) The Human Resource Approach:

This approach calls for treating every employee as a resource and an asset to the organization. Before punishing the worker, the cause for indiscipline has to be ascertained. An analysis of the cause is made to find out whether indiscipline is due to the failure of his training and motivating system or the individual's own failure to meet the requirements and accordingly corrections are made.

(d) The Group Discipline Approach:

The management in this approach sets and conveys well established norms and tries to involve groups of employees. The group as a whole controls indiscipline and awards appropriate punishments. The trade union also acts as a disciplinary agency.

(e) The Leadership Approach:

In this case, every supervisor or manager has to guide, control, train, develop, lead a group and administer the rules of discipline.

2 The Industrial Employment (Standing Orders) Act, 1946 is applicable to industrial establishments employing 100 or more employees. The Standing Orders, inter alia, define acts and omissions which constitute misconducts and outline a general procedure for proceeding against an employee involved in a misconduct.
A) An opportunity must be given to the delinquent employee against whom charges were levelled to defend himself and to prove his innocence.

B) An opportunity to conduct his defence must be available to him by cross-examining the witnesses in his own defence.

C) The enquiry against the delinquent employee should be fair and should be conducted by an impartial person.

D) The evidence at the enquiry should be adduced in the presence of the accused employee.

E) Punishments awarded should not be out of proportion to the misconduct committed.¹

5.8.2. Indiscipline in the UCO Bank

Details relating to indiscipline —misconducts, disciplinary procedure, and handling cases of indiscipline in respect of award staff employees of the Bank are given in the bipartite settlements and awards. For officers, the disciplinary procedure etc. are given in the UCO Bank Officer Employees’ (Conduct) Regulations, 1976 and UCO Bank Officer Employees’ (Discipline and Appeal) Regulations, 1976. In the following paragraphs we shall outline the same besides examining the extent of indiscipline in the UCO Bank, Bhubaneswar Division.

A perusal of the lists of misconducts and disciplinary procedure relating to award staff and officers of the UCO Bank indicates that the same are more or less similar for both the categories.

The bipartite settlements and the UCO Bank Officer Employees’ (Conduct) Regulations 1976 and UCO Bank Officer Employees (Discipline and Appeal) Regulations 1976, give detailed lists of misconducts (under two categories—‘Gross Misconducts’ and ‘minor misconducts’ and penalties.

1 Gross Misconducts:

The expression gross misconduct shall be meant any of the following acts and omissions on the part of an employee:

A) engaging in any trade or business outside the scope of his duty except with written permission of the bank.

B) Unauthorised disclosure of information regarding the affairs of the bank which is confidential and disclosure of which is likely to be prejudicial to the interest of the bank.

C) Drunkenness or riotous, or disorderly or indecent behaviour in the premises of the bank.

D) Wilful damage or attempt to cause damage to the property of the bank or any of its customer.

E) Wilful insubordination or disobedience of any lawful and reasonable order of the management.

F) Wilful slowing down the work.

G) Doing any act prejudicial to the interest of the bank.

H) Giving or taking bribe or illegal gratification from a customer or an employee of the bank.

I) Knowingly making a false statement in any document pertaining to or in connection with his employment in the bank.

Minor Misconducts:

The expression “minor misconduct” shall be meant any of the following acts and omission on the part of the employee:

A) Absence without leave or over-staying sanctioned leave without sufficient grounds.

B) Unpunctual or irregular attendance.

C) Neglect of work, negligence in performing duties.

D) Breach of any rules of business of the bank.

E) Committing nuisance on the premises of the bank.

F) holding or attempting to hold or attending any meeting on the premises of the bank without previous permission of the management.

G) Canvassing for union membership or collection of union dues or subscriptions within the premises of the bank without the previous permission of the management;

H) Failing to show proper consideration or courtesy or attentions towards office customers or other employees of the bank.
The Disciplinary Procedure that is followed in the Bank is as follows:

(i) No order of punishment shall be awarded unless the workman concerned is informed in writing of the alleged misconduct and is given an opportunity to explain the allegations made against him. A departmental enquiry shall be instituted before dealing with the charges. An employee is permitted to defend himself through a representative of a registered trade union where he is a member of that union or through a lawyer where he is not a member of any registered trade union. A copy of the enquiry proceedings shall be given to the employee concerned on the conclusion of the enquiry on request by the employee. The Zonal/Divisional management should normally complete the enquiry within 30 days.

The employee may be suspended pending departmental enquiry. In such cases, he shall be paid a subsistence allowance equal to half of his wages/salary (as defined in the Payment of Wages Act, 1936) for a period of suspension up to 30 days. If, however, he is kept under suspension by the management beyond 30 days the subsistence allowance will be at the rate of three-fourths of his wages/salary as aforesaid. The payment of subsistence allowance be subject to his not taking any employment elsewhere during the suspension period.

2 Penalties

An employee found guilty of gross misconduct may
A) be dismissed without notice or;
B) be warned or censured or have an adverse remark entered against him; or
C) be fined; or
D) have his increments stopped; or
E) have his misconducts condoned and be merely discharged; or
F) have his special allowance withdrawn; or
G) have his pay reduced to the next lower stage up to a maximum period of 2 years, in case he has reached the maximum in the scale of pay.

An employee found guilty of minor misconduct may be:
A) warned or censured; or
B) have an adverse remark entered against him; or
C) have his increments stopped for a period not longer than 6 months.
(ii) If an employee is not found guilty of the charges framed against him, he shall be deemed to be on duty during the full period of his suspension and he shall be entitled to receive the same wages as he would have received if he had not been suspended.

(iii) In awarding punishment by way of disciplinary action the authority concerned shall take into account the gravity of misconduct, the previous record, if any, of the employee or any other aggravating or extenuating circumstances, that may exist. Where sufficiently extenuating circumstances exist, the misconduct may be condoned and in case such misconduct is of the gross type, the authority is empowered to discharge the employee with or without giving notice, or on payment of a month's pay and allowances, in lieu of such notice.

(iv) The employee to whom punishment has been awarded or who is discharged from service for misconduct, can appeal before the appellate authority within 45 days from the date of communication of the original order in writing. In case where hearings are not required the appellate authority shall dispose the matter within two months from the date of receipt of such application. Where hearings are required to be given and requested for, such hearing shall commence within one month from the date of receipt of appeal and shall be disposed of within one month from the date of conclusion of such hearings.

### 5.8.2.1. Rate of Indiscipline in the UCO Bank, Bhubaneswar Division, Orissa

Table 5.5 gives the details of the extent of indiscipline caused by individual employees during 1988-89 to 1992-93, and the percentage of disposals and the cases pending at the end of each year.
Before analysing the Table, it may be mentioned that the practice in the sample branches (as reported by most of the officers and managers of the branches) is that even though quite a large number of individual cases of indiscipline occur, only some are reported (recorded), and many are not reported by managers owing to the interference of unions.

An analysis of the Table reveals that the rate of indiscipline ranged between 0.80 (in 1988-89) to 1.83 (in 1992-93) and in the recent years the pending cases outnumbered the settled cases.

A perusal of the records of the Divisional Office, Bhubaneswar reveals that majority of the cases relate to misappropriation of bank money, tampering of records, providing false travelling allowance bills, misutilisation of official position and wilful insubordination or disobedience.

Table 5.5.
Disciplinary Cases in the UCO Bank, Bhubaneswar Division, Orissa 1988-89 to 1992-93

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Workforce</th>
<th>No. of cases of indiscipline at the beginning of the year</th>
<th>No. of cases of indiscipline during the year</th>
<th>Total (Col. 3+4)</th>
<th>No. of cases settled during the year</th>
<th>Percentage of settlements (Col. 6/5x100)</th>
<th>No. of cases pending at the end of the year</th>
<th>Percentage to the total (Col. 8/5 x 100)</th>
<th>Rate of Indiscipline*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>630</td>
<td>6</td>
<td>5</td>
<td>11</td>
<td>3</td>
<td>27.28</td>
<td>8</td>
<td>72.72</td>
<td>0.80</td>
</tr>
<tr>
<td>1989-90</td>
<td>639</td>
<td>8</td>
<td>7</td>
<td>15</td>
<td>3</td>
<td>20.00</td>
<td>12</td>
<td>80.00</td>
<td>1.10</td>
</tr>
<tr>
<td>1990-91</td>
<td>644</td>
<td>12</td>
<td>11</td>
<td>23</td>
<td>3</td>
<td>13.04</td>
<td>20</td>
<td>86.96</td>
<td>1.71</td>
</tr>
<tr>
<td>1991-92</td>
<td>648</td>
<td>20</td>
<td>9</td>
<td>29</td>
<td>5</td>
<td>17.24</td>
<td>24</td>
<td>82.76</td>
<td>1.39</td>
</tr>
<tr>
<td>1992-93</td>
<td>655</td>
<td>24</td>
<td>12</td>
<td>36</td>
<td>4</td>
<td>11.12</td>
<td>32</td>
<td>88.88</td>
<td>1.83</td>
</tr>
</tbody>
</table>

Source: Compiled from the data collected.

* Rate of Indiscipline = \( \frac{\text{No. of cases of indiscipline during the year}}{\text{Average Workforce in that year}} \times 100 \)
5.8.2.2. Handling Cases of Indiscipline in the UCO Bank, Bhubaneswar Division, Orissa

Some cases of indiscipline are outlined in order to throw some light on how the cases are handled in the UCO Bank, Bhubaneswar Division.

Although most of the sample branches do not maintain detailed records relating to disciplinary matters, the researcher attempted to collect from the Divisional Office, Bhubaneswar a few important cases of indiscipline in which employees of the sample branches were involved. Another serious limitation for the researcher in this regard was that the Divisional Office could not supply statistical information separately pertaining to cases of indiscipline that occurred in the sample branches. In the UCO Bank, as the Table 5.6 reveals, the management of the Bank is inconsistent in its approach while handling the cases of indiscipline. In some cases the management is liberal and exhibits a lenient policy. From the Table it is also evident that most of the cases remain unsettled for a considerably longer time due to management's failure to pursue the cases expeditiously. For example, Biswa Kalyan Das, Manager, Parajang branch of the UCO Bank, had allowed over draft to a customer exceeding his power and tampered the records on different dates, for which twelve increments were stopped; whereas, in case of A.K.Chakrabarty, Head Cashier of Parajang branch and Dibakar Dehuri, Clerk, Talmul Branch of the UCO Bank, only one increment was stopped even though the nature of misconduct was the same i.e., tampering of records. This clearly shows that the management is inconsistent in its approach.
Table 5.6
Handling of Indiscipline Cases in the UCO Bank, Bhubaneswar Division, Orissa

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Employee</th>
<th>Date/Dates of Misconduct</th>
<th>Date of Charge Sheet</th>
<th>Date of final disposal</th>
<th>Nature of Misconduct</th>
<th>Punishment Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>S.K. Sahu, Manager, Talcher Branch</td>
<td>Between 27.7.85 to 22.9.84</td>
<td>11.9.85</td>
<td>28.8.87</td>
<td>Violation of instructions and abuse of power</td>
<td>Stoppage of two increments</td>
</tr>
<tr>
<td>2.</td>
<td>J.K. Sahu, Chief Cashier, Dhalpur Branch</td>
<td>25.4.83 to 22.8.87</td>
<td>7.1.88</td>
<td>20.2.1992</td>
<td>Fraudulent issue and encashment of fixed deposits</td>
<td>Compulsory Retirement</td>
</tr>
<tr>
<td>3.</td>
<td>Biswa Kalyan Das, Manager, Parajang Branch</td>
<td>22.1.91 to 18.2.91, 18.4.91, 2.5.91</td>
<td>27.4.92</td>
<td>18.1.96</td>
<td>Allowed overdraft to a customer exceeding his power and tampering of records</td>
<td>Stoppage of 12 increments</td>
</tr>
<tr>
<td>5.</td>
<td>A.K. Chakraborty, Head Cashier, Parajang Branch</td>
<td>22.1.91 to 18.2.91, 5.2.91, 16.5.91, 4.11.91</td>
<td>14.2.92</td>
<td>19.6.96</td>
<td>Tampering of records</td>
<td>Stoppage of 12 increments and withdrawal of Special Allowance for one year</td>
</tr>
<tr>
<td>6.</td>
<td>Dibakar Dehuri, Clerk Talmul Branch</td>
<td>22.1.91 to 18.2.91, 15.2.91, 16.5.91</td>
<td>14.2.92</td>
<td>18.4.94</td>
<td>Tampering of records</td>
<td>Stoppage of one increment</td>
</tr>
<tr>
<td>7.</td>
<td>S.K. Rath, Daftary, Kankadahada Branch</td>
<td>18.2.91</td>
<td>15.1.91</td>
<td>29.4.92</td>
<td>Fraud, fraudulently withdrawal of money from the saving bank a/c of a customer</td>
<td>Stoppage of 4 increments</td>
</tr>
</tbody>
</table>

Source: Compiled from the data supplied by the UCO Bank, Bhubaneswar Division

Another example in this regard is as follows: J.K. Sahu, the Chief Cashier of Dhalpur branch of the UCO Bank, was given compulsory retirement for fraudulent issue and encashment of fixed deposit receipts; whereas in case of S.K. Rath, a Daptari, in Kankadahada branch, stoppage of four increments was made for the
same type of offence. It shows that in the former the punishment was severe whereas in the latter case the management had taken a lenient view.

Reportedly, the management of the UCO Bank is somewhat lenient in awarding punishments to award staff employees due to the fear that the award staff unions might adopt the tactics of slowing down work on some pretext or other; and if they (managers) do not compromise with the unions in difficult situation the higher authority may not come to their rescue.

From the foregoing analysis it may be inferred that the management of the UCO Bank does not appear to be following one of the principles of natural justice i.e., uniformity in awarding punishment (similar punishments for similar offences).

5.9. Communication

It need not be overemphasized that no organization can function without communication. Communication ties together the component parts of the organization and impels people to action. It is one of the chief means by which members of the organization work together. In the Indian organizations, unfortunately, it is often not realised that bad industrial relations are at times a function of poor communication policy within the enterprises. In other words, a good communication system goes a long way in promoting co-operation between labour and management apart from facilitating realisation of organizational objectives.

---


Communication deals with imparting a common idea or understanding. It involves exchange of information and transmission of meaning and covers any type of behaviour resulting in exchange of meaning.

Communication is considered effective only when the receiver is made to understand effectively and react properly to the information conveyed by the communicator. Here, the time factor is also important. Any delay in communicating the message by the sender or response by the receiver may result in ineffectiveness of communication.

The channels of communication in an organization include: (i) downward; (ii) upward; (iii) lateral or horizontal; and (iv) informal. Orders, instructions and discussions etc. flow downwards; and feedback, grievances, the attitudes and feelings, suggestions of the employees etc. flow upwards. The upward communication helps the superiors to co-ordinate effectively the work of those working under them. Lateral and horizontal communication takes place between the colleagues in the same department, between peers of different departments and between one department and another department. The horizontal communication forms a part of the clearing, reviewing co-ordinating or conferring process of every complex organization. The informal communication network or the “grapevine” which is common in industrial organizations exists due to the group interest of the individuals in the organization. The grapevine thrives on rumours. Informal communication cuts across the formal organisation structure. Informality reduces uniformity of communication and often false or distorted news is circulated.
5.9.1. Communication in the Banking Industry including the UCO Bank

The organization chart of the UCO Bank clearly indicates the role relationships and channels of communication—both vertical and horizontal. In the UCO Bank (Corporate, Zonal, Divisional and Branch Offices), as the organization charts indicate, the information flows downwards from the General Manager to the level of sub-staff workers/employees through the top, middle and lower level managers; and the information flows upward from the level of award staff employees to the General Manager through the above personnel in reverse order. The lateral or horizontal communication takes place between the peers within the same section/department and peers of different sections/departments and between one department and another department.

In the UCO Bank the media for downward communication include: notices, circulars, service condition rules, posters, instructions etc., whereas the media of upward communication include: grievance procedure, suggestion schemes, quality circles etc. Besides these, fax, telephone, wireless, public address system, meetings etc., are used for vertical communication.

The horizontal communication takes place at all levels of the organizational hierarchy; and both written and oral media are used for this purpose.

As regards the informal communication, it was observed that in the UCO Bank the informal communication takes place, among all the work groups, clerical staff, sub-staff employees, officers and managers. The workplace itself, nearby panshops, market place,
union office(s), residences of the employees are the places where informal communication takes place among the employees.

As regards the effectiveness of the formal communication in the UCO Bank, it was reported that the downward and horizontal channels of communication work effectively. So far as upward communication is concerned, the unions appeared to have been playing a dominant role by way of taking up even petty matters of the workers for immediate decisions by the management.

The informal communication network seems to be frequently used by all the employees. Through grapevine, the employees are in a position to get information relating to the various activities of the bank, their jobs and other matters faster than any other source, though sometimes the informal channel distorts the communication.

5.10. An Overview

1. There are three actors namely trade unions, the IBA and the Government in the industrial relations system in the banking industry.

2. Trade union movement started in the banking industry in 1946 when AIBEA was formed at the national level. Thereafter, a number of unions formed both by the award staff and officers in the banking industry including the UCO Bank at the national as well as regional/state levels.

3. A notable feature of the trade unions in the banking industry is that there is stability in the union leadership and the leaders are all insiders. The unions have their own allegiance to different central trade unions, federations and/or political parties unofficially.
4. The IBA was formed in the year 1946, to safeguard the interests of the bankers and to negotiate with the unions and sign the MOU.

5. Government as an important actor of the industrial relations system formulates broad policy guidelines for the smooth functioning of the banks in the country and appoints various committees to enquire into various matters concerning the industry and its employees as and when necessary.

6. Collective bargaining in the banking industry is made to revise the salaries and bring improvement in the service conditions of the employees. Some issues like pension, mechanisation etc., are also discussed in the bipartite negotiations. Besides the industry level bargaining, collective bargaining also takes place between the management and unions at the bank level.

7. Participative management is an important aspect of industrial relations. Employees of the banking industry represent the Board as worker directors. Other forms/schemes of workers' participation in management in the industry include Quality Circles, Employee Suggestion Schemes, and House Journals.

8. The UCO Bank has a formal grievance procedure, but it is not elaborate and time bound. In actual practice, the formal procedure is not strictly adhered to. Personal whims of the officers in charge of handling grievances and the unions play a dominant role in the grievance handling.

9. Strikes in the banking industry, including the UCO Bank take place before revision/fixation of salaries and for improvement in the service conditions. Further, the employees resort to strikes on matters that affect their very survival. The bank strikes cause heavy financial
losses to the Industry, and inconvenience to the customers/the general public.

10. The problem of indiscipline by the individual employees exists in the sample branches of the UCO Bank. Undue delays in the disposal of cases, inconsistent and somewhat arbitrary approach while handling the cases of indiscipline, among other things, are the factors responsible for the persistence of indiscipline in the Bank.

11. Communication is an important aspect of human resource management. While the downward and horizontal channels of communication work satisfactorily, the unions tend to play a dominant role in upward communication. The employees of the banking industry, including the UCO Bank, often resort to informal communication although sometimes it distorts the communication.