CHAPTER-III

INDIAN BANK'S ASSOCIATION

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INCENTIVES ARE NEITHER ALL GOOD NOR ALL BAD.

Although not the right answer in all cases,
they can be highly effective motivational tools.

- Donita. S. Wolters.


INDIAN BANKS ASSOCIATION, which was established in 1946 with 22 members Banks, is a non-political, democratic, independent, voluntary, advisory, service organisation, of the Banking Industry in India. It is voluntary organisation of Managements of Banks in India. It plays an important and dominating role in every day life of banks in India, and therefore, it is an institution of interest to the general public, the Reserve Bank of India, the Government and all those who are directly or indirectly connected with the Banks. The membership of the Association consists of public sector banks, private sector banks, and foreign banks including foreign banks representative offices, urban co-operative banks, development financial institutions, federations of agricultural banks, mutual funds, district co-operative banks, central co-operative banks etc. In terms of Rules of IBA, there are only two classes of Members i.e.
Ordinary and Associate. The Association's membership as of December 2000 stood at 173 with 130 Ordinary and 43 Associate Members, who are treated equally irrespective of their financial contribution to the budget of the IBA. It is a democratic institution and follows the principle of 'One member, One Vote'. The membership is open to any bank, corporation, company or Society carrying on the business of banking in India and governed by the Banking Regulation Act, 1949.

During 1931, the Indian Central Banking Enquiry Committee recommended in its reports the formation of an All India Banker's Association for Cooperation among banks and bankers and for the improvement of banking standards in India. In 1944, the Committee of the Indian Merchants Chamber, in an informal meeting with the Governor of the Reserve Bank of India [RBI], conveyed to him the intention of the Indian bankers to organize Indian Bankers' Association which would serve the general public, as also among the Indian Banks themselves. The Association would help, by advice or otherwise, in the administration of banks and in matters relating to giving needed facilities to the trade, industry and general public. The RBI Governor responded stating that while he would welcome the establishment of such an Association; he felt that it was a matter in which the bankers themselves should take the initiative. There were many matters of common interest coming up for consideration from time to time and if such an association
were in existence the RBI would be facilitated in ascertaining the views of the bankers through the Association.

It was felt that concerted action would prove to be of general advantage, go to minimize unhealthy competition and eliminate working on hardly any or no profit at all. Healthy standards and sound conventions would be established which would prove to be of general good for Indian banks, trade, commerce, agriculture and industry of the country. Moreover, there might often be matters really worth taking up and in the common interest, but an individual bank would not like to take them up for fear of being misunderstood or marked down for attention, but an association of banks could boldly sponsor them in the common interest. Furthermore, traders, professionals, insurance companies, shipping companies, mill owners and many others had their respective associations. The foreign banks operating in India had organized themselves since long¹.

The aforesaid conference welcomed the idea of forming an Indian Banks Association and decided to appoint a provisional committee under the Chairmanship of Sir Homi Mody, the Chairman, Central Bank of India Limited to take steps for the formation of Indian Banks Association and

drawing up of a draft constitution for it. Nearly two years of discussions and preparations followed. Sir Homi Mody and Pranlal Devkaran Nanjee played a crucial role in the formation process of the Association. It was on 26th September 1946, at a meeting of the representatives of the scheduled banks, which was attended by representatives of 22 banks that the Association was inaugurated, the draft constitution was adopted and a Managing committee was elected.

The Main Office of the Indian Banks' Association is located at Stadium House, 6th floor, Blocks II and III, 81-83, Veer Nariman Road, Mumbai-400 020. The Association's Additional premise is located at World Trade Centre, Centre I, 6th floor, Unit Nos. 1,2&4, World Trade Complex, Cuffe Parade, Colaba, Mumbai-400 005. The Records of the Association are kept in the Association's Advent Premises. The Library is located at World Trade Centre premises of the Association has a collection of over 9000 books mostly Economic, Financial, Banking, Management, Law and Computer related subjects and receives nearly 90 foreign and Indian periodicals in a year. It also has newspaper-clipping files on almost 40 important subjects, which serves as a primary source of information. Library renders reference service to the members, readers, researchers and visitors free of cost. The Association has Nineteen Local Chapters functioning at Ahmedabad, Bangalore, Baroda, Bhopal, Bhubaneswar,
The Association's role is being redefined and its operations are being restructured to meet the emerging needs of the Banking Industry. Its role as a Self Regulatory Organisation (SRO) is being emphasised. It has strengthened the mechanism for interaction with the Government of India and Reserve Bank of India (RBI). The Association is also required to submit, from time to time, information on issues for discussion at periodical meeting of chief executives of banks with the Hon'ble Finance Minister, preparation of memoranda on important matters pertaining to monetary policy as well as union budget etc. The Association's interactions with the Government of India as well as RBI have resulted in formulation of several policy measures, which proved to be helpful to banks.

Indian Banks Association has played an important role for more than 55 years in Indian Banking Industry and has emerged as a leading force in safeguarding and promoting the interests of the Banking Sector. Due to its role as a facilitator in developing an efficient and sound banking system, committed to excellence in operations and customer service, the Government, Reserve Bank of India and other regulatory agencies have appreciated the Association's role. The Association effectively strives to
meet emerging requirements of its members with their diverse characteristics and priorities. The Managing Committee, which is the governing body of the Association, provides necessary direction and guidance to the secretariat in conducting the Association’s work. Expert Committees under the guidance of the Managing Committee chiefly look after the formulation of policies and their implementation. The Association carries out its day today activities from two premises in Mumbai besides 19 local Chapters functioning from various parts of the Country.

The functioning of IBA takes place as per the following set up[Chart-3.5]:

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INDIAN BANKS ASSOCIATION
  MANAGING COMMITTEE
    CHAIRMAN ----- DEPUTY CHAIRMAN (3) ----- HONORARY SECRETARY
    LOCAL CHAPTERS (19)
    SECRETARIAT
    DEPARTMENTS (13) ------------ STANDING COMMITTEES (7)
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Every resolution passed at the Managing Committee Meeting or decision taken at the meeting is expected to be observed by all member banks.

The Committee does not exercise any mandatory authority over the IBA.

member Banks; its directives and decisions are recommendatory in nature. Its authority is one of the moral suasion emanating from the collective will and wisdom of the members, formulated on the basis of deliberations and consultations among equals and expressed through its resolutions. The Managing Committee is a central directing and controlling agency of the IBA and apart from taking decisions concerning the business and affairs of the Associations, as stated above, the Committee also performs the following functions:-

1. to consider and approve or suggest modifications to various study reports prepared/proposals made by various committees and study groups appointed by the IBA from time to time.

2. to cause or undertake special studies on matters affecting the banking industry or the IBA.

3. to discuss and study, and take a view on any matter referred to the IBA by the Government and the RBI.

4. to have direct dialogue with trade and industry at various forums such as banker-borrower meets etc.

The Association performs wide network of services related to Banks and member banks, Customers, Customer Education, holding seminars, Conferences on current issues to create awareness amongst the interested public, relations with RBI, Government of India, Trade Bodies, promoting international co-operation, Taking up of research and
IBA is an advisory service organisation of banks. It serves as a thinking group and a forum for banks in matters of concern to the whole industry. It is a coordinating agency for the banking industry. Its main activities are in the field of:

- Generating and exchanging of ideas on systems, planning, procedures, operations, structure organisation and administration in banks;
- Evolving common thinking on major banking problems and policies;
- Identifying source and the collection, interpretation and retrieval of operational data within banks and the environmental data;
- Promoting better personnel administration in Banks and carrying on negotiations with labour unions on behalf of Bank Managements;
- Encouraging sports and cultural activities among bank employees through the Bank's Sports Board; and
- Organizing public relations for projecting the image of social responsibility of Banks.

Very recently, as part of its Industrial Relations and Personnel function for Member Banks and Unions, IBA signed Wage/Salary settlements –
• With four Officers Organisations on 14th December 1999 on various aspects relating to scales of pay and other allowances.

• Seventh Bi-Partite Settlement was signed between IBA and the Workmen Unions on 27th March 2000.

• IBA presented its views on Central Vigilance Commission Bill, 1999 before the Joint Committee of Parliament in February 2000.

• A workshop on Human Resource Planning in Public Sector Banks was organized by IBA in August 2000.

**IBA towards strengthening of Institutional Mechanism of customer service:**

In the meeting of Finance Minister with Chief Executives of all Public Sector Banks coordinated by IBA at New Delhi on 13th June 2000 stressed on the need to improve customer service in Banks. The following measures were taken to strengthen internal machinery in banks to improve customer service:

a. Appointment of a top management executive as Nodal Officer to handle grievances/complaints.

b. Guidelines to branches/Regional Offices/Zonal Offices, etc. on handling individual complaints/grievances and suggestions.

c. Periodic review of Bank's Board

d. Publishing of citizen's Charter by banks
e. Observance of 15th of every month as customer day where any customer can meet Chief Executive/Top Executives/Branch Head without prior appointment for redressal of Complaints/grievances.

In addition to the above, Banking Ombudsman Scheme, 1995 has been redressing complaints of individual customers at 15 centres covering most states of the country.

In achieving Industry Level Co-operation i.e. IBA code for Banking Practice:

Ground Rules and Code of Ethics (GRACE) served as a tool defining the boundaries for interpretation of the directives of the Regulatory Authority in key areas; the frame work of GRACE was predominantly suited to a fully regulated environment. This environment underwent transformation following liberalisation and financial sector reforms. Hence, there was a need for comprehensively revising GRACE. A working group comprising of senior executives from Member Banks drafted a code for banking practice for uniform adoption by the all Banks. The working group drafted a code for banking practice, which was approved by the IBA Managing Committee and concurred by RBI. Thus, the IBA code for Banking practice was evolved to fulfill the need felt under the liberalized and deregulated environment aiming to promote a healthy relationship among banks. This IBA code for Banking Practice replaced GRACE with effect from 1st September 1999.
IBA publishes periodicals, News Bulletins, Books for the benefit of member Banks, a data base book on 'Indian Banking', "Performance Highlights of Banks" 1999-2000. are recently released editions in this line of activity of the IBA.

On Industrial Relations and Personnel Matters:
(reached wage and Salary, VII Bipartite settlements, on 27-3-2000)

The memorandum of understanding providing for a total wage increase of 12.25% of the total establishment expenses of banks as at 31/3/1997 was signed with workmen unions and the Officers Organisations on 11th March 1999. On 14th December 1999 a joint note was signed with four Officer's Organisations, viz, All India Bank Officer's Confederation (AIBOC), All India Bank Officer's Association (AIBOA), Indian National Bank Officer's Congress (INBOC) and National Organisation of Bank Officer's (NOBO) agreeing on the various aspects relating to scales of pay and other allowances payable to Officer employees. It was agreed that the pay range of officers would be Rs.7100/- to Rs.21,300/- covering seven scales of pay. While revised scales of pay, Dearness Allowance and Pension on revised pay took effect from 01/4/1998. the revision in other allowances including Provident Fund and Gratuity took effect from 01/11/1999.
PHOTO 1  SHRI PANNIR SELVAM, CHAIRMAN IBA SHAKING HANDS AFTER NEGOTIATIONS WITH TOP BRASS UNIONISTS.

PHOTO 2  IBA OFFICIALS AND UNION MEMBERS ON THE WAGE NEGOTIATIONS TABLE, FOR BI-PARTITE SETTLEMENTS.
Similarly, a settlement under the Industrial Disputes Act was signed with the workmen Unions, VIZ, All India Bank Employees Association (AIBEA), National Confederation of Bank Employees (NCBE) and Indian National Bank Employees Federation (INBEF) on 27th March 2000. The settlement which is 7th in the series of Bipartite Settlements is for a period of five years commencing from 01/11/1997. Bank Employees Federation of India (BEFI) and National Organisation of Bank Workers (NOBW) did not sign the settlement disagreeing on the provisions relating to computerisation and deployment of staff in the Banks. Besides improvement in pay scales and other allowances, the other salient features of the settlement are as follows:

a. Banks are free to introduce extended business hours, shift system and seven day banking modules depending upon the business potential.

b. Banks may computerize 70% of their business. They may at their discretion computerize partly or fully operations in branches and administrative offices irrespective of their location or classification or the number of vouchers obtaining there at. Thus restrictions relating to selection of branches/offices for computerisation and technology that were placed by the settlement dated 29th October 1993 have been now removed. Staff rendered surplus due to computerisation can be deployed suitably out of place/centre.
c. The settlement facilitates removal of imbalances in the deployment of staff at the level of each bank by appropriately amending bank level agreement/settlement if any.

It was also agreed to separately discuss various amendments/modifications suggested to the chapter on Disciplinary Action Procedure for workmen staff at a later date.

Both in respect of Officer's and workmen in Indian Bank, United Bank of India and United Commercial Bank, it was agreed that if the managements of these banks find it difficult to pay arrears, they may discuss with their respective Officer's associations/ Workmen Unions and re-schedule payment amicably. As a result of the above revision in wage, the total additional annual load on the system will be to the extent of Rs.818 crores approximately in the case of workmen and Rs.579 crores approximately in the case of Officers.

**IBA's Human Resource Management Initiative:**

A day's workshop was organized for General Managers [HR Personnel] as well as Executive Directors of public sector banks on 25th August 1999 at IBA, Mumbai. The theme of the workshop was “Human Resource Planning in Public Sector Banks” on the threshold of the new millennium. The age profile of employees in public sector banks was also
analysed. The workshop came up with recommendations for [I] review and revamp of recruitment policy and process in public sector banks [II] redefining promotion and placement policies for fulfilling changing corporate needs. A brief report on the deliberations of the workshop has been circulated among public sector banks for appropriate action.

**IBA's Banks Sports Board:**

Set up in the year 1987 to promote and encourage sports, fine arts and cultural activities among bank employees and their families. Sports persons from the Banking Industry have made a mark at State, National and International events.

Thus, IBA as an organized body of managements' of Banks, monitors closely all the activities of its member Banks, takes leading role in negotiations of wages and salary decisions, and assists in their policy and operational requirements for day today functioning. It promotes and supervises the satisfactory functioning of the Banking Industry in general. It is an effective catalyst and liaison between the Bank Unions, Managements and the Government.