

# CODE OF DISCIPLINE IN INDUSTRY



*State Banks' Staff Union*  
(CHENNAI CIRCLE)

# **CODE OF DISCIPLINE IN INDUSTRY**

## **INTRODUCTORY**

The "Code of Discipline" marks possibly the boldest attempt ever made to free industrial relations from their inhibiting legalistic moorings and to restore to them their natural human character. It may well be called an instrument of moral rearmament in which both sides of industry recognise and, what is more, appreciate their mutual interests, rights and obligations.

It is not, of course, as if the essential human aspect of industrial relations had not occurred to the authorities earlier. Only the ideas had never been formulated in a form that could appeal to managements and workers alike. The laying down of the Code may therefore, well be regarded as the beginning of a new way of regulation of industrial relations in this country.

When the Code was first conceived there were, no doubt, considerable misgivings about it in the ranks of both employers and workers. It took quite some time for all these doubts to be cleared. Although it has its critics even now, its essential wisdom is no longer seriously challenged. It strives to achieve a way of industrial life which has not always been easy to live up to. But few doubt that it is an ideal worth striving for. Moreover, though it has only been very imperfectly worked, it has already done something to raise the tone and general morale in the units where it has been sincerely tried. In any case, it has made both sides of industry sit up and think, and this changed attitude in itself is a distinct achievement. The

code has definitely created a sense of awareness in the opposite parties of the need to follow certain principles to promote industrial peace.

### **EVOLUTION OF THE CODE :**

To set the code in its correct historical perspective we must go back to the middle 1950's. Early post-war years had already seen much labour legislation and also a new awakening among the workers' ranks which, however, gradually developed into a spirit of defiance, with labour unrest becoming more and more marked in the middle 1950's. What was even worse, and what caused much genuine concern, was the intimidation and violence in which several labour unions, irrespective of the justice of their cause, were only too prone to indulge, with industrial unrest becoming a real menace to industrial production. In 1955, the number of man-days lost rose to a formidable 5.6 million, and next year even this figure was exceeded to reach a total of 7.0 million ; the average of the four previous years was only 3.5 million. "Go-slow", "pen-down", and "stay-in" strikes became the order of the day. Labour unrest had escalated from a purely economic conflict to a level at which it was on its way to becoming a serious threat to law and order. The stage had been reached when indiscipline was so rampant as to demand urgent attention if production was to proceed smoothly.

It was against the backdrop of this acute phase of labour unrest that the 15th session of the tripartite Indian Labour Conference met in New Delhi in July 1957. In some ways it was a momentous session. Both sides of industry recognised, for

the first time, that some way had to be found to give a new orientation to labour policy. The then Union Labour Minister, Shri G.L. Nanda, who himself had considerable insight into, and experience of, labour problems, felt keenly that it was time some fresh attempt was made at better industrial relations. Presiding over the conference, he declared that in the interests of higher productivity and better discipline, conditions should be created which would, among other things, ensure a sense of security of employment, prompt attention to workers' grievances and free scope for organisation of workers' unions.

The conference, after debating at length the issue of industrial relations, came to the conclusion that certain broad principles should be laid down to govern both employers and workers. A special committee consisting of representatives of the Government, employers and workers then hammered out these principles into what has now come to be known as the "Code of Discipline". The Code was adopted with certain modifications at the tripartite Standing Labour Committee at its 16th session held in October 1957, which called upon the organisations of both workers and employers to ratify it. Since then, the Code has been ratified by the principal central employers' and employees' organisations, who have also recognised their obligations to see that it is implemented by their constituents.

## **THE CODE**

While the detailed text of the Code is set forth later in this booklet, briefly the Code consists of three parts in addition to the preamble indicating the necessity for both sides to

recognise their mutual responsibilities and rights for the maintenance of discipline as well as for proper and willing discharge of the obligations arising therefrom. The first part (Section II of the Code) enumerates the common obligations of both employers and workers. The second part (Section III of the Code) sets forth the principles for the managements to agree, and the third part (Section IV of the Code) states the principles to which the unions subscribe. The managements and the unions together agree for instance, that no unilateral action will be taken on any industrial matter, that disputes will be settled at appropriate levels, and that neither party will have recourse to coercion, intimidation, victimisation or “go-slow”. The managements, on their part, agree not to increase work loads unless they have been agreed upon or set otherwise, as also to recognise a union which fulfils certain criteria. The unions on their part agree not to use physical duress in any form and to discourage unfair labour practices.

## **IMPLEMENTATION**

As it is not enough merely to lay down a Code, and as it is necessary to see that it is implemented at different industrial levels, an implementation machinery has had to be set up to supervise its observance. The machinery now consists of implementation Officers appointed by the Central and State Governments, whose function is to probe breaches of the Code and record their findings. These authorities not only ensure that the Code is implemented but help bring about out-of-court settlements of cases pending in High Courts and the Supreme Court.

Yet another of their functions is to see that cases are screened by the Screening Committee set up by the central employers' and workers' organisations before appeals are filed in High Courts and also to evaluate major strikes, lock-outs and disputes in order to fix responsibility.

As far as the State Bank of India is concerned, the appropriate authority is the Central Machinery, as banking is a central subject; any complaint of breach of the Code may be made to it by either party.

Besides, there are tripartite implementation and evaluation committees both at the centre and in the States. These committees meet from time to time to discuss the issues arising out of the implementation of the Code and they have an advisory role to perform. If any union finds it difficult to implement the Code they are always prepared to examine how best the difficulty can be overcome. Apart from fixing responsibility for violation of the Code, they also review periodically the working of the Code and generally maintain a two-way exchange of experience between the committees at lower levels and the Central Committees.

Being an essentially moral agreement, the Code rests for its success on the willingness of the employers and the workers to abide by it. Even so, in order to ensure that the Code does not deteriorate into a document by which people tend to swear without necessarily observing it, some sanctions have been built into the Code machinery and they are expected to be applied when a member unit, whether among employers' or workers' unions, deviates from the Code. The sanctions

adopted and approved by the Tripartite Committee include : (1) to ask the unit to explain the infringement of the Code ; (2) to give notice to the unit to set right the infringement within a specified period ; (3) to censure the unit concerned for its actions constituting the infringement and (4) to disaffiliate a unit from membership in the event of persistent violations of the Code.

## **CODE AND THE BANKING INDUSTRY**

It should be easy enough to see that the Code has a special significance to the working of banks. For one thing, as the bank is a credit institution, its successful working will depend on the degree of confidence between the management and the staff on the one hand, and between the management and the staff and the wider public on the other. The more widely and the more sincerely the 'Code of Discipline' is implemented, the better will be the quality of the service the bank will be able to render to the public. A bank's public image will depend on how the Code is implemented.

Because the banks are credit institutions and not manufacturing units, it took some time to get the Code fitted to their peculiar needs. Some clarifications of the Code have now been sought and obtained, both by bank managements, including the State Bank of India, Indian Banks' Association and Exchange Banks Association and by the various employees' organisations including the All India State Bank of India Staff Federation. The Code along with certain clarifications, was finally accepted by the State Bank and its employees' organisations on February 18, 1965. It has come into operation so far as the Bank and its employees are concerned.

To mention a few of the clarifications that have been sought and obtained, one may refer to Clause II (i) of the Code



(vii) that they will promote constructive co-operation between their representatives at all levels and as between workers themselves and abide by the spirit of agreements mutually entered into ;

(viii) that they will establish, upon a mutually agreed basis, a grievance procedure which will ensure a speedy and full investigation leading to settlement ;

**(Clarification :** Where in an establishment there is an existing procedure which ensures speedy and full investigation and settlement of grievances, such procedure could be continued and it would not be necessary to substitute the Model Procedure in its place)

(ix) that they will abide by various stages in the grievance procedure and take no arbitrary action which would by-pass this procedure ; and

(x) that they will educate the management personnel and workers regarding their obligations to each other.

### **III. MANAGEMENT AGREE -**

(I) not to increase work-loads unless agreed upon or settled otherwise ;

**(Clarification :** Settlement of work-loads by reference to adjudication is covered by the words “settled otherwise” in the existing clause ; moreover a decision of the Tribunal or any other legal body will always override the provisions of the Code. This does not preclude a temporary allocation of work of sporadic nature to meet exigencies or emergencies due to heavy rush on certain occasions).

- (ii) not to support or encourage any unfair labour practice such as
  - (a) interference with the rights of employees to enroll or continue as union members,
  - (b) discrimination, restraint or coercion against any employee because of recognised activity of trade unions, and
  - (c) victimisation of any employee and abuse of authority in any form ;
- (iii) to take prompt action for
  - (a) settlement of grievances, and
  - (b) implementation of settlements, awards, decisions and orders ;
- (iv) to display in conspicuous places in the undertaking the provisions of this Code in the local language (s) ;
- (v) to distinguish between actions justifying immediate discharge and those where discharge must be preceded by a warning, reprimand, suspension or some other form of disciplinary action and to arrange that all such disciplinary action should be subject to an appeal through normal grievance procedure ;

**(Clarification :** Where the normal existing procedure in an establishment provides for such matters, the existing procedure can continue)

- (vi) to take appropriate disciplinary action against its officers and members in cases where inquiries reveal that they

were responsible for precipitating action by workers leading to indiscipline ;

**(Clarification :** It is for the management and the unions to decide when their respective obligations under Clauses III (vi) and IV (vii) arise)

and

(vii) to recognise the union in accordance with the Criteria (annexed) evolved at the 16th session of the Indian Labour Conference held in May 1958.

**(Clarification :** The Criteria for Recognition of Unions will govern recognition of unions in the State Bank of India subject to the following clarifications with regard to clauses 2, 3 and 6 :

- (a) The State Bank of India would recognise a Union / Federation which represents majority of its employees on an all-India basis provided it has a membership of at least 25 per cent of the employees of the Bank. This Union / Federation would be called the Representative Union / Federation and it will have the right to deal with matters of all-India interest like general questions concerning the terms of employment and conditions of service of the employees of the Bank.
- (b) Similarly, the Bank will recognise a Union operating in a Circle representing the majority of its employees in the Circle provided it has a membership of at least 25 per cent of the employees of that Circle. This Union will be called a Representative Union of the Circle and will deal with matters relating to that Circle

not having any all-India bearing.

- (c) The Representative Union/Federation would have the rights to represent the employees in all offices of the Bank, but if another Union has a membership of more than 50 per cent of its employees in the offices of a city or a branch it would have the right to deal with matters of purely local interest pertaining to that city or branch as the case may be).

#### **IV. UNION (S) AGREE -**

- (i) not to engage in any form of physical duress ;
- (ii) not to permit demonstrations which are not peaceful and not to permit rowdyism in demonstrations;
- (iii) that their members will not engage or cause other employees to engage in any union activity during working hours, unless as provided for by law, agreement or practice ;
- (iv) to discourage unfair labour practices such as
  - (a) negligence of duty,
  - (b) careless operation,
  - (c) damage to property,
  - (d) interference with or disturbance to normal work and
  - (e) insubordination ;
- (v) to take prompt action to implement awards, agreements, settlements and decisions ;
- (vi) to display in conspicuous places in the union offices the

- provisions of the Code in the local language (s) and
- (vii) to express disapproval and to take appropriate action against office-bearers and members for indulging in action against the spirit of this Code.

**(Clarification :** It is for the management and the unions to decide when their respective obligations under Clauses III (vi) and IV (vii) arise).

## **ANNEXURE**

### **Criteria for Recognition of Unions**

1. Where there is more than one union, a union claiming recognition should have been functioning for at least one year after registration. Where there is only one union, this condition would not apply.
2. The membership of the union should cover at least 15 percent of the workers in the establishment concerned. Membership would be counted only of those who had paid their subscriptions for at least three months during the period of six months immediately preceding the reckoning.
3. A union may claim to be recognised as a representative union for an industry in a local area if it has a membership of at least 25 per cent of the workers of that industry in that areas.
4. When a union has been recognised, there should be no change in its position for a period of two years.

5. Where there are several unions in an industry or establishment, the one with the largest membership should be recognised.
6. A representative union for an industry in an area should have the right to represent the workers in all the establishments in the industry, but if a union of workers in a particular establishment has a membership of 50 per cent or more of the workers of that establishment it should have the right to deal with matters of purely local interest such as the handling of grievances pertaining to its own members. All other workers who are not members of that union might either operate through the representative union for the industry or seek redress directly.
7. In the case of trade union federations which are not affiliated to any of the four central organisations of labour, the question of recognition would have to be dealt with separately.
8. Only unions which observed the Code of Discipline would be entitled to recognition.

## **APPENDIX**

Industrial Disputes Act, 1947, The Fourth Schedule  
Conditions of service for change of which notice is to be given

1. Wages including the period and mode of payment ;
2. Contribution paid, or payable, by the employer to any provident fund or pension fund or for the benefit of the

- workmen under any law for the time being in force ;
3. Compensatory and other allowances ;
  4. Hours of work and rest intervals ;
  5. Leave with wages and holidays ;
  6. Starting, alteration or discontinuance of shift working otherwise than in accordance with standing orders ;
  7. Classification by grades ;
  8. Withdrawals of any customary concession or privilege or change in usage ;
  9. Introduction of new rules of discipline, or alteration of existing rules, except in so far as they are provided in standing orders ;
  10. Rationalisation, standardisation or improvement of plant or technique which is likely to lead to retrenchment of workmen;
  11. Any increase or reduction (other than casual) in the number of persons employed or to be employed in any occupation of process or department or shift, (not occasioned by circumstances over which the employer has no control).

