



CANARA BANK EMPLOYEES' UNION (Regd.)

(Affiliated to All India Bank Employees' Association)

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PLATINUM JUBILEE CELEBRATIONS SPECIAL BULLETIN II

Dear Comrades

CAN HISTORY BE FORGOTTEN? 1916-1926

In this Platinum Jubilee Year of our beloved Union, from last month – June 2025 - we made an earnest attempt to trace and present the history of Indian Banking, Canara Bank, Trade Union Movement, AIBEA and CBEU through 12 bulletins, one bulletin each month. As such the history of the first decade since 1906(the year in which our bank was born) was released on 10th June 2025. This is the second bulletin in the series, covering the second decade – 1916 to 1926. This bulletin is released in the month of July and for us in banking industry and in Canara Bank, the month of July is so important, for it is on 01 July 1906, our Bank was born and on 19th July 1969, our bank was nationalised.

BANKING DURING 1916 - 1926

The period from 1916 to 1926 saw significant developments in global banking, marked by both the aftermath of World War I (1914 – 1918) and the rise of new financial practices.

The Federal Reserve System called as the US Federal Reserve or the Fed was created on December 23, 1913 with the enactment of the Federal Reserve Act. It was created after a series of financial panics (especially the panic of 1907) with a desire for central control of the monetary system and ensuring financial stability in United States. During the period, the Fed was trying to improve its functioning.

The International Finance Conference held in Sept/Oct 1920 at Brussels was convened in the context of severe economic and social dislocation immediately following World War I, especially in European National. Central bank co-operation intensified, particularly among allied nations, and the concept of international financial institutions gained traction.

In our country, the period between 1916 and 1926 in Indian banking history was marked by both growth and instability. While the three Presidency Banks (Bank of Bengal, Bank of Bombay, and Bank of Madras) continued to operate, their expansion remained limited. The three banks put together had branches less than 70. The three banks were amalgamated into the Imperial Bank of India in 1921. The new bank was given the task to open 100 branches in a period of five years.

The collapse of various banks set a stage for a central bank in the country to oversee the functioning of banks in our country. The Hilton Young Commission, formed in 1926, recommended the establishment of a central bank in India, which eventually became a reality in the next decade with the formation of Reserve Bank of India.

The need for indigenous banks were also rising. The number of Joint Stock Banks were around 160. The period also saw the rise of Indian Joint Stock Banks. However, the period was also characterized by bank failures.

The banks like Karur Vysya Bank, Union Bank of India, Catholic Syrian Bank (presently CSB Bank), Nainital Bank, Karnataka Bank, Syndicate Bank (known as Canara Industrial and Banking Syndicate at the time of establishment) were founded during the period.

DEVELOPMENTS IN OUR BANK



The question of buying a typewriter for the Bank (at the only office in Mangalore) came up in **November 1919**. The Secretary was asked to ascertain the prices for makes other than 'Underwood' and also if there was any prospect of the prices of the typewriters going down by the following January. In **May 1924**, the Secretary was finally authorised to purchase for the bank a brand-new Remington typewriter 'at a cost not exceeding Rs 500.

In 1920 May, the double lock system came into vogue. In August 1925, the idea of lending to merchants was taking shape.

In the 1920s, opening and closing of a bank branch was a much simpler operation than now. Two decades after the bank was established at the district headquarters Mangalore, a branch was opened at Karkala on 01 April 1926. Karkala was a trading centre and was sending rice and food grains worth lakhs of rupees every year to Mangalore. The branch at Kasargode was opened on 16 October 1926. Cochin branch was opened on 22 November 1926. The fixed deposits of the bank were Rs 23.97 lakh in 1926.

During 1920 there was a decline in the price of gold. In order to safeguard the interest of the bank, the borrowers were asked to pledge additional gold ornaments over and above what was already pledged. The total gold loan exposure was Rs 2 lakh only.

In 1918 Sri A Srinivasa Pai became President of the Bank. Srinivasa Pai was not a man in a hurry. He believed in the policy of hastening slowly. In fact, it is part of the Canara Bank legend that it was this policy laid down by Srinivasa Pai that helped the bank to consolidate its position, gather experience and expand slowly but steadily. As the Bulletin

points out, "if the Bank did not show any spectacular results in the early years of its existence, it is due to this policy. It enabled the Bank to lay strong foundations for the magnificent edifice that we witness today".

Whether it is a criticism by a shareholder, a complaint from a client or a grievance from an employee, Srinivasa Pai would give each of them a patient hearing and decide the issue on the basis of principles and never of persons. When, during the depression of 1930s large funds of the bank were locked up, he worked with characteristic patience and perseverance and was able to steer the bank through delicate situations without having to resort to litigation. Often the management would be accused of laxity in these matters but subsequent events would show the wisdom of his action.

(Readers are requested to go through the above paragraphs without fail)

FORMATION OF ALL INDIA TRADE UNION CONGRESS

The advent of the First World War witnessed a tremendous upheaval of our people against British Imperialism and national liberation. The October Revolution (1917) in Russia brought a surge of strength to the liberation struggle and labour movement. The result was that the strike wave which began in 1918 swept the country in 1919 and 1920 with overwhelming intensity. In 1919-1920, about 1.5 lakh of textile workers of Bombay struck work demanding among other things, reduction in working hours and protection from victimisation. During 1918, the Madras Labour Union, the first union in India to be formed on modern lines, was established with the objective of ventilating the grievances of workers of the Buckingham and Carnatic Mills. In the general Hartal against Rowlatt Act (1919) and in the wave of indignation that swept the country after the Jallianwala Bagh massacre, participation of the working class was massive.

In 1919, the International Labour Organization (ILO) came into existence, as part of the Treaty of Versailles that ended World War I, based on the belief that universal and lasting peace can be ensured only if it is based on social justice. The Preamble also recognizes a number of key principles, for example equal remuneration for work of equal value and freedom of association and highlights, among others, the importance of vocational and technical education. The ILO is unique for its tripartite structure, involving governments, employers, and workers in its work. The ILO sets international labour standards, develops policies, and devises programs to promote decent work for all.

N.M. Joshi, a veteran social activist of that time, was sent as representative of labourers by Indian Government in the Washington Summit of I.L.O. in the year 1919.

The year 1920 was of crucial importance in the history of Indian trade union movement. By this time efforts to organise trade unions all over India bore fruit and a large number of unions were started. The past experience as well as the disorderly conditions in the movement convinced the leaders that an All-India Organisation was an essential need of the time. **Initiative was taken and the All-India Trade Union Congress (AITUC) was constituted in a conference of trade union representatives in Bombay in October, 1920. Lala Lajpat Rai, a veteran congress leader from Punjab, was the President of the first session.**

All India Railwaymen's Federation was also formed in 1922 and practically all the Unions in the Railways were affiliated to it.

The right to form trade unions was afforded by law to Indian workers comparatively very late. Rather, the trade union movement was severally handicapped by adverse statutes. The labour organisations were subject to common law of the land, and there was no particular law regulating their operation and protecting them from legal disabilities. A demand was made in the Central Legislature asking the Government to bring forward an appropriate legislation on the subject.

That the union leaders were liable for such penalty for forming Association for Bonafide trade union activities was a severe blow to the idea of freedom of association which was strongly endorsed by International Labour Organisation. The pressure thus exerted resulted first in the repeal of Breach of Contract Act in 1924 and enactment of Trade Unions Act, in 1926. This Act is considered a landmark in the history of trade union movement in India. For the first time, the Act provided for the registration of trade unions and to define law relating to the registered trade unions. Much later, the Constitution of India also conferred on all citizens a fundamental right to form associations or unions. The right to form trade union thus assumed importance in India as it is expressly recognised by both the Constitution and an Act of the legislature.

Excerpts from the Presidential Address of Lala Lajpat Rai to the First All India Trade Union Congress held during November 1920.

“In the eyes of the world, we are a nation of coolies inferior in everything that distinguishes a mere animal from men. The movement we are inaugurating today is thus of more than of national importance. It is a matter of international significance. The workers of India are joining hands and brains not only as solidarity in the interests of Indian labour, but also to forge a link in the chain of international brotherhood. The future is on the laps of gods and prophecy is unsafe but it may be safely predicted that the success of the movement to which we are giving birth today, may eventually turn out to be an event of world importance.”

“The two employers of labour in our country are the government and the private capitalist. The government also is in its own way a big capitalist. The department of railways, post office, telegraph and others are capitalistic and more or less commercial concerns.”

“The government of this country is wasteful and extravagant in the salaries and allowance it allows to its higher service. The worst feature of the situation, however, is the extreme disparity that exists between the salaries of the lowest services and those of the highest. That there is difference between work and work, between mere manual work and skilled work, be assumed but is the deference, so great as to justify this disparity between the economic needs of one from the others? To fight against such a system of inhuman inequalities the workers of India, whether in government or in private employ, require an all-India organisation to help each other by mutual sympathy, counsel and aid.”

“All concerned in the welfare of the labour will have to work hard and in a spirit of sacrifice and co-operation. This spirit of sacrifice should particularly characterise the efforts of such brain-workers in the ranks of the labour, who are educated enough to lead the movement. Those who are not strictly wage earners but who feel for labour will have to give their time, talent and money for the improvement of the wage earners lot. Pretending to protect the interests of labour, the government does not like interference of those who are not actually wage earners themselves in the organisation of labour, because they are unorganised, illiterate and unskilled labour is incompetent to fight its own battles and can easily be made to yield in negotiations between them and their educated, resourceful and wide-awake opponents. For some time to come, they need all the help, guidance and co-operation they can get from such among the intellectuals as are prepared to espouse their cause. Eventually, labour shall find its leaders from own ranks.”

Comrades, even after 100 years, the situation has not changed. The strike by crores of workers in this country held yesterday for protecting their labour rights is a classic example. Even now the labour is inhumanly exploited by the capital. Without past there is no present. We request our members to go through the Bulletins and get a glimpse of the happenings.

The bulletin of the next decade (1926-1936) shall be released on 10th Aug 2025.

With due courtesy to the books, A Banking Odyssey: The Story of Canara Bank by Sri M V Kamath, Seven Splendid Decades – History of AIBEA by Com P S Sundaresan (Former Vice President, AIBEA) and information documents of V V Giri National Labour Institute.

With Platinum Jubilee Greetings



B RAMPRAKASH
GENERAL SECRETARY