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**PLATINUM JUBILEE CELEBRATIONS – SPECIAL BULLETIN IV**

Dear Comrades,

# CAN HISTORY BE FORGOTTEN ?
# 1936 – 1946

In this Platinum Jubilee Year of our beloved Union, from June 2025 – we are coming out with special bulletins covering 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 three decades since 1906 (the year in which our bank was born) were released. This is the fourth bulletin in the series, covering the third decade – 1936 to 1946.

**THE BRETTON WOODS TWINS**

The period of 1936-1946 was a turbulent time for global banking, shaped significantly by the tail end of the Great Depression and the entirety of World War II. The Swiss financial institutions played a notable role in aiding Nazi Germany during the war and they acted as custodial banks regardless of political affiliation.

Policy makers recognised the crucial link between finance and development. On July 1, 1944, as the battles of the Second World War raged in Europe and the Pacific, delegates from forty-four nations met at the secluded Mount Washington Hotel in Bretton Woods, New Hampshire to participate in what became known as the Bretton Woods Conference. Their purpose was to agree on a system of economic order and international cooperation that would help countries recover from the devastation of the war and foster long-term global growth. At its conclusion, the conference decided to create International Bank for Reconstruction and Development (IBRD) known as the World Bank and the International Monetary Fund (IMF). The Bank for International Settlements (BIS), founded in 1930, had started working in full swing during this decade.

**COLLAPSE OF TRAVANCORE NATIONAL QUILON BANK**

The period between 1936 and 1946 was a significant time for banking in India, marked by the establishment of the Reserve Bank of India (RBI) and the influence of World War II.

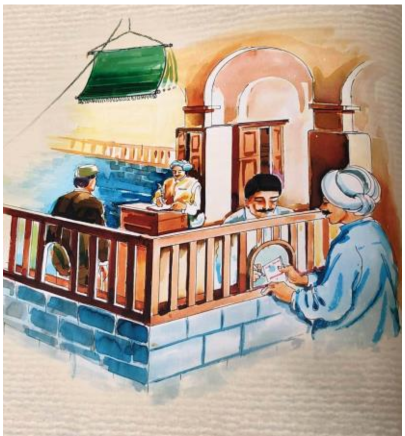
The Travancore National Quilon Bank was created in 1937 through the merger of two prominent banks, namely the Travancore National Bank (founded in 1912) and the Quilon Bank (founded in 1919). At the time of its formation, the bank was the fourth-largest bank in India, after Imperial Bank of India, Central Bank of India and Bank of India and the largest in South India, with 75 branches across the region.

The bank collapsed in 1938 and downed its shutters causing a devastating effect in the landscape of Indian Banking industry. The failure of the bank was a major catalyst for the enactment of the Banking Regulation Act 1949. In the RBI Website, under chronology of events, it is mentioned as “The Failure of the Travancore National and Quilon Bank, the largest bank in the Travancore region, underlined the need for comprehensive banking reform and legislation.”

In the year 1936, Sir Osborne A Smith, the first Governor of RBI resigned. Sir James Taylor succeeded him as Governor. In 1943, Sir C.D. Deshmukh became the first Indian Governor of the RBI. He represented India at the Bretton Woods Conference in 1944.

In the year 1940, RBI changed the accounting year from Jan – Dec to July – June. In 1944, the security thread on notes were introduced for the first time in India as a security feature. In 1946, high Denomination Bank Notes of Rs 500, Rs 1000 and Rs 10,000 were demonetised to curb unaccounted money.

**DEVELOPMENTS IN OUR BANK – PAY SCALES CONSTITUTED FOR EMPLOYEES**


The interiors of one of the early branches—an imagined scene. Note the hand-operated *punkha* overhead. Steel cupboards were yet to come. The quill-pen was possibly a favourite with the conservative.

More than the failure of the Arbuthnot Bank Ltd in the first decade of the twentieth century, it was the failure of the Travancore National & Quilon Bank that struck a warning chord in the South Canara Banks. Our bank was also affected to certain extent, and experienced a run. But it was restricted to just one or two branches, the big ones like Bombay. But Sri P S Nayak, then General Manager, was ready to face the situation. And he was in full control. ‘Employ half a dozen cashiers if necessary but pay everyone who comes without questioning,’ were his clear instructions. He arranged for mobilisation of funds from different branches to be sent by Telegraphic Transfer (present generation of bank employees might not have heard this term at all) to Bombay and other affected branches. Within two days, the run subsided. When depositors realised that Canara Bank was paying unquestioningly, they started coming back. Courage and instant decision-making did the trick.

Bank opened branches in Cannanore, Badagara and Payyanur in 1936, Quilon and Kayamkulam in 1937 and Belgaum in 1938.

Though living in the 1930s was cheap and salaries were low, by 1937 the bank had come to the conclusion that a definite scale of pay for the employees had to be laid down, the implication being that, till then fixation of salaries etc. was somewhat haphazardly done. On October 1937, the Board drafted a pay scale for various categories of employees and said: The scales now recommended have been based on the following consideration mentioned in order of importance attached to them: Firstly, every employee should be given a minimum living wage and that as early as possible after his entering service. Secondly, the allowance or higher salary is both an inducement as well as compensation for the higher cost of living entailed. The creation of different grades is also necessary not merely for rewarding merit but for encouraging self-improvement and a higher standard of work. The aspiring and more deserving might naturally, get discontented and discouraged. At the same time, those who have perforce to remain in the lower Grades must still get some regular increment up to a point, thus, the maximum of each grade was also to be fixed.

The salary of Office boy was fixed at Eight rupees per mensem, of a Peon Rs 10 to Rs 15, a Probationary Clerk Rs 20, a clerk at Rs 25, an accountant (present day Officer) Rs 30 and an agent (now known as Manager) Rs 40.

In 1943, the General Manager's office was shifted from Mangalore to Bombay. The idea was to give Sri Sarvotham Nayak an opportunity to study modern methods of banking.

**INDIAN TRADE UNION MOVEMENT AND THE BIRTH OF AIBEA**

The period saw a rise in union activity and a significant increase in trade unions and their membership, as they became more involved with the broader nationalist movement. The National Federation of Trade Unions merged with the AITUC in 1938, signifying a period of greater unity and consolidation within the labour movement. Despite a favourable atmosphere, Bombay Industrial Disputes Act was passed in 1939, with an aim to restrict labour militancy and curb strikes. The outbreak of World War II in 1939 brought new challenges and divisions to the trade union movement.

Key labour acts were passed in our country between 1936 and 1946 including the Payment of Wages Act, 1936, which regulates wage payments and prevents arbitrary deductions; the Employees' liability Act, 1938, covering worker compensation; the Weekly Holiday Act, 1942, ensuring a weekly day of rest; the War Injuries (Compensation Insurance) Act, 1943, addressing compensation for war-related injuries; and the Industrial Employment (Standing Orders) Act, 1946, which lays down rules for employment conditions.

The birth of our movement – AIBEA - also took place in the last year of the decade (1936 to 1946). The spark was lit in the year 1946 not only on the banks of river Hooghly, but almost simultaneously in the vast Gangetic plains across the Ganga in Kanpur, Allahabad, Lucknow and also in Patna. Similarly on the banks of the Sutlej and the Yamuna, be it in Rawalpindi or in Lahore or in Delhi, unrest among bankmen unfolded. In the Arabian coast, in that citadel of capitalism, in the city of Bombay, strike actions took place in National Bank of India and in Bank of India.

The 3rd November, 1945 is a date of great significance in our history. On this day a convention of bank employees at Calcutta was held at Mahabodhi Society Hall. Everyone was surprised that the whole hall was not only jam packed, but many were found standing in the corridors. Speeches were made on the emerging political situations and also on the problems of bank employees in several banks. As a result of exchange of views, it was unanimously felt by the entire audience on that day that steps must be taken to form a trade union for bank employees immediately. An interesting debate ensued amongst the comrades as to whether the organisation should confine itself to Bengal only or it should have an All-India character. Eventually, it was decided that the trade union movement should embrace the whole of India and therefore, the appropriate name should be All India Bank Employees' Association. Even though differences in the matter of calling the organisation as Union or Association, all felt that the name Union will create misunderstanding later when bank wise unions in the country would like to join whereas the word Association will give a large dimension to the organisation. The founding fathers had the wisdom to name the union in a most appropriate and acceptable form that in the ensuing years, AIBEA, true to its name spread throughout the country.

The first Foundation Conference was held on 20th and 21st of April 1946 in the city of Calcutta. Com K C Neoga and Com R C Chakraborthy were elected as the President and General Secretary of AIBEA respectively. Around 108 banks existed in the city of Calcutta during that period. The total expense for the Foundation Conference was Rs 2132/- only.

During the same period, when AIBEA was born, strikes and adjudications took place in a couple of banks. The Bengal Circle of the Imperial Bank of India, Indian Staff Union (just see the name of the Union. It means that plenty of foreign staff were working in Imperial Bank then), one of the founding and affiliated units of AIBEA, launched a magnificent strike for 46 days. In Bank of India at Bombay, a Union was formed in March 1946. They conducted strike for 13 days from 23rd July to 4th August 1946. In Uttar Pradesh, employees began revolting against the brutal treatment meted out to them by the bankers (Banker is a term used to refer the owners of Bank and a bank employee is not to be called as a Banker). Both the strikes and the revolts culminated in success with the government referring for adjudication. As a result, later through the B B Gupta Award, S C Chakraborti Award and Divatia Award, bank employees secured some benefits.

In these years, in the city of Lahore, in the undivided India, the immortal architect of AIBEA, Com H L Parvana, also became part of the history of AIBEA. In fact, his life sketch and the history of the movement run parallel.

Com H L Parvana joined as a Daftary despite possessing a first-class Matriculation qualification in the Punjab National Bank at Lahore in 1939. For switching the room heater in the Manager’s cabin on a bitter cold day, for his colleagues, Com Parvana lost his job. He came to Delhi and secured a job in Bharat Bank Ltd. In 1945, Com Parvana formed the first trade union of bank employees in Delhi in the Bank.

Thus, the period 1936 to 1946 is an important period in the annals of our movement. Pages can be dedicated on the Foundation Conference of AIBEA and on Com Parvana and others.

Comrades, history may be boring. But without our past, there is no present and future.

We request our members to go through the Bulletins and get a glimpse of the happenings. The bulletin of the next decade (1946-1956) shall be released on 10th October 2025.

With due courtesy to the books, A Banking Odyssey: The Story of Canara Bank by Sri M V Kamath, Information documents of V V Giri National Labour Institute and Seven Splendid Decades – The History of All India Bank Employees’ Association by Com P S Sundaresan.

With Platinum Jubilee Greetings

**B RAMPRAKASH**
**GENERAL SECRETARY**