CHAPTER - V

WORKERS PARTICIPATION IN PUBLIC ENTERPRISES

In the preceding chapter it was pointed out that workers participation in management has been in vogue in India since about three decades in the forms of Works Committees, Joint Management Councils, Worker-Director and Shop Floor and Joint Councils. It was pointed out in chapter IV that India may be able to evolve a system of her own, in due course of time suiting to her socio-economic and political background. The Indian model of workers' participation is not an abstract idea, but is an article of faith, and an urgent need of the emerging social order. It grants an opportunity to the workers to think beyond monetary earnings in the wider perspective of the good of the society. The Indian scheme further embodies the belief that there cannot be any basic conflict between the interests of management and
workers as these interests are inter-dependent.

Public enterprises have become a common feature of the modern economic system and are playing a crucial role to perform in the developing countries of the world. It is, however, in the present century that they gained popularity, as the State started assuming the role of an entrepreneur. Today, the participation of the State in industrial and commercial activities is quite marked. The Governments of various countries, irrespective of their political and constitutional set up, have been gradually extending their tentacles over the ownership of the means of production and distribution. In the present century a series of events have taken place which have been responsible for the active participation of State in this sphere, e.g. the First World War, the Great Depression of 1930s, the writings of renowned economists like Keynes, Karl Marx, Rodbertus and Lassalle, the end of the colonial rule, the emergence of numerous sovereign States in Asia and Africa, the keen willingness shown by the Governments of freed nations and achievements of rapid economic advancement on a
planned basis over a comparatively short period.

The public enterprises have come to occupy a significant and commanding place in the economy of India. The Government went into public sector enterprises in the pursuit of the most important policy decision which it adopted in the second year of its independence, i.e., the 1948 Industry Policy Resolution which itself goes back to 1931 Indian National Congress (at the Karachi Session). In fact, the origin of public sector is in that 1931 Karachi Resolution where it was stated that the State should have control over key industries and services in the country. These are the crucial words. The State should have control over key industries and services in the country. It was faithfully translated into action in the Industrial Policy Resolution 1945, in the First Five Year Plan Document, earlier in the guiding principles which are adumbrated in the Constitution, later in the Second Industrial Policy Resolution 1952, then the Third Plan, Fourth Plan and continuously thereafter.

The Industrial Policy Resolution 1948 came as
an answer to pressing demands from the private sector. The Resolution stated that a mere redistribution of existing wealth would make no essential difference to the people and would mean merely the distribution of poverty. A dynamic national policy must, therefore, be directed to a continuous increase in production by all possible means, side by side with measures to secure its equitable distribution.¹ There was greater emphasis on increasing production and to achieve this it was felt that the State must play a progressively active role in the development of industries. It was also made clear that State enterprises will, as a rule, be through the medium of corporations under the statutory control of the Central Government who will assume such powers as may be necessary.² According to this Resolution, a Tripartite division of spheres, according to branches of activity, was consequently established.

1. Exclusive monopoly of the Central Government was foreseen for these industries— manufacture

2. Ibid, p.567.
of arms and ammunition, production and control of atomic energy, ownership and management of Railway transport.

2. The State would be, as a matter of principle, exclusively responsible for the establishment of new undertakings, except where, in the national interest, the State itself find it necessary to secure the cooperation of the private enterprise subject to such control and regulation as the Central Government may prescribe in these industries: Coal, Iron and Steel, Air Craft Manufacture, Ship building, manufacture of Telephone & Telegraph and Wireless apparatus excluding radio receiving sets and mineral oils.

3. The rest of the industrial field was left to private individual and cooperative enterprise, although the participation of the State on a competitive basis, as well as State intervention in justified cases, was not ruled out and planning and regulation by the State of a number of industries were announced.

The importance of the Industrial Policy Resolution of 1948 consisted in its being the first official Indian Document, defining a concept of 'Mixed Economy'
with spheres allotted to public and private sectors. The 'term' mixed economy was used in which the State was assigned a definite and positive role to encourage the industry and trade. The concept of mixed economy, though somewhat modified in content by subsequent pronouncements, still lies at the very root of Indian economic policies. So far all the plans have envisaged a greater role for the State in the economic development of the country when the private sector alone could not hope to achieve optimum development. In fact, with the rapid expansion of the economy full opportunities of growth have opened up for both public and private sectors. "The two sectors have the function in union and are to be viewed as part of a single mechanism." Thus, what is envisaged is a mixed economy where both the public and private sectors have been assigned large areas to develop and expand.

The term 'welfare State' was used for the first time in the Nasik Congress Resolution of

September 1950. This Resolution defined the welfare State as being a regime wherein there is economic democracy, a national minimum standard in respect of the essential of physical and social wellbeing, a rising standard of living, full employment, elimination of exploitation and progressive narrowing down of disparities in income and wealth, so that there may be equality of opportunity to all for self development and growth of personality. It should be noted that the term Welfare State is used in India with divergent connotations while what the Constitution aims to establish is not merely a political democracy but also what may be described as a welfare or social service State. It has taken a comprehensive view of the activities of the State not influenced by the Laissez-faire thought of the 19th century.

The Industrial Policy Resolution of 1948 was received with mixed feelings and soon there was demand for bringing about important changes in it.

The need for such changes arose due to the development that took place during 1948-56. The Constitution of India was adopted which enunciated the Directive Principles of State Policy. The Government of India had adopted the socialistic pattern of society as the objective in December 1954. The First Five Year Plan was successfully completed and the Second Five Year Plan was to begin soon and in it top priority was given to heavy industrialisation. All these changes and developments necessitated a fresh statement on industrial policy. That is why the Government of India announced Second Industrial Policy Resolution in April 30, 1966, which replaced the old policy. The 1956 Resolution sets out the need for expanding the public sector, to accelerate the rate of economic growth and to speed up industrialisation. Another important economic objective of public enterprises in India is its contribution to increasing the rate of growth. The Resolution further affirms that the "State will progressively assume predominant and direct responsibility for

7. The Second Five Year Plan, Govt. of India, p. 45.
8. Ibid, p. 45.
seeking up new industrial undertakings and for developing transport facilities. It will also undertake State Trading on an increasing scale. The reason is that "the adoption of the socialist pattern of society as the national objective, as well as the need for planned and rapid development require that all industries of basic and strategic importance or in the nature of public utility services should be in the public sector. Other industries which are essential and require investment on a scale which only the State, in present circumstances, could provide, have also to be in the public sector." At the same time Resolution guarantees to the private sector the opportunity to develop and expand and recognises that certain limiting factors will restrict the scope of the public sector. However, the role played by PEs cannot be over emphasised. The core sector industries in India have been nationalised to provide a steady base to the process of industrialisation in the country. Public enterprises besides safeguarding the welfare of the people in

the country are instrumental in saving the scarce foreign resources. With this view in mind the government took over in 1958 all paper mills and nationalised oil companies at Napanagar to put a check on the outflow of foreign exchange. The institution, promotion and establishment of large number of manufacturing public enterprises have saved sizeable foreign exchange which should have not been possible, if they were not meant to save the valuable foreign exchange.

The public sector has contributed to the goal of self-reliance both by impressive import substitution and export promotion. By capturing the commanding heights of the economy, the public sector has made the country self-reliant to a large extent in respect of the whole range of machinery and equipment required for further development. The export earnings of public enterprises increased from Rs. 1562 crores in 1977-78 to Rs. 4700 crores in 1982-83. The year 1979-80 indicates that the public sector enterprises had, in fact, earned a gross profit of Rs. 9013 crores. The percentage of gross margin of public sector to capital employed has increased from 7.5 per cent in 1968-69 to 13.05 per cent in 1982-83.

It is in pursuit of the ideal of socialism that the Industrial Policy Resolution of 1948 and 1956 declared that State must play a positive role and provide leadership in different sectors of the economy. The growth of public enterprises lies in equitable distribution of the economy's wealth. The 1956 resolution further affirms that the State will progressively assume predominant and direct responsibility for setting up new industrial undertakings and for developing transport facilities. It will also undertake state-trading on an increasing scale.

The reason is that the adoption of the socialist pattern of society as the national objective, as well as the need for planned and rapid development requires that all industries of basic and strategic importance or in the nature of public utility services, should be in the public sector. At the time the Resolution guarantees to the private sector the opportunity to develop and expand and recognises that certain limiting factors will restrict the scope of the public sector. The adoption of socialist pattern of society as the national objective means the expansion of public enterprises and conjoins upon the private
sector to confirm itself to the basic framework of national economy.

The accent of socialistic pattern in the sphere of planned economic development in our country is thus on the attainment of positive goals: the raising of living standards, the enlargement of opportunities for all, the promotion of enterprise among the dis-advantaged class and creation of a sense of partnership among all sectors of the community under such a system, therefore, social ownership and control is not an end in itself but a means to evolution of a pattern of society in which production subserves the common man than acquisitiveness of any particular individual or group. From this viewpoint, the system requires that the profit motive on the part of management must be adequately replaced by patriotic urge, the urge to serve the common good of the community. In case it does not happen to be so, the partners in the business, viz. workers have to take the lead in the matter of production.

The Second Five Year Plan lays down that essentially this (socialist) pattern means that the
basic criterion on determining the lines of advance must not be private profit motive but social gain. The pattern of development and structure of socio-economic relations should be so planned that they result not only in appreciable increase in national income and wealth, but major decision concerning production, distribution of income consumption and investment and all significant socio-economic relationships be made by agencies informed by social purposes. The gains of the economic development must accrue more and more to the less privileged class of the society and there should be progressive reduction of concentration of income, wealth and economic power.

Keeping in mind these overriding considerations, the public enterprises and State entrepreneurship have to perform a number of social and political functions in the context of changed situation. The State entrepreneurship and the public enterprises have a definite influence on the relations among the different layers of Indian society and on political atmosphere in general. Further, if the basic and heavy industries were allowed without any let or hindrance in the private sector, it could
result in the continued concentration of economic and political power in the hands of few capitalists. Again to avert the danger of continued dependence on the world market and foreign monopolies for capital and technical know-how, made the setting up public enterprises in new complex and important branches have become a compelling necessity.

The main objectives of public enterprises of any country should broadly confine to the objectives of the State policy which it wants to accomplish through the medium of public enterprises. Necessity of infrastructural investments, heavy capital investment, long gestation period, dim prospects of profits in the near future, distrust on private enterprises, implicit belief that public enterprise is economically as well as morally, having a high hand over private enterprise, and above all the political ideology to which the society is committed, being some significant factors that determine objectives conditions of the country. The case for public enterprise is indispensably backed by the thesis that it is an instrument through which socio-economic objectives are effectively acquired as compared to private
sector. This means that sectors of economic activity which involve either monopoly conditions of strategic economic power or possession of large resources in private hands be publicly operated. This is why the public enterprises responsible for building up of economic overheads. The external economies like transport, power, fuel and basic capital goods without which an increase in the production of consumption goods and services would not be possible.

A more direct way of observing the existence of industrial interests is to look for a developed industrialising ideology, and, therefore, the Government has to protagonise the same as chief character. It is also important to accomplish the national goals and as a result the lofty hopes of the society were diverted towards the public enterprise. In a developing economy like India, public enterprises have a special role to play in increasing

the production of basic goods and services. Private enterprise varies output as dictated by market conditions. The objective of producing basic goods, of which public are consumers, is to be attained in a degree higher than that of companies in the private enterprise.

To achieve the objective of regional balanced industrial development, the role of public enterprise is of immense significance. Private entrepreneurs are not bothered for establishing industrial units in backward areas and relatively backward regions where the chances of return are remote. A socialist government has to keep in mind claims of the relatively backward areas in locating new public enterprises.\textsuperscript{15} It has been proved that public enterprises are powerful weapon for attaining social and economic objectives. They have filled in the service gaps, particularly in the field of heavy industries, such as manufacture of steel, heavy machines tools, heavy electrical equipments, explorations and refining of oil, manufacture of heavy chemicals and fertilizers.

\textsuperscript{15} Gupta, K.R: Issues in Public Enterprise, S.Chand & Co., New Delhi.
and the indigenous production of defence equipment. The economic objective of public enterprise which has gained too much of significance, is to create a wide enough base required for the implementation of development plans for the State. After explaining the socio-economic rationale of public enterprises, we now turn to examine the extent and role of public enterprises in the Indian economy. Today, the public enterprises cover a wide range of activities right from manufacturing of consumer goods to energy sector, though bulk of the investments is in the mining and industrial sector. It has virtual monopoly over railways and energy sector. It also participates actively in the manufacturing sector where the private sector is predominating. With the nationalisation of major commercial banks, insurance and the take over of sick units the role of public enterprises has further widened.

The important achievement of the public sector enterprises is the industrialisation of the country. By establishing the basic and heavy industries in the backward areas it has enabled the birth of small scale and light industries. It has thus promoted
the rapid growth of private sector industries and agriculture. It has been providing increasing employment opportunities and also contributes to the growth of national economy.

With the commencement of the planning era in 1951 and the adoption of the aim of socialistic society the public enterprises have grown to an enormous extent especially from the Second Five Year Plan onwards. The Table-1 gives the trends in investment and the number of units between 1951 and 1980.

**TABLE - I**

TRENDS IN INVESTMENT & NUMBER OF UNITS BETWEEN 1951 AND 1980

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Total Investment (Rs. Cr.)</th>
<th>% Increase/ Decrease</th>
<th>No. of Units Increase</th>
<th>% Increase/ Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>29</td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>1956</td>
<td>81</td>
<td>179.31</td>
<td>21</td>
<td>320</td>
</tr>
<tr>
<td>1961</td>
<td>953</td>
<td>3156.22</td>
<td>48</td>
<td>860</td>
</tr>
<tr>
<td>1966</td>
<td>2415</td>
<td>8227.58</td>
<td>74</td>
<td>1380</td>
</tr>
<tr>
<td>1969</td>
<td>3902</td>
<td>13355.16</td>
<td>85</td>
<td>1600</td>
</tr>
<tr>
<td>1974</td>
<td>6237</td>
<td>21406.00</td>
<td>122</td>
<td>2340</td>
</tr>
<tr>
<td>1979</td>
<td>13969</td>
<td>48069.00</td>
<td>159</td>
<td>3080</td>
</tr>
<tr>
<td>1980</td>
<td>1816</td>
<td>6162.00</td>
<td>186</td>
<td>3620</td>
</tr>
</tbody>
</table>

Table (II) shows that merely 5 units in 1951 were in operation. The number of units in public sector has since gone up to 186 in 1980 showing an overall rise of 3620 per cent. Similarly, the total investment has gone up from Rs. 29 crores to Rs. 1816 crores during the same period indicating an overall increase of 6162.06 per cent.

**TABLE - II**

**SHARE OF PUBLIC SECTOR IN TOTAL INVESTMENT**

<table>
<thead>
<tr>
<th>PLANS</th>
<th>Total Investment</th>
<th>Public Sector</th>
<th>As %age Of Total</th>
<th>Private Sector</th>
<th>As %age Of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>3360</td>
<td>1560</td>
<td>46</td>
<td>1800</td>
<td>54</td>
</tr>
<tr>
<td>II</td>
<td>6831</td>
<td>3731</td>
<td>55</td>
<td>3100</td>
<td>45</td>
</tr>
<tr>
<td>III</td>
<td>11280</td>
<td>7180</td>
<td>64</td>
<td>4100</td>
<td>36</td>
</tr>
<tr>
<td>IV</td>
<td>22635</td>
<td>13655</td>
<td>61</td>
<td>8980</td>
<td>39</td>
</tr>
<tr>
<td>V</td>
<td>55464</td>
<td>39303</td>
<td>71</td>
<td>1661</td>
<td>29</td>
</tr>
<tr>
<td>VI</td>
<td>116240</td>
<td>69380</td>
<td>60</td>
<td>46860</td>
<td>40</td>
</tr>
</tbody>
</table>

**SOURCE:** Govt. of India, Planning Commission, Five Year Plan, New Delhi.

**NOTE:** Percentage share has been calculated by the Research Scholar.
The public sector has grown to an enormous extent during three decades and planning, especially from the Second Plan period onwards. The proportion of investment in public sector out of total investment in the national economy has been steadily rising since 1951. The ratio of public sector investment, though lower than the private sector initially, increased in the latter plan periods. The above table shows that investment in the public sector increased from 46 per cent in the First Five Year Plan to 71 per cent in the Fifth Five Year Plan, mainly due to the fact that India has accepted the socialistic pattern of society, wherein State had to invest in some projects which were not only essential for the economy but also for social welfare of the masses.

The public sector is also an important source of employment to substantial labour force. Though the public sector enterprises are generally capital intensive industries much has been done in eradicating the unemployment by the public sector. The Table-III shows sector-wise pattern of employment in public sector enterprises between 1961 and 1980.
**TABLE - III**

**EMPLOYMENT IN THE PUBLIC SECTOR**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>1.80</td>
<td>2.76</td>
<td>3.40</td>
<td>6.28</td>
<td>7.77</td>
<td>10.32</td>
</tr>
<tr>
<td>Mining &amp; Quarrying</td>
<td>1.29</td>
<td>1.82</td>
<td>6.94</td>
<td>7.50</td>
<td>7.71</td>
<td>7.89</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>3.69</td>
<td>8.06</td>
<td>10.19</td>
<td>13.55</td>
<td>14.16</td>
<td>14.44</td>
</tr>
<tr>
<td>Electricity &amp; Water</td>
<td>2.24</td>
<td>4.35</td>
<td>5.07</td>
<td>5.99</td>
<td>6.34</td>
<td>6.58</td>
</tr>
<tr>
<td>Construction</td>
<td>6.03</td>
<td>0.80</td>
<td>9.56</td>
<td>9.98</td>
<td>10.32</td>
<td>10.65</td>
</tr>
<tr>
<td>Transport and Communication</td>
<td>17.24</td>
<td>22.17</td>
<td>23.64</td>
<td>25.20</td>
<td>25.97</td>
<td>26.45</td>
</tr>
<tr>
<td>Financing, Insurance and Real Estates</td>
<td>-</td>
<td>-</td>
<td>4.92</td>
<td>5.90</td>
<td>6.47</td>
<td>6.48</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>0.94</td>
<td>3.28</td>
<td>0.53</td>
<td>0.83</td>
<td>0.99</td>
<td>1.07</td>
</tr>
<tr>
<td>Community, Social &amp; Personal Services</td>
<td>37.27</td>
<td>56.07</td>
<td>64.44</td>
<td>69.18</td>
<td>70.71</td>
<td>72.20</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>70.50</strong></td>
<td><strong>107.31</strong></td>
<td><strong>128.58</strong></td>
<td><strong>144.41</strong></td>
<td><strong>150.45</strong></td>
<td><strong>156.94</strong></td>
</tr>
</tbody>
</table>


It is evident from Table-III that the public sector has raised the employment from 70.50 lakhs to 156.94 lakhs over a period of twenty one years. The employment in community and social services...
accounts roughly 50 per cent of the total public sector employment right from 1961 to 1980. There has been a continuous rise in the employment in the public sector from 1972 onwards due to the taking over of the cooking coal mines by the government. The share of financing and insurance and real estate was negligible in 1961, but in 1975 it constituted more than 50 per cent. The industrywise classification of employment as at the end of 1979 in public sector enterprises has provided employment to 156.94 lakh persons. The growth of employment in the public sector enterprises however has not been fast due to the fact that majority of the industries such as steel, chemicals and fertilizers are capital intensive.

It is also noticeable feature that public sector in India has offered considerable employment opportunities to people. Of the organised sector employment of 239 lakhs in June 1983, the public sector employed over two third or 164 lakhs. It has a big pool of skilled manpower and some of the best talents in engineering, management, finance and consultancy is to be found in the public undertakings.  

After analysing different segments of public sector in India, we now turn to highlight the existing pattern of industrial relations in the public and private sector undertakings in our country. Public enterprises constitute the socialist sector in the mixed economy. It would, therefore, appear natural to expect the production relations, i.e., relationship between the partners in production-managers and workers to be different from the one in the non-socialist or private enterprises. But we should note that every economy, capitalist or socialist has to face the problem of managing industrial conflicts. An industrial unit is an institution common to capitalist and socialist economies or such segments of a mixed economy. All industrial enterprises are characterized by features such as authority relations, latent interests, interest groups and industrial classes. Persons in certain positions possess the right to make decisions, others are expected to comply with the decisions. This contains the germs of conflict and misunderstanding between the management and workers. 16

Some eminent economists and industrialists are of the view that the replacement of capitalists and entrepreneurs by professional managers will eliminate class conflicts. J.K. Galbraith, in New Industrial State forecasts that professionalisation of management will lead to a situation where strike will have no relevance and unions will have no role. But there are others who hold the view that industrial units retain their conflict potential irrespective of the incumbents in positions of authority and decision making or whether the source of legitimacy of their position in inheritance, election or appointment. The interest groups retain latent interests and as a consequence, the industrial enterprises retain their conflict potential. By way of illustration it may be noted that irrespective of the nature of ownership the attitude towards wages as a cost component is necessarily different from the one which looks as it as incomes. It cannot be over-emphasised that conflicts arising out of such divergent attitudes between industrial groups have their terminal points, when one group wins and the other loses. It follows then that these groups will
<table>
<thead>
<tr>
<th>YEAR</th>
<th>Public Employment (in millions)</th>
<th>Private Employment</th>
<th>Total</th>
<th>No. of Industrial Disputes</th>
<th>Public</th>
<th>Private</th>
<th>Total</th>
<th>No. of Workers Involved</th>
<th>Public</th>
<th>Private</th>
<th>Total</th>
<th>No. of Mandays Lost</th>
<th>Public</th>
<th>Private</th>
<th>Total</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>7.417</td>
<td>5.160</td>
<td>12.577</td>
<td>177</td>
<td>1314</td>
<td>1491</td>
<td>128</td>
<td>5.77</td>
<td>705</td>
<td>532</td>
<td>5.589</td>
<td>6.121</td>
<td>5.77</td>
<td>705</td>
<td>532</td>
<td>5.589</td>
</tr>
<tr>
<td>1963</td>
<td>8.954</td>
<td>6.043</td>
<td>15.000</td>
<td>198</td>
<td>1637</td>
<td>1835</td>
<td>102</td>
<td>889</td>
<td>991</td>
<td>704</td>
<td>5.766</td>
<td>6.470</td>
<td>889</td>
<td>991</td>
<td>704</td>
<td>5.766</td>
</tr>
<tr>
<td>1981*</td>
<td>15.045</td>
<td>-</td>
<td>-</td>
<td>593*</td>
<td>1333*</td>
<td>-</td>
<td>6.23*</td>
<td>5.59*</td>
<td>6.967</td>
<td>15.593*</td>
<td>-</td>
<td>-</td>
<td>6.967</td>
<td>15.593*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Increase/Decrease over 1962 | 102.84 | 39.68 | 76.93 | 505.08 | 50.4 | 104.42 | 1041.40 | 144.88 | 307.65 | 1338.90 | 547.66 | 616.43 |

SOURCE: Ministry of Labour, Govt. of India, Various Issues of Pocket Books of Labour Statistics.
* Provisional.
mobilise all sources of support towards the fulfilment of their respective goals. To a great extent, the existing drama of industrial disputes and class conflict in industry is the outcome of their efforts to influence the terms of settlement at the terminal points. 18

In our country, a comparative study of the existing pattern of industrial relations in both the sectors (public and private) has both theoretical and practical relevant. The main purpose of Table IV is to make a critical analysis of the relative growth of both the sectors in regard to variables namely volume of employment, number of industrial disputes, number of workers involved and the number of man-days lost.

Data presented in Table IV reveals that the total employment (public and private) has increased by nearly 77 per cent i.e. by 12.5 million to 22.2 million between 1962 and 1980. Similarly, the total employment in the public sector has gone up by nearly 103 per cent i.e. 7.4 million to 15.0 million in

Employment in private sector went up from 5.1 million in 1962 to 7.2 million in 1980, indicating an overall rise of nearly 40 per cent. This means that the rate of increase in the public sector is much higher than rate of increase in the employment in private sector. It is interesting to note that the rate of increase in the public sector is also higher than the rate of increase in total employment itself.

The table also reveals that the number of industrial disputes went up by more than 104 per cent during the period under reference, whereas the number of industrial disputes in the public and private sectors have increased by 505 per cent and 50.4 per cent respectively. Here it is also important to note that the number of industrial disputes in the public sectors are ten times higher than the industrial disputes witnessed in the private sector. This implies that the confrontation of labour force is more alarming in the public sector than the private sector which requires immediate attention of the Government.

The table further reveals that the total
number of workers involved have gone up to 308 per cent whereas the number of workers involved in public sector showed an overall rise of 1041 per cent, as compared to 145 per cent in the private sector. Here also the rate of increase in the number of workers involved in the public sector outpaced the rate of increase in the number of workers involved in the private sector. This is contributing to the fire. It has also emerged from the table that the number of mandays lost went up by more than 616 per cent while the same went up by 1339 per cent and 548 per cent in case of public and private sectors respectively. It means the rate of mandays lost is very much higher in case of public sector rather than the private sector during 1962 to 1980. This all leads to a conclusion that the industrial relations are at the lowest ladder in the public sector while it will not be correct to say that the same are the cordial in the private sector.

In an expanding public sector, where the growth of employment is also phenomenal, the administration of industrial relations in public sector undertakings is of crucial significance for
the success as well as for the fulfilment of the aspirations of the labour. The tasks are, therefore, challenging and cumbersome. One of the major management issues which has surfaced and also causing anxiety to the top management in public enterprises, has been the state of industrial relations which has an adverse and destabilising impact on country's public sector. The cruciality of this area of management has prompted administration in the public sector to give a sound thinking on the various elements which constitute the state of industrial relations at any point of time in the public sector.

The Government as employer should function as a model employer in public enterprises as it combines in itself the function of employer as well as of the government of a welfare State. Strikes in Heavy Electricals in 1970, Hindustan Housing Factory in 1969, Indian Air Lines in 1973, Railway strike in 1974, and recently the strike in Hindustan Aeronautics and the Life Insurance Corporation of India prove that there is some weakness in the working of these undertakings and the state of industrial relations in these leaves much to be achieved.
The reasons for these strikes are chiefly the traditional bureaucratic attitudes and prejudices, lack of administrative autonomy and commitment on the part of managers, political interference, delayed decision on labour disputes; non-application of labour laws and regulations; unfair treatment of the workers and unfair labour practices; absence of representation of workers in management forums, multiplicity of unions, unions with different affiliations, politicisation of unions, inter and intra-union rivalry; and absence of incentives.

It is evident that the success of the industrial relations system must depend on the efficient and effective integration of its administration, as well as on the mutual goodwill of the parties involved therein.

There are various segments which are noticeable in Indian concept of workers participation in management in public enterprises namely statutory committees, joint management councils, worker-director on the Board of Management and shop floor and joint councils. The Works Committee which owes
its genesis to provisions contained in the Industrial Disputes Act 1947 is to address itself only to welfare matters. Items outside its purview are planning and development, matters connected with retrenchment and lay off, wages and fixation of labour force. Such Works Committees were to be constituted in every undertaking employing 100 or more workers. Both the representatives of workers and those of employers were to be equal in number. The representatives of workers were to be chosen from among those engaged in the undertaking and in consultation with their registered trade unions, if any. The Works Committees were to attend to the day to day problems of the work place compose any material difference between labour and management relations. The Indian Labour Conference which was held in November 1947 also accepted the principles of joint consultation and urged the employers to set up works committees and production committees for promoting efficiency, increasing production and developing harmonious relations between workers and management. The Central Government also took initiative to extend joint consultation in central
The planners emphasised the importance of the role of industrial labour in the programme of industrial development. The worker is the principal instrument of fulfilment of the targets of the plan and in the achievement of economic progress declared in the First Five Year Plan document.Labour was also advised to have a keen realisation of the fact that in an under-developed economy, it cannot build for itself and the community a better life except on the firm formulation of a higher level of productivity to which it has itself to make a substantial contribution. The Plan also highlights that the workers fitness to understand and carry out his responsibility grows and he is equipped to take an increasing share in the working of industry by closest collaboration through consultative committees at all levels between employers and employees for the purpose of increasing production, improving quality, reducing cost and eliminating waste.

18. Pylee, M.V: Workers Participation in Management; Myth and Reality, New Delhi, NV Publication, 1975, p.27.
Workers participation in management received a further emphasis when the Second Five Year Plan was launched whose main thrust unlike First Plan was on the development of industry. According to Plan document, "Not only that, the emphasis also tended to shift from collective bargaining in the First Five Year Plan to workers participation in the successive Five Year Plan."\(^{22}\)

In a socialist democracy, labour is a partner in the common task of development and should participate in it with enthusiasm.\(^ {23}\) In pursuance of the recommendations of the Industrial Policy Resolution of 1956 the Government came up with a new scheme of participation in the form of the scheme of Joint Management Councils. The scheme was envisaged as a voluntary measure aimed at giving the workers a sense of belonging to the undertaking. The Second Plan proposed strongly the establishment of Joint Management Councils even in undertakings where works and Production Committees were in operation. It also calls upon the management the responsibility to

\(^{22}\) Govt. of India, Planning Commission, The First Five Year Plan, New Delhi, 1952, p.573.  
\(^ {23}\) Ibid, p.49.
supply to the Council fair and correct statements of all relevant information on matters which are related to collective bargaining.

These councils which also comprise of equal number of representatives of management and workers are to be set up as a result of agreement between employers and trade unions. Decisions of the council would have effect only if taken unanimously. The scope of joint management council is wider than works committees, as the former were to be consulted by the management on matters like general administration of standing orders, introduction of new methods of production, closures and reduction of operations. The joint management councils would also have the right to receive information, discuss and give suggestions on general economic situations and in running the concern, production and sales programmes, long-term plans and annual accounts. Another significant difference between the works committees and joint management council is that the latter is to be entrusted with responsibilities of administration, welfare measures, supervision of safety measures, operation of vocational training,
and apprenticeship schemes.

The experiment of joint management councils was implemented in the public and private sectors in 1958, and since then the Hindustan Machine Tools was the first public enterprise to carry out this experiment. In 1959, the scheme of J.M.C. was launched in Indian Telephone Industries, Fertilizers and Chemicals, Hindustan Cables Ltd., and Hindustan Insecticides Ltd.

The scheme of J.M.C. was based on the draft scheme prepared by the sub-committee and subsequently modified by the two-tripartite National Seminars on the subject held in 1958 and 1960, respectively. The matter was also taken up for discussion at the Indian Labour Conference and the Labour Ministers Conference held in November 1969. Some of the State Governments supported the recommendations of the Commission for the amalgamation of J.M.C.s. and Works Committees. While some other State Government did not agree. The recommendations of the National Commission on Labour were examined in the light of the discussions in Labour Ministers Conference and
the Indian Labour Conference and Joint Consultation at the plant level was discussed. The Gujarat Government had amended the Bombay Industrial Relations Act 1946 and the Industrial Disputes Act 1947, making provisions for setting up J.M.Cs. in big undertakings in which 500 or more employees were employed or have been employed. The amendment Act namely the Bombay Industrial Relations and Industrial Disputes Act was assented by the President on 5th October, 1972.

Joint Management Council (J.M.Cs) were envisaged to be an instrument of Labour Policy and were expected to constitute towards the economic prosperity and industrial growth of the country. But the hopes pinned on the J.M.Cs were belied as these councils did not prove to be effective. This was, however, not because of any major opposition from either the employers or the employees. One of the reasons for the failure of the J.M.Cs. was the matter like wages and financial benefits outside the purview of the councils work both the employers and workers did not perceive the usefulness of such organisation. Besides both the Works
Committees and the J.M.Cs. functioned in the same areas thereby creating confusion among the employers and employees.

The National Commission on Labour (1968) held the view that lack of interest by the parties in the consultative process had been a major factor in the lack of progress in implementation of the concept of the workers participation in management. 24 Whereas government thought that the scheme of joint management councils would offer many opportunities and challenges. The Government expected that with an awareness of their rights and responsibilities and the management and workers would faithfully implement the scheme. This awareness of rights and restraints does not, however, dawn on the workers and management/managers suddenly. On the one hand, the ground has to be prepared by the Government for proper inculcation of this new discipline and sense of urgency and on the other, the managements and trade unions have to establish institutions and practices that will help the growth of democratic values in the management of enterprises.

In order to revive the spirit of participative management, the Government of India, as a part of the 20-point Economic Programme had formulated a scheme for workers participation in Industrial units at shop floor and plant level in October, 1975. The details of the scheme has already been discussed in the previous chapter. The scheme is considered an improvement over the system of joint management council as it has provided for participative management both at the shop floor and plant level. While the earlier system was limited only to the plant level participation. According to the information available in the Ministry of Labour by the end of 1980, 545 establishments, including 253 units in mining sector, 248 in the public sector and 44 in development undertakings have implemented the scheme. Though majority of the public enterprises have chosen to implement the scheme as enunciated in the Ministry of Labour Resolution, a few of the undertakings largely under the administrative control of Ministries of Fertilizers and Chemicals, Shipping and Transport, and departmental undertakings under the Ministry of Defence and Railways have also adopted alternative schemes. The units under the Ministry
of Fertilizers and Chemicals had constituted Joint Management Councils and its sub-committees under the 20-point programme for participative management evolved by the Ministry. The Ports and Docks under the Ministry of Shipping had constituted shop floor committees. The departmental undertakings under the Ministry of Defence had constituted Production Committee while those under the Ministry of Railways had also constituted similar committees, called Productivity Committees. Some of the undertakings like Hindustan Machine Tools at Bangalore had evolved a scheme for workers participation even prior to the Government Resolution, has continued with their earlier arrangements. The notable public enterprises where the scheme is functioning effectively are: The Bharat Heavy Plates and Vessels Ltd., Visakhapatnam, The Hindustan Photofilms Manufacturing Co. Ltd., Ootacamund, the Bharat Gold Mines Limited, Ootgaum, the National Newsprints & Paper Mills Ltd., Nepanagar, and Hindustan Insecticides Ltd., Delhi.

The scheme of workers participation in management at the shop floor and plant level has found
acceptance in both the sectors, i.e. public and private sectors. However, it was in the central sphere that the implementation had been extensive. As many as 13 government undertakings, 141 public sector units in the manufacturing sector and 224 collieries under Coal India Ltd. had ensured a say for the workers in the production schedule at the shop floor and plant level. The development undertakings in which the scheme had been implemented include government units, Tele-communication factories, presses, Ordnance and Railway factories.

Among the States, Tamil Nadu has implemented the scheme of participation in 136 units, Andhra Pradesh implemented the scheme in 56 units, Gujrat 123, Haryana, 42, Madhya Pradesh 45, Maharashtra 270, Karnataka 30, Uttar Pradesh 146, Delhi 6 units, Goa 1 unit, Jammu & Kashmir 1, Himachal Pradesh 2 units, Chandigarh 3 units, Andaman & Nicobar 2 units, Bihar 100 units, Rajasthan 35 units, West Bengal 83 units, Karnataka 30 units, Orissa 65 units and Punjab 57 units.25

The renewed interest for the experiment of workers participation in management in 1982 was to enhance productivity and efficiency as well as to improve worker-management relations. Workers participation in industry has been enshrined in the Indian Constitution in Article 43 of the Directive Principles of the State Policy. It enables the representatives of both workers and management to come closer and share responsibilities on equal footing. The economy possesses a serious challenge of recession. In order to survive as a developing nation and to keep up and improve our competitive spirit in domestic as well as international markets, productivity and efficiency will have to be considerably improved. Participative approach has much practical relevance to productivity and efficiency in factory, farming, administration and business establishments. In fact any realistic approach to the rationale of workers participation in management cannot make much headway so long as it is not linked to the processes and problems of productivity in a wider sense. What is perhaps most important and necessary at the present situation is the motivation
of workers and their willing acceptance to the idea of constant enhancement of productivity in all aspects.

It is, therefore, felt that workers participation in management may perhaps improve the sense of industrial climate by bringing the workers within the scope of participative management. It is also felt that if the participative management can be a success, industrial relations would certainly undergo a positive change and bring about a new dimension in the field of industrial relations. Therefore, workers participation approach leads to individual growth and creativity, maximise satisfaction through greater say in the matters of organisation and improve all round efficiency and productivity of workers. Industrial units are increasingly becoming a cooperative endeavour and therefore, it is necessary to create a proper social environment in which all factors of production work in harmony to achieve the full productive potential. This we can have only by removing psychological barriers through participative management, by increasing workers morale and by giving the workers a sense of involvement. It
is, therefore, essential to have a more democratic and participative approach to the solution of problems on the part of management and workers.

Analytical studies on industrial relations in all developing countries suggest that a more democratic leadership style is likely to be associated with a more positive attitude to work and a greater sense of involvement in the job on the part of workers. In fact, a management which is conscious of its obligations to its workers and consumers at large and believes in effective consultation and fair play is likely to be on much stronger in dealing firmly with unreasonable demands from whatever quarters they may originate.

CONCLUSION:

Public enterprises have a very short history in India extending back not even to half a century. The growth of public enterprises in the country is essentially a post-independence phenomenon. In the years after independence it was realised that the

industry has to play a very significant role in the economic and industrial development. Keeping in view the socialistic pattern of society as the objective towards this end, it was felt that the State must play progressively an active role in the development of industries. As a consequence that the State assumed direct responsibility for the future development of industrial sector of the country.

The reviews of the functioning of the scheme of workers participation in management through Joint Management Councils in public enterprises would reveal that J.M.Cs. have not produced any real impact on the working of the public enterprises where they have been introduced. The National Commission on Labour is also of this opinion—"there does not appear to be much support for the institution of J.M.C.s. in their present form."27

To make up certain difficulties, patch up the loopholes in the conceptual, organisational as well as procedural aspects, and to establish the scheme

of workers participation in management at the basic level in the public and private enterprises. A new scheme particularly at the shop floor level and plant level and production programme was introduced in 1975. The undertakings in which these shop councils were established include textiles, jute, sugar, cement, fertilizers, steel and engineering. In 1977, another scheme was announced which only covered the public enterprises which were service organisations and employing 100 or more workers. The scheme envisaged the setting up of unit level councils. These councils were expected to eliminate factors which hampered operations and improvement in the methods of operations. We have been observed that other forms of workers participation like representation of workers on the Board of Public Enterprises and participation in equity capital by workers have also been implemented.

Therefore, it is suggested that introduction of any scheme for workers participation in public enterprises whether by statutes or through bipartite agreements will have to be flexible so that suitable
pattern of participation may be evolved and implemented in all sectors of the economy in general and public enterprises in particular.