PART IV

CONCLUSION
CHAPTER VIII

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS
Labour participation in Management is an integral part of the new socio-economic order, based on the principles of democracy and social justice, which is gradually emerging in India.

In each country, the pattern of labour participation has been conditioned by political, economic and social forces. In India, Joint Consultation has been found to be the most suitable and acceptable form, which is being practised at the plant level through Works Committees and Joint Management Councils. Whereas Works Committees, representing a very elementary stage in labour participation are statutory bodies and provide for direct participation, Joint Management Councils are voluntary in character, wherein workers' representatives are nominated by the trade unions concerned. This pattern is a combination of practices prevalent in other countries, in that the system is both statutory and voluntary and provides for direct as well as indirect participation. At higher levels, labour participation has taken the form of tripartite consultation.

Works Committees.

The study reveals that the progress and functioning of Works Committees had been impeded by the failure of the Government to enforce the legislative provisions relating to the constitution of works committees, lack of clarity in approach
about their character and jurisdiction, conservative and unhelpful attitude of employers, apathy of trade unions and widespread illiteracy and ignorance of workers. Consequently, Works Committees could not be constituted in all the units covered by the Act and those actually set up could not function effectively.

Acknowledging the role of Works Committees as organs of labour participation, it is suggested that:

1. Sincere efforts should be made by the Governments, employers and trade unions to set up Works Committees in all the units which fall within the purview of the Act. It is hoped that public sector would serve as a model.

2. Works Committees should continue to remain a statutory body. Whatever the merits of voluntary consultation, it would be inappropriate to change the status of Works Committees at present, in view of the prejudices prevailing against them in the minds of employers due to their past performance.

3. Realising that Works Committees are consultative bodies with only advisory role to play, they should confine themselves to their 'redefined' functions and strictly avoid the field of collective bargaining, however strong the temptation or the prospects may be.

4. Regarding tenure, Works Committees should be made continuous institutions, half members of which may retire every year. This practice would maintain continuity in their work and retain services of experienced persons therein.
5. Workers' representatives on the Committees should not do anything which may undermine the status and the authority of trade unions. The unions, on their part should not only provide the required guidance to their members but also give them some freedom of thought and action.

6. Adequate arrangements should be made for the training of Committee members.

**Joint Management Councils**

The success of labour participation in India will be judged by the extent and performance of Joint management Councils, the main organ of participation. The progress in both these respects has been extremely slow. The number of Councils and the pace at which they have grown is disappointing and the Councils, functioning so far, have no spectacular performance to their credit. The problem is thus two-fold, the extension of the scheme and the smooth functioning of the Councils. Though some of the factors affecting the two aspects of labour participation are common, yet it would be appropriate to discuss them separately.

The extension of the scheme will ultimately depend on the growth of the trade union movement as a whole, the evolution of a sound system of industrial relations and the expansion of education and training in all its aspects, which together constitute the foundations on which the edifice of labour participation in this management has to be built in India. It is evident from that we can hasten the progress of Joint Management Councils by hothouse forcing methods; it is bound to be a slow and gradual process. In the meanwhile, following steps may be taken to stimulate
the expansion of the scheme:-

1. The Government, employers' associations and trade union federations should take more active interest in propagating the idea of labour participation and should disseminate information on joint consultation through lectures, conferences, publications etc.

2. As a model/player, the State must make special efforts to introduce the scheme in public sector undertakings. In view of the fact that most of them have been recently set up and the pattern of industrial relations is in an evolutionary stage, the Joint Management Councils can be conveniently integrated into their growing framework.

3. The criteria for selection of units needs to be modified and/or made more specific in the following respects:

   (i) Criterion No: 1. "Well-established trade union" may be specified to mean a representative union which satisfies the prescribed conditions and is recognised by the management.

   (ii) Criterion No. 2 is redundant and may be deleted.

   (iii) Criterion No. 3. Since labour participation is likely to be more successful in small units, where contacts between management and workers are comparatively closer and communication better, the present minimum limit of 500 workers may be relaxed and reduced to 100, which is also the size statutorily fixed for the constitution of Works Committees. This will pave the way for the establishment of Joint Management Councils in units where Works Committees function successfully.

   (iv) Criterion No. 4; The restriction that the employers/unions should be members of their respective central organisations
should be withdrawn, and all encouragement and facilities should be provided to independent employers/unions to set up the Council.

(v) Criterion No. 5. "Fair record of industrial relations" should not only mean absence of work-stoppages. It may be specified to imply that collective bargaining with all its implications will be a normal feature of industrial relations in the undertaking.

The Councils have by and large failed to achieve the objectives for which they were constituted. Due to a number of difficulties which have been broadly classified as conceptual, environmental, attitudinal and operational, the Councils could not adequately perform the functions entrusted to them. These difficulties also highlight the importance of correct attitudes, strong trade unionism, effective collective bargaining and adequate education and training in the context of labour participation in management.

**Twenty Five Point Programme For The Successful Functioning Of Joint Management Councils.**

It is against this background that the following suggestions are made for effective and improved functioning of Joint Management Councils in India.

1. The uncertainty about the character and scope of the Councils should be immediately removed. The employers and the unions must clearly understand that (i) the Council is only a consultative and advisory body, (ii) consultation is restricted to the prescribed functions, and (iii) decisions of the Council are not binding on the management, though a convention may be developed to implement all the unanimous decisions.

   An unequivocal declaration by the Government to
this effect will go a long way in eliminating from the minds of the employers the fear that the Council would deprive the management of the right to manage by usurping its functions and taking away its prerogatives. Such a declaration would also assure the unions that the Council was not intended to be a substitute of the union but only to supplement its functions. By implication, the above mentioned features of the Joint Council have been brought out. Many a time, in meetings and conferences, but in view of the continuing uncertainty and confusion, they have to be clearly stated, emphasized and publicised.

2. Efforts should be made to achieve a strong and representative trade union organisation in the unit - this can partly be done by reducing multiplicity to the minimum and thereby eliminating inter-union rivalry - and the employer should provide reasonable facilities for healthy development of the union. Real cooperation is possible only if genuine trade union exists.

3. The management and the union should work out a suitable machinery for regulating their relations, which implies a systematic procedure, acceptable to both parties, for collective bargaining, conciliation and arbitration.

1. Addressing the 20th Indian Labour Conference, the Union Minister for Labour had stated that the present programme of labour participation in management had 3 main ingredients, viz., (i) supply of information, (ii) consultation on major developments and (iii) management of some welfare activities. "None of these", he declared, "can cause pangs of conscience even in countries which are not committed to socialist ideas."

2. For measures to strengthen trade unions, see Chapter V.

3. For details, see Chapter VI.
4. A well defined Grievance Procedure should be set up in the unit and the workers should be encouraged to avail of it for the settlement of their grievances. This is necessary to prevent the Council from becoming a forum for ventilation of grievances.

5. The pattern of management should be democratised. Information sharing, consultation and delegation of authority at all levels should become a normal feature of the management of the undertaking.

6. Sincere efforts should be made to make the Suggestion Scheme a success. In the units where the Suggestion Scheme does not exist, it should be introduced forthwith. Suggestion Scheme is a good device to initiate the workers into the general problems of the enterprise and arouse their interest in the Council.

7. The term of the Council should be at least two years. Where it is one year at present, it should be raised to two.

8. The size of the Council should have some proportion to the number of workers employed in the unit. Small undertakings should not have big Councils. Too many sub-committees should also be avoided in small units. Functions of some sub-committees can be safely combined, for example, there may be only one sub-committee for Canteen and welfare. Similarly, one sub-committee can look after production and safety.

1. For details of the Grievance Procedure, see Chapter VI.
2. Measures for making Suggestion Scheme a success have been discussed earlier in this Chapter.
9. Management should nominate at least two top executives on the Council. Their presence will not only add to the status of the Council but also expedite its business and ensure management's acceptance and implementation of the decisions of the Council.

10. The Union, while nominating its representatives, need not necessarily be guided by the popularity or trade union activity of the candidates. Due consideration should be given to the educational background, familiarity about the work in different sections, length of service etc. The object should be to select persons who can make useful contribution to the successful working of the Council. Care should also be taken to avoid persons, who normally engage in collective bargaining with the management.

11. The company should take advantage of the Government's scheme of Workers' Education to educate and train the workers inter-alia regarding the scope and functions of the Council. The Central Board for Workers' Education should give priority to the undertakings which have a Joint Council or propose to have it soon. A well conceived and well planned programme of workers' education will be helpful in broadening workers' outlook and widening their horizon.

12. Satisfactory arrangements should be made for an intensive training of workers' representatives on the Council. The trade union may seek the co-operation of the Regional workers' Centres of the Central Board for/Education, Local Regional or

1. For details, see Chapter VII.
2. Ibid.
State branch of the National Productivity Council, the University, if any, in the vicinity and the State Labour Commissioner.

13. Management representatives should also be trained about the objectives, functions and working of the Councils. At the middle or junior levels of management, there are few persons who can appreciate and handle the problems of the Joint Management Council. Experience has shown that many of them failed to grasp the significance and appreciate the implications of the experiment in labour participation in management.

14. Every Council should have a well defined rules of procedure regarding framing of agenda, convening of meetings, conduct of meeting, recording of minutes and allied matters.

15. The management should ungrudgingly provide secretarial facilities to the Council.

16. Among the subjects to be included in the agenda of the meetings of the Council, importance may be given to the problems of production and productivity. This will raise the level of discussion to a more constructive plane.

17. The Council should hold regular meetings irrespective of whether or not there are adequate subjects for discussion. It would be advisable to fix a particular day of the month for the Council meeting and the meeting must be held irrespective of the convenience of an individual, whoever and howsoever important, he may be. Once a particular day of the month is fixed for the Council meeting, it should be easy for the members to so arrange their programme as to be free on that day.
18. More emphasis should be given to communication. Information relating to finances, marketing, expansion programme and other problems of the enterprise, should be furnished by the management to the workers' representatives, irrespective of whether or not they seek such information. Inspite of lack of education, workers' representatives will gradually understand and appreciate the problems of management, if sincere efforts are made in this direction. They should not be made a scapegoat for management's reluctance to part with the so-called secrets of business.

19. Responsibility for the administration of welfare and safety measures and Suggestion Scheme should be entrusted to the Council and the Council should enjoy sufficient autonomy in regard to these matters. For example, within the funds placed at its disposal, the Council should be free to organise welfare activities without any interference by the management. The workers should be encouraged to assume this responsibility and one way of doing this is to allow them to make mistakes and be tolerant to their shortcomings.

20. Every effort should be made to keep collective bargaining issues out of the purview of the Council.

21. All the decisions of the Council should be promptly implemented. If some proposal of the workers' representatives is not acceptable to the employers' representatives, it would be advisable to say so in the Council meeting; but once an agreed decision is taken, there should be no reluctance or delay in implementing it.
22. Wider publicity should be given to the work of the Councils. For this purpose, minutes of the Council meeting should be placed on the notice board; information of a confidential nature may not be displayed. Workers' representatives may be encouraged to occasionally talk to the workers of their respective departments about the progress of the Council. It may be advisable for the union to hold annually at least one general meeting of all the workers to explain the purpose, functions and achievements of the Council. It will also be useful if a few workers (by turn) are invited, as observers, to every meeting. It will, on the one hand, give wider publicity to the Council and on the other, train future councillors.

23. Efforts should be made to achieve a better coordination between Works Committee and Joint Management Council; particular care should be taken to ensure that the Works Committee is not completely overshadowed by the Council.

24. The attitudinal climate, in which the Councils are functioning at present, is not very conducive to their effective working. It is necessary that all the parties concerned give up the present indifference and hostility towards the Council and adopt a more positive, co-operative and constructive attitude. While such a change cannot be brought about overnight, it is hoped that the implementation of the measures suggested above, will help in developing proper attitudes.

25. Some of these steps should be taken before the Council starts functioning, important among which are, education of rank
and file workers, training of workers' representatives, establishment of a well defined grievance procedure and the introduction of an effective suggestion scheme. A period of six months to one year may elapse between the decision to set up the Council and its actual functioning. This period may be utilised to provide the above requisites.

The foregoing twenty five point programme does not warrant any change in the structure, composition and functions of the Joint Management Councils in the near future. The present pattern is fairly elastic and can be easily adjusted to suit individual requirements. In view of the present state of trade union movement, industrial relations system and low level of literacy and education, there appears to be no need of enlarging their functions either, which are fairly comprehensive. In the long run, however, some structural and functional changes will have to be made for effective labour participation in management.

To strengthen the element of democracy in the Councils, the present nomination system may be replaced by election which will provide the workers with the opportunity of direct participation. But this can be done only when trade unions gather momentum and strength and are no more afraid of the Councils usurping their functions.

The areas of consultation will have to be gradually enlarged so as to include personnel, marketing and financial aspects of management also. A stage may be envisaged when no field will remain the sole prerogative of management. Though

1. It may be advisable to select such units where the workers'
the final decision-making will vest in management, labour will have a right to be consulted on all matters and nothing except collective bargaining issues will be excluded from the purview of consultative bodies. It is then that labour participation, so far as joint consultation is concerned, will be complete and final.

As a long-term measure, it would be inappropriate to allow Works Committee and Joint Management Council to exist side by side in a unit. Besides the overlapping of functions, it will be meaningless to continue indefinitely an elementary institution like Works Committee along with the Council, which is comparatively an advanced one. It is, therefore, recommended that after the introduction of election system, the Works Committee may be dissolved in those units where Joint Management Council has been functioning successfully, say for three years, and its functions may be taken over by the Council.

Trade Unions.

The Trade Unions in India are both quantitatively and qualitatively weak. Covering only a small section of total working population, suffering from paucity of funds, dominated by outside leadership, further weakened by political and ideological differences, resulting in multiplicity and inter-union rivalry, trade unions in India are performing very inadequately the functions expected of them in an industrialised society.

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2. This is similar to the time gap between the issue of certificate of incorporation and certificate of commencement in a Public Limited Company.
Trade union and industrial relations policies of the Government do not synchronise with its objectives of developing a strong, well-organised and responsible trade union movement. The development of a healthy trade union movement is a long-term process but the following legislative provisions will go a long way in accelerating its growth:

1. To prevent the 'mushroom' growth of unions, a minimum membership, say 5%, may be prescribed for the registration of a union. The intention in imposing this restriction is not to deny the workers the right of association but to ensure that only genuine unions come up.

2. The provisions of the Indian Trade Unions Act, 1926 should be more strictly enforced and the unions not complying with them, in any respect, should be deregistered forthwith.

3. For the democratizing functioning of trade unions, it is necessary that they should be under an obligation to conduct their affairs in accordance with their constitution, failing which the Registrar of Trade Unions may be empowered to cancel their registration. Trade union officials, found guilty of wilful violation of the constitution of the unions may be disqualified to hold office in any union for a prescribed period.

4. To encourage 'inside' leadership and to compel the unions to throw leaders from within, the maximum number of outsiders as officers of the unions may be reduced from the present level of 50% to 25%. It may further
be provided that at least one of the two office bearers - President or Secretary - will be a person actually engaged in the industry. The question of prescribing the maximum number of union offices a person may be allowed to hold, also deserves consideration.

5. Regarding recognition, voluntary efforts including Code of Discipline have been ineffective, the criteria of recognition under the Code is undemocratic in principle and unworkable in practice and the present 'verification' procedure for determining the strength of a union is open to serious objections. It is, therefore, recommended that:

(i) Legislative provision be made for the recognition of unions satisfying prescribed conditions.

(ii) The union claiming recognition should have at least a 50% membership of unionised workers or 25% of total workers whichever is more, in the establishment/industry concerned.

(iii) The 'verification' procedure may be replaced by the ballot system.

Further, the rights of a recognised union may be clearly defined. To make recognition meaningful and worthwhile, only the recognised unions may be given the right to bargain with the employers and avail of industrial relations machinery. At present, every registered union enjoys the right to invoke the industrial relations machinery, which may now be withdrawn in the units where a recognised union exists. In the units where there is no recognised union, the union having the largest member-
ship, may be given limited rights of recognition; for example, it may be allowed to raise disputes under the I.D. Act, 1947, but it will have no right to enter into collective agreements with the employers.

These are some of the directions in which the Indian Trade Unions Act 1926 needs to be amended. They may appear to be too drastic but a stage has now reached when piece-meal tinkering will not do. Complete overhauling of the trade union movement is the need of the hour.

**Industrial Relations.**

In the field of Industrial Relations, the main problem is to develop effective collective bargaining and promote direct negotiations and mutual settlements. The present industrial relations policy with emphasis on compulsory adjudication has proved detrimental to the development of healthy industrial relations. Voluntary measures like Code of Discipline have also been ineffective. The following measures will help the development of industrial relations on sound lines:

1. The conciliation machinery should be strengthened by increasing the number of Conciliation Officers and improving their calibre.
2. More use may be made of Conciliation Board than has been the case hitherto.
3. Compulsory adjudication should be reserved only for those disputes which are likely to effect vitally the economic and civic life of the community.
4. Natural corollary of compulsory recognition of unions as recommended earlier, is the legislative provision...
directing the employers to bargain with the recognised union. Refusal to do so may be termed as unfair labour practice.

5. Rules of procedure may be laid down for collective bargaining and legislative provision may be made to secure compliance of collective agreements.

6. Procedural, financial and personnel difficulties in the field of voluntary arbitration should be removed and the parties should be encouraged to make increased use of it.

7. Introduction of a Personnel Advisory Service at the Ministry of Labour and Labour Departments of the State Governments, to advise the industry on labour matters in general and industrial relations in particular, will be desirable.

Education And Training.

There are three aspects of workers' education immediately relevant to the problem of labour participation in management, viz., (i) education of rank and file, (ii) training of Works Committee and Joint Council Members and (iii) training for trade union leadership. The progress has been extremely slow in all these directions. But for the Government of India's scheme administered by the Central Board for Workers' Education, there is no systematic workers' education programme in the country. To meet the present and the future requirements of workers' education in all its aspects, it is suggested that:

1. Substantially more funds than has been the case hitherto, should be provided for workers' education under the fourth
and subsequent Five Year Plans.

2. The activities of the Central Board for Workers' Education should be expanded quantitatively as well as qualitatively.

3. Workers' education is essentially the responsibility of the trade unions and ultimately they must bear it. In the meanwhile, however, they should be provided all facilities by the Government and the employers and thus be encouraged to undertake workers' education programmes. More active association of the trade unions in the programmes of the Central Board will also be desirable.

4. The University should take up specialised programmes of workers' education, such as training for Works Committee or Joint Council Members and training of trade union leaders in financial, marketing and other aspects of business, in collaboration with the Regional Centres of the Central Board. It should also be the responsibility of the Central Board to coordinate the programmes organised by different Universities.

5. The National Productivity Council can also play some useful part in this field and their cooperation should be sought for training Works Committee and Joint Council Members and trade union office bearers in the practical problems of management.

6. The programmes of the Central Board, State Governments, trade unions and other agencies operating in the field should be coordinated and rationalised.
Labour participation in management is a complex and long-drawn process. The experiment, though full of difficulties is a step in the right direction and is indispensable for the socio-economic resurgence of Indian society. The achievement of labour participation in management will, thus, have to remain the major objective of Government's labour policy in the fourth and subsequent Plans. For its realisation, the existing contradictions in the national objectives and labour policies will have to be removed and the latter will have to be reoriented and remodelled on the lines suggested earlier.