CHAPTER V

WORKERS' PARTICIPATION IN MANAGEMENT
OF SUGAR COOPERATIVES

In the previous chapter we have analysed the role of Executive Officers of the cooperative sugar mills of U.P. who perform multifarious duties in managing the affairs of these mills and getting the work done from the operating staff including labour. Labour being one of the basic factors of production in a manufacturing concern, generates an integrating force in policy implementation. It is now universally accepted that personnel resources are the most crucial factors influencing the working of manufacturing units. There is a general belief that the approach of cooperatives towards their employees restricts the role the workers can play in providing maximum benefit to the members of the cooperatives. This attitude leads to tensions and conflicts between the management and workers. To resolve this, both labour and owners must be considered copartners of the enterprise. Therefore, in this chapter an attempt is being made to analyse the status of workers, the extent of their participation in the management of cooperative Sugar Mills of Uttar Pradesh.
WORKERS' PARTICIPATION - CONCEPT:

From management's point of view happy, contented, and efficient employees are a great asset to an enterprise. The participation of workers in management motivate them to work together in an efficient and cordial atmosphere with great economic, social and psychological satisfaction. The concept of workers' participation in management involves the participation of labour in the framing of policies regarding wages, profits and amenities and also in shaping its destiny.

Industrial democracy, participative management, co-ownership, profit sharing, participation in decision making etc. are the terms that are used in relation to workers' participation in management. It is a managerial attitude within the enterprise which enables both the workers and the management to march hand in hand for the fulfilment of operational goals of the enterprise. It implies that the management should be prepared to accept the fact that the productive efficiency of an enterprise is substantially determined by
the willing cooperation of the workers with the management. This concept is based on the fact that the gains of an enterprise are the result both of the management decisions and efficient implementation of these decisions by workers. Thus workers and management are placed on an equal footing. Besides this, the worker-management cooperation is advocated due to the following reasons:

(a) Working efficiency high productivity and adaptability of the enterprise depend much on active cooperation between the employers and the employees. Therefore, it is essential that workers understand the aims and plans of management and confident that their interests are being safeguarded.

(b) Implementation of a scheme of workers' participation will raise the status of workers in the industries to that of co-partners with capital and co-trustees of the enterprise. Benefits of the scheme will create a willing and satisfied labour-force which is essential to obtain maximum productivity in the enterprise.
(c) The scheme is also necessary to promote cordial relations between workers and management which is essential for the maintenance of industrial peace.

(d) With the willing cooperation of workers various labour welfare and safety measures can be effectively implemented. A sense of belonging may also be created with the interests of the establishment.

STAGES OF PARTICIPATION:

So far as the stages of participation are concerned, these may be categorised as:

(a) informative stage, (b) consultative stage,
(c) associative stage, (d) administrative stage and (e) decisive stage. At the informative stage the employer and employees share important information relating to the matters of production, financial position of enterprise etc. Workers, at this stage, have no right to check the correctness of the information passed on by the management. At the consultative stage, the workers are consulted by employers on matters relating to welfare and production
operations of the enterprise, particularly health, safety and welfare activities. This stage of participation is advisory in nature and it is left in the management whether to accept the suggestion or to discard them. Another stage which is called associative is an advance on the consultative stage. At this stage workers are entitled to get information and the management is morally obliged to accept and implement the suggestions of the workers. The next stage is known as administrative stage or collective bargaining under which workers are given the right to be associated with the decisions regarding matters which relate to their welfare and career development. Workers are authorised to some extent to participate in the management to ensure efficient administration. This form of participation visualises consultation of workers i.e. union of workers and management which sit across the table for negotiations. The last stage is decisive stage where workers participation in decision making process is allowed in all matters relating the functioning of the enterprise. At this stage the representatives of
workers have the right to scrutinise and examine all matters relating to the enterprise and participate in the decision making process along with the management. Being the highest form of workers' participation in management, this stage entitles the workers to have their representatives on the board of Directors.

Different forms of workers' participation in management are already found in different industries of India. The pattern of participation depends upon the nature of the unit and initiative of the management to adopt it.

GENESIS OF WORKERS' PARTICIPATION IN INDIA

The scheme of workers' participation in management was first introduced in the textile industry of India in 1910. This scheme took more concrete shape by the end of the first World War. In 1931 the Royal Commission on Labour examined the working of the scheme and recommended workers' representation with the holding of joint meetings of the representatives of the management and the workers. But the scheme could not make much headway on account of the negative impact of the Great Economic Depression and a weak trade union.
movement. The effective beginning of this was made in 1947 when the Industrial Disputes Act provided for the establishment of "Works Committees" under Section 3 (i) and (ii). These works committees consist of equal number of representatives of management and workers. It is set up in undertakings employing 100 or more workers to promote measures for securing and preserving amity and good relations between the employer and the employees. The Committee is supposed to meet regularly to review matters of their common interest and endeavour to compose material differences in respect of such matters. Later, the Industrial Policy Resolution of 1956 gave encouragement to this scheme emphasizing its importance and the necessity of joint consultative machinery and progressive association of workers and technicians with management. The importance of this scheme was also stressed in the Third Five Year Plan. In 1957 the Indian Labour Conference recommended the setting up of a tripartite sub-committee and suggested, in 1958, the size, constitution and other details for the joint management councils providing equal representation to the employers and the employees.
These councils were set up in industries where industrial relations were more cordial, management more enlightened and workers more conscious of their responsibilities. The Government appraised the joint management council scheme in 1962. Later, in 1968 the National Commission on labour examined the scheme and concluded that it could not produce the desired results on account of the apathy and indifference of both the employers' and the employees' organisations. In 1975 the scheme was greatly encouraged with the implementation of the 20 Point Economic Programme. The Government passed a resolution on Oct. 30, 1975 for the formation of shop councils at shop level and joint councils at unit level in industrial establishments as recommended by the Labour Ministers' Conference held in July 1975. A shop floor committee is to look into the production problems, departmental committees are to coordinate the achievements and functions of the shop floor committee and the plant level committees are to look after the overall problems of production cost, quality of products etc.
WORKERS' PARTICIPATION IN COOPERATIVES:

It is a fact that the cooperative enterprises did not welcome the scheme before 1975. The cooperative sugar factories have been criticised by labour organisations on the ground that they have been exploiting consumers and workers as much as the private sector. Workers in these mills that they are not given the place which they deserve in the working of the enterprise. The National Commission on Labour has pointed out that the workers of cooperative sugar factories have not been given any opportunity to participate in the management of the factories. The need of workers' management association in sugar cooperatives was first realised by the Maharashtra State Federation of Cooperative Sugar Factories which set up an expert committee under the chairmanship of Prof. D.R. Gadgil to examine the issue for its applicability in cooperative sugar factories. The committee recommended strongly for the implementation of the scheme. In pursuance of these recommendations the Maharashtra Government took legal steps in 1974 and introduced provisions in Maharashtra Cooperative Societies Act regarding workers'

* See appendix V
** See appendix VI
participation on the Board of Management of cooperative enterprises.

Hence, the cooperative sugar mill in Maharashtra are the first in the cooperative sector of Indian economy to introduce workers' participation in management. The National Federation of Cooperative Sugar Factories approved of the scheme and took the matter up with other State Governments. In 1975 the National Cooperative Union of India (NCUI) convened a national Seminar on 'Role of Cooperatives in the New Economic Programme' in which the importance of effective participation of workers in the management was stressed. The convention strongly recommended constituting the committees at shop floor level and joint councils at plant level consisting of representatives of workers and management, provided that not more than 10 seats on the Board were to be offered to the elected representatives of workers. The cooperative law, rules and by-laws were also proposed to be amended for this purpose. The same issue was considered at the Conference of State Ministers of Cooperation held in September, 1975 which made favourable recommendations.*

* Please see Appendix VII
in this regard. On their recommendation the Consultative Council on Cooperation attached to the Department of Civil Supplies and Cooperation, considered the avenues for successful implementation of the programme, by which workers might be given a status of nominal or associate members. Then on October 30, 1974 the Ministry of Labour in the Union Government, formulated the scheme of workers' participation in management and issued a circular obliging all manufacturing and mining industries whether in public, private or cooperative sector having 500 or more workers on their rolls to follow it. In line with this, the large-sized cooperative undertakings like sugar factories, spinning mills, IF CC etc. started the formation of councils ** at shop floor and plant level. Later on January 4, 1977, the idea of workers' participation in management was extended by a circular of the Ministry of Labour to commercial and service organisations having at least 100 workers. This circular contemplates the setting up of shop floor councils and joint councils at shop floor level and plant level respectively. Before examining the situation

** Please see Appendix VIII
of workers participation in management in cooperative sugar mills of Uttar Pradesh, it is pertinent to examine the position of labour in them.

LABOUR IN COOPERATIVE SUGAR MILLS OF UTTAR PRADESH:

The basic characteristics of the labour in sugar industry is quite different from those of the labour in other industries. The peculiar characteristic of the former lies in its being seasonal and in it the proportion of the unskilled labour being very high. According to the report of the Second Sugar Wage Board for Sugar Industry, 1970, Ministry of Labour, Government of India the figures in the different categories of workers in sugar factories are as under:

(A) As per nature of employment

| (i)   | Permanent  | 29% |
| (ii)  | Temporary  | 6%  |
| (iii) | Seasonal   | 65% |

Total 100%
The highest percentage of workers, according to the figures given above, is in the category of seasonal workers and unskilled workers. Due to seasonal character of the industry, trade unions could neither be successful nor were they very strong.

Wages to these workers are paid according to the rates fixed by the Second Sugar Wage Board. Sugar mills give a retention allowance at 25% of the total wages to the semi-skilled workers and 50% of the total wages to skilled and highly skilled workers and clerks. The Wages Board has fixed a basic pay of an unskilled worker at Rs. 110. The Government provides social security to workers under different Acts. But the provisions of all these Acts are not applicable in sugar industry on the ground of its seasonal nature.
However the Employees' Provident Fund Act and the gratuity scheme are applicable to all permanent and seasonal workers except apprentices. These workers also get graduated and variable D.A., holidays and leave for prescribed number of days. There are 18 holidays in Uttar Pradesh sugar industry list besides three national holidays (15 August, 26 January & 2nd October). Only a few of these fall during the crushing season and those which fall during the season are not observed as holidays for which workers are entitled for extra payment. There is provision for casual leave and sick leave for permanent and seasonal workers which is as follows:

<table>
<thead>
<tr>
<th>Casual leave</th>
<th>Sick leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seasonal workers</td>
<td>1/2 day for every month of seasonal employment</td>
</tr>
<tr>
<td>Permanent workers</td>
<td>6 days in a year</td>
</tr>
</tbody>
</table>

The recommendations of Second Sugar Wage Board have been implemented in cooperative sugar industry of the State. In this industry there are (1) Permanent,

1. Information received from some cooperative sugar mills of U.P.
(ii) seasonal but is likely to become permanent and
(iii) temporary labourers as per nature of the industry. The seasonal staff is recruited every season and generally those employed in the previous season are taken again. The Cane Development-cum-Marketing Officer controls the majority of this class of workers. These workers are weighment clerks, requisition slip ('parchi') writers, seasonal ledger clerks, requisition slip ('parchi') distributors, dak runners, token clerk and chowkidars, and shift supervisors. Usually the relatives of general body members of the mill are employed as seasonal labour or temporary labour during the crushing period and in a small number of cases, cane-growers themselves are employed in these mills. The recruitment policy regarding various categories of workers in cooperative sugar factories of U.P. is different from those of other type of cooperatives of the State. Workers are recruited by the local management itself as per service conditions prescribed by the Federation of U.P. Cooperative Sugar Factories in conformity with the recommendations of the Second Sugar Wage Board.
APPOINTMENT POLICY:

For the appointment of various categories of workers and clerks the Cooperative Sugar Factories Federation of U.P. has directed to all cooperative sugar mills of the state to set up a panel comprising the following:

1. General Manager of the concerned mill Chairman
2. Departmental Chief Member
3. Managing Director
4. One Director from amongst the members of the Committee of Management
5. Nominee of the Chairman of the Board/Administrator
6. District Harijan and Social Welfare Officer

The panel set up in the mills recruits the labour of various categories. The clerical staff employed on a permanent basis get salaries for the whole year. The category of labour force is seasonal which is called for work every season at the start of the crushing season and when the season is over their services are terminated. In addition to these categories, there is temporary labour and sometimes

1. By courtesy Bagpat Cooperative Sugar Mill, Meerut
seasonal contract labour. Temporary labour is recruited every year at the time of crushing. Their services automatically stand terminated after the crushing season is over. There are also some temporary or contract labourers who work under the contractors to the mill. Decision regarding distribution of their work is taken on the spot. They receive their wages from their contractors. Usually these are the rural people of areas in the neighbourhood. Only the permanent labourers of the cooperative sugar mills of the state enjoy the benefits of provident fund. These mills being located in rural areas and organised on cooperative lines attract people from agricultural sector and provide them employment opportunities especially in off season of agriculture. There being different crushing capacities and periods of production in different mills and the figures of different categories of workers in cooperative sugar mills in the State differ from mill to mill. These figures vary during the season and also during the off season period.

The cooperative legislation of the state empowers the Registrar, Cooperative Societies, to prescribe conditions of service in cooperative
institutions. The cooperative sugar mills are no exception to it. The service conditions in manufacturing organisations like sugar cooperative reflect the approach to make optimum utilisation of human resources for maintaining a high degree of productivity and at the same time enabling the employer to curtail the administrative costs so as to keep them within reasonable limit. Wages and salaries and other conditions in the cooperative sugar mills of the state are important aspects on which the image of these mills depends. Wages and grades operating in the mill are strictly according to the recommendations of the Second Central Sugar Wage Board. The minimum wages including all allowances for a worker amount to Rs.301.00 p.m. workers are paid on a monthly basis and payment is made within 7 days of the beginning of every month. If overtime work is taken from them, they are paid at a half double their basic wages. Also, if any employee performs continuous work in the night shift he is given 20% of his pay as night allowance. The Provident Fund Act of 1952 is applied A certain percentage of the wages of an employee is deducted for
this purpose and there is a matching contribution by the management. A worker becomes eligible for the benefit of the Provident Fund after completing the probation period which is generally six months but extendable up to one year when the appointing authority is not satisfied with the work of probationer. Gratuity is also paid as per recommendations of the Wage Board on the occurrence of the death of an employee, attainment of the age of superannuation, retirement or resignation due to ill health or for any reasons other than for serious misconduct. Gratuity is paid according to the conditions prescribed under the Payment of Gratuity Act, 1972. Increments in pay scales are given to all employees of the mills unless they are withheld by an order of the appointing authority on the ground of unsatisfactory work. However a warning is issued to the effect by the appointing authority and an opportunity for showing cause is also given to the persons concerned against the withholding of the increment. In cases where efficiency bar exists, the increment above the bar is not given to the employee without specific sanction of the authorities concerned.
LABOUR WELFARE:

As regards the welfare activities, the cooperative sugar mills of the State provide medical facilities, canteen, group insurance and housing facilities. Every mill has a qualified doctor with pharmacists and other paramedical staff. Workers and members of their families are entitled to free medical aid. Most of these mills have canteens which are generally run by contractors. The mill provides the canteens with free accommodation, furniture, water, electricity utensils etc. The employees of the mill are insured under group insurance schemes of the L.I.C. through the management of the mill. Though most of the mills have residential quarters in their premises these are not available to all workers. In a nutshell, the welfare activities in these mills are very limited. However, every possible care is taken to provide a pleasant atmosphere.

WORKERS' PARTICIPATION IN MANAGEMENT IN SUGAR COOPERATIVES.

The gains of higher productivity depend on the harmonious relations between labour and management. In the absence of such relations, various labour
problems arise which not only entail loss of man days but also disturb industrial peace. Therefore workers' participation in management has been demanded by labour organisations. It was in the year 1975 that the implementation of 20 Point Economic Programme led to workers' participation in management by a decision of Labour Ministry as stated earlier. The scheme of workers' participation in management at the consultative stage was formulated and enforced with the start of the crushing season 1975-76 in the cooperative sugar factories. The workers' committees have been constituted stationwise in each unit and there is an overall coordination committee to review the work of the mill as a whole. Stationwise committees comprising workers review the progress of the repair and overhauling work during the off season and lay down guidelines and targets for achievement both during the off season and the crushing season. They also review the performance of each station and pin-point the bottle-necks and constraints in the smooth working of the stations. The coordination committees endeavours to coordinate the functioning of each stationwise committee and also to ensure coordination between different departments of a sugar mill.
As per information available the position of the formation of various committees in some cooperative sugar mills of U.P. with representation of workers in them is given below:

1. The Bagpat Cooperative Sugar Mills Ltd., Bagpat, Distt. Meerut
   Formed coordination committee

2. The Bazpur Cooperative Sugar Mills Ltd., Bazpur, Distt. Nainital
   Formed 14 shop councils and one joint council

   Formed 4 shop councils and one joint council

4. Kisan Cooperative Sugar Factory Ltd., Sarsawa, Distt. Saharanpur
   Formed 4 shops floor councils and one plant level council.

   Formed both shop level and joint councils

   Formed 5 shop councils and one joint council

   Formed one shop council and one joint council.
The workers of the above mentioned cooperative sugar mills of the state have organised their trade unions which are affiliated to the INTUC or Hind Mazdoor Sabha. With the formation of workers' unions individual bargaining has given place to collective bargaining through these unions. Differences and disputes between workers and management arise from time to time on the questions of wage and non-wage benefits and every possible effort is made to settle the differences before their precipitating into strikes and lock outs, taking into considerations the provisions of various Acts and other laws. Despite this the labour leaders and labour organisations criticise the worker-management relations in cooperative sugar factories of the State on the ground that the management exploits consumers and workers just like the private sector. They observe that cooperative sugar factories have done little for the amelioration of working conditions of their labour. It has been pointed out that the attitude of the management towards their workers is feudalistic and that they have done little to improve the housing conditions of their workers. In actual situation we find that the relations
between employers and their workers in the cooperative sugar factories of U.P. have been cordial. There has hardly been a strike of workers in these factories. Though there have been cases of strikes by sugarcane growers, the owners of the mills by suspending cane supplies. With the implementation of the scheme mill wise workers' unions have been organised and are affiliated to the Central organisation of trade unions e.g. All India Trade Union Congress, Indian National Trade Union Congress Hind Mazdoor Sabha etc.

In every industry labour problems arise largely due to management's indifference to the welfare and well-being of the workers. Unenlightened managements understand only one aspect of their business, which begins with manufacture and ends with sale. They do not care much for their workers and therefore, workers also do not accept any responsibility. The case of cooperative sugar mills is different from that of the private sector as they are considered an important economic instrument not only to accelerate the pace of industrialisation for rapid development in the country but also to establish a socio-economic structure in the wider interest of the nation and
speedy economic emancipation of the masses in a
democratic way. Besides the scheme of workers' participation, the Industrial Disputes Act, of 1947 also provides for the setting up of works committees in all industrial undertakings employing at least 100 persons. The duties assigned to the works committees (Under Sec 3 of the Act) are the promotion of measures for securing good relations between the employers and the workers as stated earlier, and to that end, discussion on matters of common interest and making endeavours to compose the material difference of opinion in respect of such matters. But the U.P. Cooperative Societies Act does not contain provisions for the participation of workers in management at different levels. Though the new scheme provides good scope of workers' participation in management, the shop council and joint councils under the scheme have not made much progress in cooperative sugar mills of the State. Various labour-management partnership problems still exist which are discussed in the following paragraphs:

THE PROBLEMS.

Most of the workers of the Cooperative Sugar Mills when interviewed, pointed out that they had no
faith in the integrity of their employers. They said that the management never wanted to share power with the employees. It was also stated that shop councils and joint councils are activated to solve the problems of labour-management relations whenever there is any agitation and that the scheme is shelved on one pretext or the other as soon as conditions become normal. They also said that since most of the Chief Executives of the cooperative sugar mills of the State were on deputation they never felt the necessity of devising permanent solutions and never made any effort to study the problem of labour-management relations deeply. The workers interviewed also pointed out that the management victimised union leaders by transferring them to other departments or to remote areas and giving them unimportant assignments. They added that usually the local leaders and legislators tried to make the mill a stepping stone for their political ends and to grind their own axe they invited workers and cane-grower members to agitate and therefore, the spirit of cooperation did not exist in the cooperative sugar mills.
Another aspect of the problem is that an absence of collaboration among the unions of all the cooperative sugar mills of the State. The union of one mill has no coordination with that of another. This means that each of the unions is working in isolation. There is no united effort for achieving their common objectives.

There is very often a wide communication gap between the management and the workers. This affects the sense of commitment to common cause and jeopardises efficiency within the mill. Since workers are not shareholders in the cooperative sugar mills of the State, there is no favourable environment for the participation and active association of workers in decision making from shop floor level to the Board level. It may also be argued here that the workers are not conscious of and hence fail to claim their rights and privileges due to local politics, lack of functional literacy and living in the midst of the management and general body members of the mill. There are various types of hurdles in the way of healthy cooperation between labour and management but the main obstacles are political rivalries.
disunity in the ranks of labour, lack of necessary provisions in the Cooperative Societies Act of the State and negligence on the part of the U.P. Cooperative Sugar Factories Federation to improve industrial relations. Workers who were interviewed suggested the following measures for the improvement of industrial relations:

(a) Housing facilities should be provided to all the workers of the mills;

(b) Confirmation and promotion must be on the basis of seniority;

(c) Casual and seasonal workers should be provided with all facilities like other workers during the course of employment and if any vacancies arise, selection should be made from amongst them on the basis of merit-cum-seniority;

(d) There should be workers' representation on the Board of Directors;

(e) The management should invest handsome amount in the consumer cooperative store attached to the mill.

(f) Proper service rules must be framed for different categories of workers;
(g) Well-equipped dispensaries should be set up in the mills.

CONCLUSION:

The goal of higher productivity and industrial peace can be attained only through a willing cooperation between management and workers. This requires workers' participation in management. The scheme of workers' participation not only achieves greater productivity but also enables the workers to participate in decision-making processes and hence it helps in the establishment of a socialistic environment in the organisation. The cooperative sugar mills of Uttar Pradesh have accepted the scheme in principle. But practically the programme of joint management councils has not made any great impact. There are various factors such as size of the work force, the attitudes of the workers' unions and the management which determine the extent and nature of workers' participation in the management of sugar cooperatives. Unlike in other states like Maharashtra and Punjab, the scheme does not find mention in the
Cooperative Societies Act of U.P. It is also the need to frame suitable personnel management policies along constructive lines. Provision for welfare facilities and social service benefits and to evolve a machinery for the settlement of disputes and differences is also necessary.

After discussing the role of different levels of management it is pertinent to make a thorough analysis of management problems that obtain in cooperative sugar mills of Uttar Pradesh and to suggest their appropriate solutions, which is the subject matter of the following chapter.