CHAPTER 3
ENVIRONMENT OF WORKERS' PARTICIPATION IN MANAGEMENT IN INDIA

Harmonious relations between labour and management occupy an important place in the present day economy. They set the tone of social relationships in an industrial society with the progress of industrialization. Several attempts have been made by the Government of India to democratize these relations and thus extend democracy to the workplace. In a developing economy like India the preservation of industrial peace is of great significance for accelerating the economic growth, social security and political stability. These aims could only be achieved if workers' role in framing, executing and implementing the policies is fully recognized and practiced. In this regard workers' participation is considered as a unique tool in establishing and ensuring industrial peace.

The origin of the Indian attitude towards the workers' participation in management can be traced back to Mahatma Gandhi's concept of trusteeship. It was understood under this concept that both labour and management should work for the society and not for private benefits. Textile industry experimented with joint - consultation with workers as early as 1920. After the
first World War, the idea of joint consultation was picked up by the iron and steel industry with Tata Group taking the lead. Consultative committees were constituted to discuss issues of welfare of workers. In 1931, the Royal Commission on Labour reported on the working of consultative committees in operation. After the Second World War the interest in and demand for workers' participation got momentum leading to its statutory recognition in the form of the Industrial Disputes Act 1947.

After independence workers' participation in industrial establishment became an issue of national priority as a part of planning of economic development. Various five years plans laid emphasis on workers' participation. Industrial Policy Resolution of 1956 has also stated that in socialistic democracy labour is a partner in the common task of development. And the enterprises in the public sector were expected to set an example in the implementation of the scheme.

There has been renewed interest and emphasis on the subject of workers' participation in management in the seventies. Worker director, equity participation, formation of shop councils, joint councils, unit councils and the plant councils are some of the forms of participative schemes implemented in the nationalized banks and other public, private and co-operative sector undertakings. The constitutional amendment and insertion of Article 43A as a Directive Principle of the State Policy has been
a step further towards the implementation of the scheme of workers' participation.

The comprehensive scheme of 1983 and the Participation of Workers in Management Bill 1990 are the forms of Governments commitment towards implementation of the scheme in industrial organizations. Apart from these there is a growing awareness about the potential of alternative approaches to participation such as direct participation, parallel organization, quality circles and the quality of working life councils.

Thus, in the light of the above discussion it can be said that there is a conducive environment for workers' participation in management in India, but a lot depends upon the attitude of the concerned parties i.e. workers and management, nature of the scheme, extent of participation and the initiation by the Government.

**Legal Frame Work In India**

Though the scheme of workers' participation in management is in existence on voluntary basis in India since 1910, the scheme got statutory recognition for the first time in 1947 with the passage of the Industrial Disputes Act. As we know that the main objective of the scheme of Workers' Participation in Management; according to the Government of India, includes resolving industrial disputes, establishing industrial peace and harmony and increasing productivity. Hence for resolving the industrial
disputes the Government of India made a legislation in the year 1947 with the enactment of the Industrial Disputes Act. The Act provides a legal framework i.e. a machinery for the settlement of disputes, ensuring industrial peace and harmony, increasing industrial productivity and establishing industrial democracy.

The law relating to industrial relations in India is contained in this Act. This is a Central Act which came into operation on 1st April, 1947. The Act has been amended several times till date. The preamble of the Act reads, "An Act to make provision for the investigation and settlement of industrial disputes and for certain other purposes". The Act deals with the prevention and settlement of conflict between the two parties i.e. management and workmen and thereby, try to improve relationship between them. On the basis of the judgments given from time to time by the Supreme Court the principal objective of the Act may be stated below -

(a) To promote measures for securing and preserving amity and good relations between the employers and the employees minimizing differences and getting the disputes settled through adjudicatory authorities.

(b) To provide a suitable machinery for investigation and settlement of industrial disputes between employers and employees, between employers and workmen or between workmen and workmen.

(c) To prevent illegal strikes and lockouts.
(d) To provide relief to workmen in matters of lay-offs, retrenchment, wrongful dismissals and victimization.

(e) To give the workmen the right of collective bargaining and promote conciliation.

The purpose of the Act according to Patna High Court is, "amelioration of the conditions of workmen in an industry".

The Industrial Disputes Act can be described as the milestone in the historical development of industrial law in India. With the passage of this Act a number of principles relating to industrial relations have been introduced in the country such as -

(i) A permanent machinery (conciliation) has been set up for the speedy and amicable settlement of industrial disputes.

(ii) Compulsory arbitration in public utility services including the enforcement of arbitration awards has been recognized.

(iii) Strikes and lockouts during the pendency of conciliation and arbitration awards enforced by the government orders, are prohibited.

(iv) Specific time limits for various stages of conciliation and arbitration to eliminate delays are prescribed.

(v) An obligation on employers to recognize and deal with representative trade unions, has been imposed.
(vi) Works committees to provide machinery for mutual consultation between employers and employees have been set up.

(vii) The industrial disputes may be referred to an industrial tribunal where both parties to any industrial dispute apply for such reference or where the appropriate government considers it expedient to do so.

**Authorities Under The Act**

The main object of the Industrial Disputes Act of 1947 is the investigation into and management of, industrial disputes. The different authorities which are constituted under the Industrial Disputes Act, (viz. Works Committee, Conciliation Officer, Board of Conciliation, Court of Enquiry and Industrial Tribunal) are set up with different ends in view and are invested with powers and duties necessary for the achievement of purposes for which they are set up. What action would be taken by the appropriate Government in the matter of an industrial dispute must be determined by the surrounding circumstances and the discretion vested in the appropriate Government for setting up one or the other of the authorities for the purpose of investigation and settlement of industrial disputes, must be exercised by it having regard to the exigencies of the situation and the objects to be achieved. No hard and fast rule can be laid down as to the setting up of one or the other of the authorities for the purpose of
bringing about the desired end, which is the settlement of industrial disputes and promotion of industrial peace and it is hardly legitimate to say that such discretion as is vested in the appropriate Government will be exercised "with an evil eye and an unequal hand".

**Works Committees**

The provision relating to the constitution of Works Committees has been incorporated in the Industrial Disputes Act, 1947. No Works Committee existed in India prior to this Act.

Section 3 of the Act empowers the appropriate Government to constitute Works Committee in industrial establishment employing hundred or more workmen. Such Works Committee shall have representatives, both of employer and their workmen. The number of the representatives of the workmen shall not be less than those of the employer (composition and functions of works committees have been discussed earlier).

Where the Works Committee fails to settle the disputes arising between the employer and his workmen, services of Conciliation Officers and Boards of Conciliation may be taken to assist the parties to settle their disputes. It is essential that the authorities who undertake the formation of such a works committee would see that the Committee is really a Works Committees as contemplated under Section 3 (2) and not a committee to subserve certain exclusive sectional interests. To
find out whether different organisations of a single industry form part and parcel of the establishment, the essential and important test is whether employees from one organization can be transferred to another organization. If this test is satisfied then it would be against the context of the principle of Section 3 where representation is not afforded to all the limbs of the industry wherever they are scattered¹.

For constitution of Works Committee, no manner of consultation with trade union is prescribed. Consultation visualized by section 3 cannot be dispensed with.

In the state of Gujrat, after Section 3 the following section shall be inserted namely 3A joint management council (1).

If in respect of any industrial dispute in which the appropriate government is the State Government, the State Govt. is of the opinion that it is desirable in public interest to take action under this section, it may, in the case of all industrial establishments or any class of industrial establishments in such industry, in which five hundred or more workmen are employed or have been employed on any day in the preceding twelve months, by general or special order, require the employer to constitute, in the prescribed manner and within the prescribed time limit, a Joint Management Council consisting of such number of members as may be prescribed, comprised of representatives of employers and workmen engaged in the establishment, however, that the
number of representatives of workmen on the Council shall not be less than the number of representatives of the employers. The representatives of the workmen on the Council shall be elected in the prescribed manner by the workmen engaged in the establishment from amongst themselves.

Provided that a list of industries in respect of which no order is issued under this sub-section shall be laid by the State Government before the State Legislature within thirty days from the commencement of its first session of each year. One of the members of the Council shall be appointed as Chairman in accordance with rules made in this behalf.

**Under Section 3B -**

(1) The Council shall be charged with the general duty to promote and assist in the management of the industrial establishment in a more efficient, orderly and economical manner, and for that purpose and without prejudice to the generality of the foregoing provision, it shall be the duty of the Council -

(a) to promote cordial relations between the employer and employees;

(b) to build up understanding and trust between them;

(c) to promote measures which lead to substantial increase in productivity;
(d) to secure better administration of welfare measures and adequate safety measures;
(e) to train the employees in understanding the responsibilities of management of the undertaking and in sharing such responsibilities to the extent considered feasible; and
(f) to do such other things as may be prescribed.

(2) The Council shall be consulted by the employer on all matters relating to the management of the industrial establishment specified in sub-section (1) and it shall be the duty of the Council to advise the employer or any matter so referred to it.

(3) The Council shall be entrusted by the employer with such administrative functions appearing to be connected with, or relevant to, the discharge by the Council of its duties under this section as may be prescribed.

(4) It shall be for the employer to furnish to the Council necessary information relating to such matter as may be prescribed for the purpose of enabling it to discharge its duties under this Act.

(5) The Council shall follow such procedure in the discharge of its duties as may be prescribed (Vide Gujarat Act No. 21 for 1972).
Maharashtra

In Section 3, to sub-section (1), the following proviso shall be added, namely: - Provided that, where there is a recognized union for any undertaking under any law for the time being in force, then the recognized union shall appoint its nominees to represent the workmen who are engaged in such undertaking.

Explanation - In the proviso to sub-section (1), the expression undertaking includes an establishment. (Vide Maharashtra Act No. 1 of 1972).

Conciliation Officers

According to section 4 of the Industrial Disputes Act 1947 the appropriate government may, by notification in the official Gazette appoint such number of persons as it thinks fit, to be conciliation officers charged with the duty of mediating in and promoting the settlement of industrial disputes.

A conciliation officer may be appointed for a specified area or for specified industries in a specified area or for one or more specified industries and either permanently or for a limited period.

Boards Of Conciliation

Under Section 5, the appropriate government may as occasion arises by notification in the official Gazette constitute a Board of Conciliation for promoting the settlement of an industrial
dispute. A Board shall consist of a chairman and two or four other members as the appropriate government thinks fit.

The chairman shall be an independent person and the other members shall be persons appointed in equal number to represent the parties to the dispute and any person appointed to represent a party shall be appointed on the recommendation of that party. A Board having the prescribed quorum may act notwithstanding the absence of the chairman or any of its members or any vacancy in its members.

Courts of Inquiry

According to Section 6, the appropriate Government may, as occasion arises, by notification in the Official Gazette, constitute a court of inquiry for inquiring into any matter appearing to be connected with or relevant to an industrial dispute. A court may consist of one independent person or of such number of independent persons as the appropriate Government may think fit and where a court consists of two or more members, one of them shall be appointed as the chairman. A court having the prescribed quorum, may act notwithstanding the absence of the chairman or any of its members.

Labour Court

Under Section 7, of the Act the appropriate government may, by notification in the official Gazette, constitute one or more labour courts for the adjudication of industrial disputes relating to
any matter specified in the second schedule and for performing such other functions as may be assigned to them under this act.

**Tribunals**

Under Section 7A the appropriate Government may by notification in the Official Gazette, constitute one or more industrial tribunals for the adjudication of industrial disputes relating to any matter, whether specified in the second schedule or the third schedule and for performing such other functions as may be assigned to them under this Act:

**National Tribunals**

According to Section 7B of the Act the Central Government may, by notification in the Official Gazette, constitute one or more National Industrial Tribunals for the adjudication of industrial disputes which in the opinion of the Central Government, involve questions of national importance or are of such a nature that industrial establishments situated in more than one state are likely to be interested in or affected by such disputes.

The above is the legal framework available in the country to settle industrial disputes and to establish amicable relationship between employers and employees. But giving workers the representation in decision making process on statutory basis has been guaranteed only in works committees to be set up, in industrial establishments, under the provisions of Industrial Disputes Act 1947. Another attempt of the same nature was made
under Factories Act of 1948. Section 46 of the Act states that in all the factories employing over 250 workers a canteen will be provided. And under section 46(d) the State Government is empowered to make rules regarding the constitution of a managing committee for the canteen and representation of the workers in the management of the canteen.

**Legal Framework In Uttar Pradesh**

In order to give statutory recognition to the scheme of workers' participation in management in India, the government passed the industrial disputes act 1947 which replaced the Trade Disputes Act 1929. This central Act applied to the State of U.P. as well. But it was realized that its provisions were not sufficient to meet the special situation in the state and for this reason a separate legislation viz. the U.P. Industrial Disputes Act 1947 was enacted.

This State Act provides that if in the opinion of the State Government it is necessary or expedient so to do for securing the public safety a convenience or the maintenance of the public order or supplies and services essential to the life of the community or for maintaining employment it may by general or special order, make provision in this regard.

For boosting workers' participation section 3 and sub-clause (c) of the Act provides that the State Government may make provision for appointing committees comprising of representatives
of both the employer and workmen for securing amity and good relations between employer and workmen and for settling industrial disputes by conciliation, for consultation and advice on the matters relating to production, organization, welfare and efficiency. The machinery provided for the settlement of industrial disputes under this Act consists of works committees, conciliation boards, labour courts and tribunals etc. The constitution and functioning of the above machinery being more or less the same as that of the machinery set up under the central Industrial Disputes Act 1947.

**Legal Frame Work In Co-operative Sector**

In our country there are as many number of State Co-operative Acts as the number of states are and a central piece of legislation viz. The Multi-State Co-operative Societies Act 2002 holding the field. Besides, there is a spurt in the growth of new generation co-operative legislations which promoted parallel co-operative legislations in about nine states. The recent Companies (Amendment) Act 2002 which came into force with effect from 6th February 2003 also greatly contributes to the growth of an altogether new genus of 'producer companies' which are in principle and practice meant to be run on mutual assistance principles on the lines of co-operatives.

"When ever human enterprises comes into being and play, it gives rise to differences between the various counterparts of such
entity and if they are not resolved sooner or the later, they graduate into disputes". It is an imperative need of any organized activity to provide for a sound dispute resolution mechanism for redressal of such grievances".1 The co-operative legislation in our country have provided for special mechanism where the parties involved are not relegated to the remedies available under the general law of the land.

Almost all the "State Co-operative Acts have created provisions whereby the disputes arising between or amongst the members or society and members or society and committee or society and employees, society and others are to be referred to the Registrar of Co-operative Societies. The Registrar is usually empowered under these State Acts to either decide the dispute himself or refer the same to be disposed of by any person subordinate to him or to an arbitrator. The orders of the Registrar or the arbitration appointed by him which are in the nature of an award are to be executed as a decree of the civil court. Against the orders of the Registrar an appeal lies under those Acts, before the State Government which is empowered upon hearing the parties to vary or annul the orders passed by the Registrar2.

The Multi-State Co-operative Societies Act 2002 which came into force from 10th August, 2002 made a departure from its repealed Act of 1984 in the matter of settlement of disputes under section 84 of the Act any dispute (other than a dispute regarding

2. Ibid - P. 18.
disciplinary action taken by a multi-state co-operative society against its paid employee or an industrial dispute) touching the constitution, management or business of a multi-state co-operative society shall be referred to arbitration. The same shall be settled or decided by the arbitrator to be appointed by the Central Registrar and the provisions of the Arbitration and Conciliation Act 1996 shall apply to all arbitrations under this Act.

The co-operative sugar mills in the country are also governed by the co-operative legislations of the respective state and the provisions of the Multi-State Co-operative Societies Act of 2002 depending upon the nature of the society to which the sugar mill belongs.

Implementation of the Scheme of Workers participation in Management in Co-operative Sugar Industry -

"The co-operative enterprises can be classified into four categories viz. (a) producer owned (b) consumer owned; (c) workers owned (d) those whose constituents comprise all three i.e. producer, consumer and workers. In producer owned co-operatives the dominant interest is that of producer members. Since major portion of profit is re-appropriated for the benefits of producer members, the workers and employees are relegated to secondary place."¹

The Sugar Industry Enquiry Commission 1974 while discussing labour management relations in the co-operative sugar

¹ National Co-operative Union of India (NCUI) - Op. Cit. P. 29
factories also observed that, "while the policies in these units took adequate care of their producer members by paying higher price of the cane supplied to the factories the employees and workers did not get corresponding benefits of increased productivity and say in the management of institutions."¹

Consumer owned co-operatives are setup for obtaining goods and services at cheaper rate. The guiding point in such enterprises is that the sale price should be so reasonable as will attract larger volume of transactions resulting in increased profits. In these organizations also, the interest of the workers and employees is not properly safeguarded and they are not given due share either in the management of the institutions or in the productivity. In workers' owned co-operatives the member is both worker and member since he is a shareholder of the undertaking and also earns wage by getting employment in it. Therefore, in these institutions the workers' participation already exists in ideal form and there is not much problem of dichotomy of the interests.

"The co-operative sugar factories have been criticized by labour organizations on the ground that they have been exploiting consumers and workers as much as the private sector"². Workers in these mills allege 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 the co-operative

¹. Sugar Industry Enquiry Commission, 1974, P. 212
sugar factories have not been given any opportunity to participate in the management of the factories.

The need for workers' participation in the management of sugar co-operatives was first realized by the Maharashtra State Federation of Cooperation Sugar Factories which set up an expert committee under the chairmanship of Prof. D.R. Gadgil to examine the issue and its applicability in co-operative sugar factories. The committee strongly recommended the implementation of the scheme in co-operative sugar factories. In pursuance of the recommendations of the Gadgil Committee, the Government of Maharashtra made suitable provisions for workers' participation in management in the co-operative legislation. An exclusive provision "Section 73-BB" was incorporated in the Act. The provision reads as under :-

"On the committee of such society or class of societies as the State Government may, by general or special order, direct where the number of permanent salaried employees of the society is 25 or more :-

(a) If the numbers of the committee thereof is 11 or less - one seat; and

(b) If the number of such members is 12 or more-one additional seat for every 10 members over and above the first 11 members, shall be reserved for such employees. The seats so reserved shall be filled by selection made by the recognized
union or unions from amongst such employees. If there is no such union, the members representing such employees may be nominated by the State Government. Any person selected or nominated as a member of the committee to any reserve seat shall not be entitled to be elected as an officer of such society, or to vote at any election of officers.

Hence the co-operative sugar mills in Maharashtra are the first in the co-operative sector of the Indian economy to introduce the scheme of workers participation in management. In other states the legal provision for ensuring worker’s participation in co-operative management has not been incorporated.

In 1975, the Government of India, (Department of Civil Supplies and Cooperation) issued a directive to The National Federation of Co-operative Sugar Factories Ltd., The National Federation of Co-operative Spinning Mills Ltd. and The Indian Farmer's Fertilizers Co-operative Ltd., that steps may be taken to introduce workers' participation in co-operative enterprises at shop floor and plant level. The underlying principle in the directive of the Government of India was to create an awareness among the workers, of the objectives of organization and afford them necessary opportunity to help in accomplishment of these objectives by involving them in planning and implementation of the programmes aimed at improved productivity of organization and full achievement of production targets within the time.

specified. The directive in question recommended that scheme of workers' participation in co-operative industries should be implemented on a priority basis in co-operative sugar factories, co-operative spinning mills and also the IFFCOP. One of the methods promoting such participation recommended by the directive was to create shop councils consisting of representatives of management as well as of workers to suggest improved methods and techniques of planning and implementation of programmes, aimed at fuller utilization of installed capacity, effective reduction of cost for better productivity and also of the overall efficiency of organization with the ultimate goal of serving the people through increased production. In 1975 the National Co-operative Union of India (NCUI) organized a National Convention on the Role of Co-operatives in the New Economic Programme.

The National Convention, among others, discussed in detail the feasibility of workers' participation in the management of co-operatives. The convention endorsed the view that it is essential to give opportunity to workers in co-operative enterprise for their effective participation in the management. The important recommendations of the convention are given below:

(i) The workers association with co-operative industries should be recognized as the basic element of democratic management.

1. NCUI - Op. Cit. P. 33
(ii) With the larger degree of diversification and sophistication in the sphere of co-operative industries, it is essential that the workers should be given an opportunity for their effective participation in the management of co-operative enterprise.

(iii) Shop floor committees consisting of representatives of workers and management should be created at shop floor level.

(iv) Special Advisory Committees consisting of representatives of workers and management should be created at the institutional level.

(v) The suggestions of Special Advisory Committee should be recommendatory in their character and management should have power to further analyse them in the context of overall interests of the organization.

(vi) Wherever workers are admitted as members of a co-operative factory it would be desirable to ensure that majority of members should be grower members.

(vii) Once workers' right of membership of a co-operative society has been recognized, it will be desirable that upto 10% of seats of the Board of Management are offered to the workers.
(viii) Co-operative Law, Rules and bye-laws should be amended suitably so as to provide for the admission of the workers members of co-operative societies.

(ix) The NCUI in collaboration with the Central Board of Workers' Education, may formulate special programme for the education and training of various categories of persons working in co-operative industries.

The above recommendations were placed before the conference of the Registrar of Co-operative Societies and the State Ministers of Co-operation held in 1975. The conference analysed the issue and made the following recommendations:

(i) In co-operative societies running large industrial units and having a large number of workers, shop floor committees, consisting of representatives of workers and management, should be established in sugar factories and co-operative spinning mills.

(ii) Co-operatives having a business turnover exceeding Rs. 10 crores a year, may constitute special advisory committee on the lines of the Joint-Management Councils. Such committees may make recommendation/suggestions to the management in regard to - (a) fuller utilization of installed capacity and (c) reduction in costs.

(iii) Regular employees of large co-operative industrial units should be enabled to become members and hold shares. The
total amount of share capital to be held by such members may be subject to suitable ceiling.

(iv) Employees who are share-holders of a co-operative institution running an industrial enterprise should have representation on the Board of Directors and there may be separate constituency for this purpose.

(v) Co-operative laws should be re-examined with a view to facilitating the implementation of the above suggestion.

With this background, the consultative council on co-operation attached with the Department of Civil Supplies and co-operation considered the following alternatives which could be implemented to implement the scheme for workers' participation:

(i) Regular workers of large co-operative industrial units who fulfil certain prescribed conditions of eligibility in respect of length of service etc., may be admitted as full-fledged members of the societies.

(ii) The Workers may be admitted as a new class of members and may not be vested with all the right and privileges of full-fledged members but may be given a status somewhat higher than that of a nominal of associate member. Membership may be optional and the maximum number of shares which a worker may hold, may be left to be fixed by the Registrar for each type of society;

1. NCUI - Proceedings of the National Convention on "Role of Co-operatives in New Economic Programme" held in New Delhi, 1975, P. 95.
(iii) Representatives of the eligible workers may be opted on the Board of Management of a co-operative without enrolling them as members.

Consensus of the Council was that while it will be ideal to grant full-fledged membership to the workers in the enterprise, care may be taken to maintain the preponderance of growers representatives on the Board of Management, so that the enterprise does not drift away from its basic objective i.e. the economic welfare of its basic constituents1.

It has been recommended by a number of management experts, that to make workers' participation in management meaningful, training of worker representatives is a must. Hence on the recommendations of a Ford Foundation team of experts appointed by the Government of India, the deliberations of the workers' education seminar and the 15th session of the Indian Labour Conference 1957, an autonomous Central Board for Workers' Education was constituted to administer workers' education programme.

Role of Government

"In a democratic society like that of India the demand for industrial democracy is a logical correlate of the urge to democratize all the major aspects of social life"2. Thus the demand for workers' participation in management of the enterprises is a natural corollary of the process of democratization of industry

1. NCUI - Op. Cit. P. 87
which requires involvement of all ranks of employees in the process of decision making and its implementation.

Since India is wedded to the ideology of a socialist society the practices of workers' participation can hardly be similar to that in a socialist country or to that capitalist country. Here such participation aims at a right combination of socio-economic justice and nations prosperity through increased production. Again, the existence of public and private sector in India necessitated a responsibility on the part of the Government to achieve a balance between these rival interests. And for it Government's intervention in industrial set up became highly indispensable.

"Since independence the Indian Government's labour policy has consistently incorporated a commitment to prevent exploitation of one section by another section of industrial society."¹ The Government is striving to strike a balance in favour of workers to ensure a just treatment for them. With that end in view the Government is presently working towards a progressively greater participation of workers in management.

Hence the Government has a decisive role to play in maintaining a macro-business environment in which workers and management can cooperate and interact in a cordial atmosphere. This is essential for the success of the schemes of workers' participation also. The various legislative measures and introduction of various schemes of participation at different levels

¹ Badruddin - Op. Cit. P. 56
are the evidences of the commitment of the Government to restore industrial democracy. Government policies and legislations paved the way for the harmonious industrial relations.

We have already examined the way in which the Government involved themselves in ensuring the workers' participation in management in chapter-I under the subtitle - "The schemes of workers' participation in India". In addition to legislation and Government directives, the Government has been involved in tripartite bodies, policy declarations and providing procedural framework. But all such interventions will bear no fruits if the parties concerned refuse to implement the schemes and programmes whole heartedly.

Since the Government is committed to give workers the place of partners in industry, the Government has set up various study groups to find out ways and means to implement the scheme effectively. The Government also tried to be benefited with the experiences of other countries while launching schemes of participative management. The Government constituted a number of committees to evaluate the functioning of operative schemes and tried to incorporate the recommendations made by these committees for the successful implementation of the scheme.

In order to make the participation meaningful the Government has established the Central Board for Workers' Education at Nagpur which is conducting a number of training
programmes and refresher courses. In a nutshell the Government is playing an important role in ensuring cordial labour management relations paving the way for industrial democracy.

Role of Sectoral Co-Operative Federations In The Implementation of The Scheme

"The co-operative movement is an important instrument to establish new socio-economic structure for the rapid development of a country started originally by the 'Rochdale Pioneers' of England in 1844 against the capitalist exploitation of workers and irrational economic inequality"1.

Co-operation was introduced in India mainly as a defensive organization for dealing with the problems of rural indebtedness with the enactment of the Co-operative Credit Societies Act in 1904. The idea was to provide institutional finance to small agriculturists. Later on the Government recognized the need for bringing non credit activities also within the purview co-operatives and passed the Co-operative Societies Act 1912. But the growth of Indian sugar industry in an organized manner has its beginning when the Government of India passed the Industrial Policy Resolution on April 6, 1948 followed by the Industrial Act 1956 where in the principle of cooperation was assigned an important role for the country's economic development. Under this policy the Government of India started giving preference to licensing of new sugar factories in the co-operative sector. As a result of this policy

1. Ansari, A.A. - Co-operative Management Patterns - Anmol Publication, New Delhi, 1993, P. 1
there was a spurt in the establishment of sugar factories in the co-operative sector of Maharashtra. The evolution of co-operative sugar industry in Maharashtra has been a trend setter for all the co-operatives in India. In other States like Gujrat, Haryana, Karnataka, Tamil Nadu, Uttar Pradesh and Punjab the sugar farmers found the co-operative form of organization more attractive and advantageous. As more and more co-operative sugar factories were being setup the need for an apex organization to mediate with the state Governments and guide them in all respects was felt. This led to the formation of state level Federation of co-operative sugar factories. Simultaneously, it was also realized in 1957 that as sugar was central subject, there was a need of a spokesman at the centre to take up all matters of co-operative sugar factories with central Government and to guide them technically and otherwise and thus the National Federation of Co-operative Sugar Factories Limited was established on December 2, 1960 for promoting and guiding the increasing number of co-operative sugar factories on a national level.

The National Federation Of Co-Operative Sugar Factories Ltd

The National Federation of Co-operative Sugar Factories Ltd. (NFCSF) was registered on December 2nd 1960, as a national level apex organization of all co-operative sugar factories in India. The NFCSF owns its establishment to the following resolution adopted
at the first all India seminar on co-operative sugar factories, held in Etikoppaka, Andhra Pradesh in 1957 -

"There is a need for a promotional agency for coordination of effort in the field of establishment of co-operative sugar factories in India, for provision of technical advice and help, for acting as an exponent of co-operative opinions on matters connected with this programme etc."¹

The NFCSF was established at a time when there were only 30 co-operative sugar factories producing 14.9% of the total production. Under the guidance of NFCSF the capacity of the existing co-operative sugar factories were increased, new co-operative sugar factories set up, yield and recovery improved, resulting increased sugar production. Today the co-operative sector of the sugar industry is responsible for 51 per cent of the national production of sugar and the number of operative sugar factories being 269.

The objectives of the Federation have been -

➢ To advocate and promote and safeguard the interests of its members in accordance with the co-operative principles.

➢ Arrange education and training for the benefit of its members.

➢ Arrange for technical support and services to its members both for improving their operational efficiency as well as for organization and promotion of new co-operative sugar factories.

¹ Proceeding of First All India Seminar on Co-operative Sugar Factories held Etikoppaka (A.P.) 1957, P. 29
➢ To promote R & D activities for its members, sponsor research projects, conferences seminars etc., to find out solutions of the problems of its member co-operative sugar factories and allied subjects.

➢ Act as accredited representative and spokesman organization of the sector of co-operative sugar factories at the policy fora of Central and State Governments, business fora and organizations relating to sugar industry; establish liaison with national and international organizations and others allied to sugar industry.

➢ Advice and assist its members in the matters related to their management and operations.

➢ Undertake information services for the benefit of its members.

➢ Publish literature and documents on sugar industry for the benefit of its members.

➢ Undertake any other activities that are incidental and conducive to the attainment of its object and interest of its members.

As on March 31, 2003 the membership of the federation stood at 22 comprising ten state federations representing 334 co-operative sugar factories and 12 directly affiliated co-operative sugar factories from eight other states / union territories.

The Ten State Federations are -
1. Andhra Pradesh State Federation of Co-operative Sugar Factories Ltd.
2. Bihar Co-operative Sugar Factory Federation Ltd.
3. Gujrat State Federation of Co-operative Sugar Factories Ltd.
4. Haryana State Federation of Co-operative Sugar Mills Ltd.
5. Karnataka State Federation of Co-operative Sugar Mills Ltd.
6. Madhya Pradesh Co-operative Sugar Factories Federation Ltd.
7. Maharashtra Rajya Sahkari Sakhar Karkhana Sangh Ltd.
8. Punjab State Federation of Co-operative Sugar Mills Ltd.
9. Tamil Nadu Co-operative Sugar Factories Federation Ltd.
10. U.P. Co-operative Sugar Federation Ltd.

**National Co-operative Development Corporation**

The National Co-operative Development Corporation (NCDC) was established by an Act of Parliament in 1963 as a statutory corporation under the Ministry of Agriculture.

**Functions**

The functions of the Corporation are to plan and promote programmes through co-operative societies for the planning, promoting and financing programme for production, processing, marketing, storage, export and import of agricultural produce, food stuffs, certain other notified commodities e.g. fertilizers,
insecticide, agricultural machinery, lac, soap, kerosene oil, textile, rubber etc. supply of consumer goods and collection, processing, marketing, storage and export of minor forest produce through co-operatives, besides income generating stream of activities such as poultry, dairy, fishery, sericulture, handloom etc.

For discharging the above functions loans and grants are advanced to State Governments for financing primary and secondary level co-operative societies and direct to the national level and other societies having object extending beyond one state.

The management of the NCDC vests in 51 member widely represented General Council to give shape to its policies and programmes and Board of Management with 12 members to cater to day-to-day activities. Besides its Head Office, NCDC functions through 15 Regional / State Directorates. The Managing Director is the Chief Executive. Various functional division look after the programmes. The field offices play an important role in project identification/ formulation and oversee its implementation.

Since its inception, the NCDC has been playing the role of an effective promoter, coordinator and financer for the development of co-operative programmes. The NCDC not only associates itself at the all India level with the formulation of policies but also guides the state governments in the formulation of programmes. The NCDC also serves a useful purpose in placing the financial requirements of co-operatives before institutions
such as Industrial Finance Cooperation of India (IFCI), Life Insurance Corporation (LIC), Industrial Development Bank of India (IDBI) etc.

To facilitate the organization of agro based processing units, the NCDC has drawn up model blue-prints for various types of processing units of different sizes indicating specifications of machinery, economic of viable units, to serve a broad guidelines.

Training of personnel is an important element in the overall development of co-operative programmes. The training arrangements for co-operative programmes are made by the National Council for Co-operative Training (NCCT) through its various institutions in the country. The NCDC has been associating itself with the NCCT in evolving arrangements for training of the personnel.

The Corporation has been financing a number of programmes relating to co-operative marketing, processing, storage and supplies. The NCDC provides assistance to co-operatives through the state governments and in certain cases, through the state co-operative banks. Its direct assistance is restricted to national and regional level federations and to co-operatives located in union territories.

**National Co-operative Union of India**

The National Co-operative Union of India (NCUI) is an Apex Organization of Indian Co-operatives which represents all the
segments of Indian Co-operative Movement. Its objectives are to promote and develop the co-operative movement in India, and serve as an exponent of co-operative opinion. It was established in 1929 as All India Co-operative Institutes Association and was re-cherished as Indian Co-operative Union through the merger of Indian Provincial Banks' Association with All India Co-operative Institutes' Association and later in 1961 as National Co-operative Union of India. Sir Lallubhai Samaldas was first elected president and Prof. H.L. Kaji as secretary of the Association.

**Steps for Promotion and Strengthening of Co-operative Movement**

As a chief spokesman of Indian Co-operative Movement, the NCUI is maintaining its liaison work between the Govt. of India, State Governments, other nodal agencies and co-operative organizations to promote the cause of the co-operative movement in different sectors. The Union keeps on continue its efforts to -

(i) Organize co-operative education and training programmes and popularise the principles and practices of cooperation.

(ii) Develop inter-co-operative relations and help the coordinated functioning of the co-operative movement in various sectors.

(iii) Organize, conduct, collaborate and assist in carrying out research, investigation of co-operative problems and formulation of projects for co-operative development.
(iv) Give publicity to the achievements of co-operatives through periodicals, journals, newspapers, pamphlets, brochures, books, film, broadcasts, T.V. and the radio for creating favourable atmosphere for the development of the co-operative movement.

(v) Express opinion on matters of co-operative policy and act as the accredited representative of the Indian co-operative movement in the national and international spheres.

(vi) Convene and hold the National Co-operative Congress and co-operative seminar, meetings, conferences, exhibitions etc.

(vii) Select delegates, representatives and observers on behalf of the Union for participation in the international, national and state conferences.

(viii) Facilitate the promotion of co-operative institutions and assist the member societies in resolving their problems and difficulties and formulation of programmes and their implementation and preserve and safeguard the democratic character of the co-operative movement in the country.

(ix) Promote international co-operative relations through active collaboration with ICA, UNO, FAO, ILO, UNDP and other international agencies involved in co-operative development.
(x) Establish effective liaison and relations with ICA member organizations and national co-operative organizations of their countries.

(xi) Help, promote international marketing on co-operative to co-operative basis by documenting necessary information and to act as nodal agency for the benefit of Indian co-operative movement.

(xii) Provide consultancy services to the co-operatives.

(xiii) Maintain the following funds:

(a) Co-operative Education Fund

(b) National Co-operative Training Fund

(c) Any other fund as decided by the governing council from time to time

Apart from these apex co-operative organizations some other national level organizations such as National Agricultural Co-operative Marketing Federation of India Ltd. (NAFED); National Co-operative Consumers Federations (NCCF); Indian Farmers Fertilizer Co-operative Limited (IFFCO); International Co-operative Alliance (ICA) are also contributing a lot to make co-operative movement a grand success by providing technical, financial and marketing facilities to co-operative societies either directly or through their regional / state organizations.
U.P. State Co-operative Sugar Factories Federation Ltd.

The co-operative organizations are the backbone of our age old culture and rural economy. Since the attainment of independence the co-operatives have been recommended and accepted as an important aid to rural reconstruction and development. While inaugurating co-operative sugar mill at Bazpur (Distt. Udham Singh Nagar, now in Uttranchal), the first sugar mill of its kind in the state, our first Prime Minister Pt. Jawaharlal Nehru said, "It is only cooperation by which desired upliftment in the standard of living of the poor and down trodden farmers could be made. At the same time this would lead to all round development of the mill area". With this initiation the establishment of sugar factories gained momentum in the state. With the growing number of co-operative factories the need for state level coordinating body was felt. Hence for setting up of new co-operative sugar mills in a planned way and for efficient functioning of existing sugar mills, the U.P. Co-operative Sugar Factories Federation Ltd. was established as an apex. organization in the year 1963, its head office being in Lucknow.

Since its inception the federation is continually providing promotional, financial and technical assistance to its member co-operative sugar factories in order to improve their performance. The technical and promotional cell of this Federation has been providing a comprehensive package of services right from
inception to the commissioning of new sugar project in different parts of the state. In case of operating sugar factories the cell has advised and supervised the implementation of modernization / expansion scheme, technology upgradation, improvement of sugar quality and optimization of crushing capacity.

The above mentioned sectoral co-operative federations have been making a significant contribution since the inception to commissioning of co-operative sugar mill by rendering promotional financial and technical services. But they are not engaged in any way in the management of co-operative sugar mills. These organizations are neither framing the management policies nor implementing them. The co-operative sugar mills are guided by the rules and by-laws of the State Co-operative Societies Acts and the provisions of the Multi State Co-operative Societies Act of 2002 as the case may be. Hence, these institutions are not playing any direct role in the implementation of the scheme of the workers' participation in management.

However, NCUI, the apex. co-operative organization of India is organising co-operative education and training programmes for the democratiasation and professionalization of management and thus helping indirectly in the implementation of the scheme as education and training is considered as a prerequisite for the implementation of the scheme. Simultaneously the NCUI is also influencing the co-operative organizations to have well defined
manpower development policies to improve the quality and efficiency so as to face the challenges of liberalization. And for the purpose the union is conducting research studies and convening seminars / conferences and workshops on various subjects to form a common viewpoints of problems and approach.

The other national and state / regional level organizations are also making indirect contribution to the success of scheme through education and training but their role as a law enforcing agency is negligible.

**Composition and Functions of Committees / Councils at Various Levels in the Implementation of Scheme**

For effective implementation of the idea of participative management, the Government of India set up a machinery (either by legislation or by directive principles) providing for the constitution of various committees / councils viz. works committees, joint management councils, joint councils, shop councils, unit councils and plant councils etc., at plant level. These committees and councils aimed at ensuring amity and good relations between workers and management resulting in increased production and productivity.

The composition and functions of these committees / councils have been discussed in the earlier chapter under the subtitle 'forms of workers' participation in management in India. The earlier discussions in this chapter reveal that the environment
for the implementation of the schemes is conducive which is evident from the various efforts of the Government since the dawn of independence. Although, the scheme of participative management did not receive much success in the country, the role played by the Government has been appreciable. For the successful implementation of the scheme the Government has provided a legal framework with the enactment of the Industrial Disputes Act 1947 and the Factories Act 1948.

The Government passed a bill in the year 1990 and also made constitutional amendment. But these efforts could not achieve the desired success. The sectoral co-operative federations are also contributing in some way or the other in the successful implementation of the scheme.