RESOLUTION OF UNION MINISTRY OF LABOUR
ON THE SCHEME FOR WORKERS' PARTICIPATION
IN INDUSTRY AT SHOP LEVEL AND
PLANT LEVEL

Dated 30th Oct. 1975

One of the items in the 20-point economic programme relates to the introduction of schemes for workers' participation in industries particularly at the shop floor level and in production programmes. Government have considered this matter very carefully and have drawn up a scheme for the purpose, which is indicated below:

Introduction

1. To begin with, the scheme will have to be flexible so as to allow variations to suit local conditions and hence will be implemented through executive action. Various forms of worker's participation are already in vogue, in certain units in different industries particularly in the public sector. Governments are, therefore, of the view that the matter should be left to the initiative of the management to evolve a suitable pattern of participation depending upon the nature of each unit. Legislation will be considered after adequate experience is gained.

2. The scheme will be implemented in the first instance in manufacturing and mining industries whether in the public, private or co-operative sectors. These will include also units run departmentally, whether or not the Joint Consultative Machinery set up is functioning in such units.

3. The scheme for the present will apply to those units which have 500 or more workers on their rolls. The scheme will provide for shop councils at the shop/departmental levels and Joint Councils at the enterprise level.
Shop Councils

4. The main features of the Scheme of Participative Management is through shop councils, may be as follows:

(i) In every industrial unit employing 500 or more workmen, the employer shall constitute a shop council for each department or shop, or one council for more than one department or shop, considering the number of workmen employed in different departments or shops;

(ii) (a) Each council shall consist of an equal number of representatives of employers and workers;

(b) The employers' representatives shall be nominated by the management and must consist of persons from the unit concerned;

(c) All the representatives of workmen shall be from amongst the workers actually engaged in the department or the shop concerned;

(iii) The employer shall decide in consultation with the recognised union or the various registered trade unions or with workers, as the case may be, in the manner best suited to local conditions, the number of shop councils and departments to be attached to each council of the undertaking or the establishment;

(iv) The number of members of each council may be determined by the employer in consultation with the recognised union, registered unions or workers in the manner best suited to local conditions obtaining in the unit; the total number of members may not generally exceed 12;

(v) All decisions of a shop council shall be on the basis of consensus and not by a process of voting, provided that either party may refer the unsettled matters to the joint council for consideration;
(vi) Every decision of shop council shall be implemented by the parties concerned within a period of one month unless otherwise stated in the decision itself and compliance report shall be submitted to the council;

(vii) Such decisions of a shop council which have a bearing on another shop, or the undertaking or establishment as a whole will be referred to the joint council for consideration and decision;

(viii) A shop council once formed, shall function for a period of two years. Any member nominated or elected to the council in the mid-term to fill a casual vacancy shall continue to be a member of the council for the unexpired portion of the term of the council;

(ix) The council shall meet as frequently as is necessary and at least once in a month;

(x) The Chairman of the shop council shall be a nominee of the management; the worker members of the council shall elect a Vice-Chairman from amongst themselves.

Functions of the Shop Councils

5. The shop councils should, in the interest of increasing production, productivity and overall efficiency of the shop/department attend to the following matters:-

i. Assist management in achieving monthly/yearly production targets;

ii. Improvement of production, productivity and efficiency including elimination of wastage and optimum utilisation of machine capacity and manpower;

iii. Specifically identify areas of low productivity and take necessary corrective steps at shop level to eliminate relevant contributing factors;
iv. To study absenteeism in the shops/departments and recommend steps to reduce them;

v. Safety measures;

vi. Assist in maintaining general discipline in the shop/department;

vii. Physical conditions of working, such as, lighting ventilation, noise, dust, etc/., and reduction of fatigue;

viii. Ensure proper flow of adequate two-way communications between the management and the workers, particularly on matters relating to production figures, production schedules and progress in achieving the targets.

Joint Council

6. Every industrial unit employing 500 or more workers, there shall be a Joint Council for the whole unit. The main features of the scheme of Joint Council may be as follows:

i. Only such persons who are actually engaged in the unit shall be members of the joint council;

ii. The council shall function for a period of two years;

iii. The chief executive of the unit shall be the Chairman of the joint council; there shall be a Vice-Chairman who will be nominated by worker-members of the council;

iv. The joint council shall appoint one of the members or the council as its Secretary. Necessary facilities for the efficient discharge of functions by the Secretary shall lie provided within the premises of the undertaking/establishment;

v. The term of the council, once formed shall be for a period of two years; if, however, a member is nominated in the mid-term of the council to fill a casual vacancy, the member nominated in such
Composition

8. There is considerable diversity in the situation prevailing from unit to unit in different industries. Even departmental undertakings and public enterprises under the same Ministry of the Government of India, have had to adopt different systems depending upon the local conditions and their individual needs. Keeping this diversity in view, no uniform pattern is being laid down for the constitution of Shop Councils and Joint Councils, particularly relating to the representation of workers. The management in consultation with workers should evolve the most suitable pattern of representation so as to ensure that the representation of the workers results in effective meaningful and broad-based participation of workers.

Communication

9. For any scheme of workers' participation to succeed, there must be an effective two-way communication and exchange of information between the management and the workmen. It is only then the workers would have a better appreciation of the problems and difficulties of the undertaking and of its overall functioning. With this end in view, each unit should devise a suitable system of communication within the undertaking.

Works Committee

10. The Works Committees as prescribed under the Industrial Disputes Act shall continue to function as at present.

Appropriate Government

11. The scheme not being statutory, the concept "appropriate government" as in the I.D. Act is not relevant. However, the Central and State Governments have an important role in promoting the healthy and speedy implementation of the scheme in as large a number of units as possible. While the initiative for the introduction of the scheme will mainly be with the undertakings concerned, all matters relating to the operation of the scheme
will be dealt with by the Central Government in the case of the public sector/departmental units of the Central Government.

Conclusion

12. Government is aware that it is only by providing for such arrangements for workers' participation particularly at the shop floor and unit level that the involvement of workers in the effective functioning of the unit and in improving production and productivity can be ensured. Government would, therefore, appeal to all the managements and workmen and trade unions concerned to take speedy and effective measures for the early adoption of the scheme in their units and for its continued healthy functioning.