Relationship between Workers & Management in Sugar Industry

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ABSTRACTS: Sugar Co-operatives are wedded to the principles of democratic Socialism. This form of Management is not a simple one but it is full of law complexities. It makes an intensive study of workers participation in management. It deals with aspects as concept of workers' participation, its various stages and evolution of workers' participation in management in Co-operative enterprises. It also examines the recruitment, selection and training of workers in Co-operative Sugar mills of Maharashtra; payment of wages to them, industrial disputes, housing and other labour welfare measures and the position of workers participation in management in Co-operative Sugar Mills of Maharashtra and problems related to it. It also reviews the staff relationship and need to frame suitable personnel management policies. ..o.constructive lines to achieve the dual goal of higher productivity and industrial peace.

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I. INTRODUCTION

Co-operative Organization in India has been widely recommended and accepted as an important aid to rural reconstruction and development. The process of giving a distinctly co-operative basis to the production of sugar in the interest of cane growers was first emphasized in the country with the establishment of the Co-operative Sugar Factory in India. The application of Co-operative Principles and techniques turned the agriculturist class into entrepreneurs. Now the co-operative Sugar Industry holds a place of pride in the co-operative movement in the field of large sized processing industries in the country. Maharashtra being a predominantly agricultural state.

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 co-operatives towards their employees restricts the role of the workers can play in providing maximum benefit to the members of the co-operatives. This attitude leads to tensions and conflicts between the management and workers. To resolves this, both labour and owners must be considered co-partners of the enterprise.

LABOUR IN SUGAR INDUSTRY:--

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

A. As per nature of employment

(i) Permanent 32 %
(ii) Temporary 08 %
(iii) Seasonal 60 %

Total = 100 %

B. As per skill

(i) Highly skilled 03 %
(ii) Skilled 20 %
(iii) Semi-skilled 15 %
(iv) Unskilled 62 %

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 the rates fixed by the Second Sugar Wage Board. 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. But 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>Category</th>
<th>Casual leave</th>
<th>Sick leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seasonal workers</td>
<td>½ day for every same</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Month of seasonal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employment</td>
<td></td>
</tr>
</tbody>
</table>

Permanent workers 6 days in a year 10 days in a year

In this industry 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 weightmen clerks; requisition slip ('Parchi') writers, seasonal ledger clerks, requisition slip ('Parchi') distributors, dak runners, token clerks and choukidars, 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 Maharashtra is different from those of other type of cooperatives of the state. The management itself as per direction of the Maharashtra co-operative Sugar Factories Federation recruits workers.

**RECRUITMENT POLICY:-**

For the appointment of various categories of workers and clerks the operative Sugar Factories Federation of Maharashtra has directed to all co-operative sugar mills of the state to set up a panel comprising the following.

1. **General Manager of the concerned mill**
2. **Department Chief**
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 staffs 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 some times 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 laborers 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 neighborhood. Only the permanent laborers at the co-operative sugar mills of the state enjoy the benefit of Provident fund. These mills being located in Rural areas and organized on co-operative lines attract people from agricultural sector and provide them employment opportunities especially in off season of agriculture. They're being different crushing capacities and periods of production in different mills and the figures of different categories of workers in Co-operative Sugar Mills in the State differ from mill to mill. These figures vary during the season and also during the off-season period.

Workers are paid their wages on a monthly basis and payment is made within 7 days of every month. If over – timework is taken from them, they are paid at a rate double their basic wages. Also if any employee performance continuous work in the night shift he is given night allowance as per rules, the Provident Fund Act of 1952 is also applied. A worker becomes eligible for the benefit of the Provident Fund after completing the profession period. Gratuity is also paid as per recommendations of the Wage Board 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 his 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
with held 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 increments. In cases where efficiency bar exist, the increment above the bar is not given to the employee without specific sanctioned of the authorities concern. The co-operative sugar mills provide various other Non wage benefits such as medical facilities, cantin, group insurance, housing, entertainment and several other social welfare facilities.

Workers' Participations – 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 motivates 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, and in hand for the fulfillment 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 co-operations 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.

Stages of Participations-

So far as the stages of participation are concerned, these may be categorized 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 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's 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 authorized to some extent to participate in the management to ensure efficient administration. This form of participation visualizes consultation of worker 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 scrutinize and examine all matters relating to the enterprise and participate in the decision making process along with the management. Being the highest from of workers' participation in management; this stage entitles the workers to have their representative on the Board of Directors.

GENEISIS 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 endeavor to compose material differences in respect of such matters. Later, the Industrial Policy Resolution of 1956 give 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 Indian Labour Conference recommended the setting up of a tripartite sub-committee and suggested, in 1958, the size, constitution and other details for the 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 1969 the National Commission on labour examined the scheme and concluded that it could not produce the desired result on account of the apathy and indifference of both the employers’ and the employees’ organizations. In 1975 the scheme was greatly encouraged with the implementation of the 20 Point Economic Programme. The government passed a resolution on Oct. 20,1975 for the formation of shop councils at shop level and joint councils at unit level in industrial establishments as recommended by the Labour Minister's Conference held in July 1975. A shop floor committee is to look in to the production problems, departmental committee are to co-ordinate the achievements and functions of the floor committee and the plant level committees are to look after the overall problems of production cost, quality of products etc.

**WORKER’S PARTICIPATION IN CO-OPRETIVES:**

It is a fact that the co-operative enterprises did not welcome the scheme before 1975. The co-operative sugar factories have been criticized by labour organization on the ground that they have been exploiting consumers and workers as much as the private sector. Workers in these mills say that they are not given the place, which they deserve in the working of the enterprises. The National Commission on Labour has pointed out that the workers of co-operative sugar factories have not been given any opportunity to participate in the management of the factories. The need of workers' management association in sugar co-operatives was first realized by the Maharashtra State Federation of co-operative Sugar Factories, which set up an expert committee under the chairperson of Prof. D.R. Gadgil to examine the issue for its applicability in co-operative sugar factories. The committee recommended strongly for the implementation of the scheme.

**THE SCHEME IN SUGAR CO-OPERATIVES**

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 Co-operative sugar factories. The workers' committee has been constituted station wise in each unit and there is an overall co-ordination committee to review the work of the mill as a whole. Station wise 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 the during the off season and crushing season. They also review the performance of each station and pinpoint the bottlenecks and co-ordination committee's endeavors to co-ordinate the functioning of each station wise committee and also to ensure co-ordination between different departments of sugar mill.

The workers' of the above mentioned Co-operative sugar mills of the state have organized 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 Act and other laws. Despite this the labour leaders and labour organizations criticize the worker management relations in co-operative sugar factories of the State on the ground that the management exploits consumers and workers just like the private sector. They observe that co-operative 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 co-operative sugar factories of M.S have been cordial. There has hardly been a strike of workers in these factories. Though there have been cases of strikes by sugarcane growers, by suspending cane supplies. With the implementation of the scheme mill-wise workers' unions have been organized and are affiliated to the Central organization of trade unions e.g. All India 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 co-operative 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 industrialization 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 under-takings 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 endeavors to compose the material difference of opinion in respect of such matters. But the Maharashtra Co-operative 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 Council under the scheme have not made much progress in co-operative 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 Co-operative Sugar Mills when interviewed, pointed out that they had no faith in the integrity of their employers. The 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 co-operative 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 problems of labour management relations deeply. The workers interviewed also pointed out that the management victimized union leaders by transferring them to other departments or to remote areas and giving them un-important 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 co-operation did not exist in the co-operative sugar mills.

Another aspect of the problem is that an absence of collaboration among the unions of all the co-operative sugar mills of the State. The union of one mill has no effective co-ordination with that of another. This means that each of the unions is working in isolation.

There is very often a wide communication gap between the management and the workers. This affects the sense of commitment to common cause and jeopardizes efficiency within the mill. Since workers are not shareholders in the co-operative sugar mills of the State, there is no favorable 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 sail 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 co-operation between labour and management but the main of obstacles are political rivalries, disunity in the ranks of labour, lack of necessary provisions in the Co-operative Societies Act of the State and negligence on the part of the Maharashtra Co-operative 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 strictly 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 vacancy 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 Co-operative 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; and
(h) Educational facilities and assistance for higher education to the wards of all workers should provide by the mill.

**II. CONCLUSION**

The goal of higher productivity and industrial peace can be attained only through a willing co-operation between management and workers. This requires workers' participation in management. The scheme of Workers' participation not only achieves greater productivity but also enables workers to participate in decision-making process and hence it helps in the establishment of a socialistic environment in the organization.
The Co-operative Sugar Mills of Maharashtra have accepted the scheme in principle. But practically the programme 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 co-operatives. Unlike in other state like U.P. and Punjab, the scheme does not find mention in the co-operative societies act of Maharashtra. 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 machinery for the settlement of disputes and differences is also necessary.

**REFERENCE**


**Article:**


**APPENDIX I**

Recommendations of Gadgil Committee on Workers' Participation in Management

1. All permanent and temporary workers of the co-operative sugar factories may be made as shareholders.
2. There may be separate class of members for workers. Members of this class may be termed ‘worker members’. The worker membership may be optional.
3. Unless a worker purchases total number of shares equivalent to the amount to his total monthly salary including D.A. he may not be admitted as a member.
4. There may be two representatives of the worker members on the board of directors of co-operative sugar factories. The workers of the concerned co-operative sugar factories may elect these representatives.
5. For the purpose of participation in the annual general meeting of co-operative sugar factory and for voting therein the worker members' representative may be at the rate of one person for every 25-worker members.
6. Non-refundable deposits may be collected from the worker members at the rate of 1% of total salary.
7. As soon as the worker member is relieved of the concerned co-operative sugar factory on whatever ground, his membership may automatically stand terminated and the amount due to him on account of share, divided, non-refundable deposit and interest may be refunded to him.

Source: Workers Participation in the management of co-operatives, National Co-operative Union of India, New Delhi, p.31.

In pursuance of these recommendations the Maharashtra Government took legal steps in the 1974 and introduced provisions in Maharashtra Co-operative Societies Act regarding workers' participation on the Board of Management of co-operative enterprises.

**APPENDIX-II**

Sec.73 BB of Maharashtra Co-operative Societies Act Regarding Workers Participation in Management

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

a) If the number of members of the committee thereof is 11 or less-one seat; and
b) If 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 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 officer".

Source: Workers Participation on Management of Co-operatives, National Co-operative Union of India, New Delhi, p.32.
Hence, the co-operative sugar mills in Maharashtra are the first in the co-operative sector of Indian economy to introduce workers' participation in management. The National federation of co-operative Sugar Factories approved of the scheme and took the matter up with other state Governments. In 1975 the National co-operative Union of India (NCUI) convened a national Seminar on 'Role of Co-operatives in the New Economic Programme' in which the importance of effective participation of workers in the management of 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 co-operative 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 co-operation held in September 1975, which made favorable recommendations in this regard.

**APPENDIX III**

**Recommendations of State Ministers’ Conference 1975 on Workers’ Participation in Management**

1. 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. This will particularly apply to co-operative sugar factories and co-operative spinning mills.

2. 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 recommendations/suggestions to the management in regard to-
   a) Improved methods and techniques of planning and implementation of programmes,
   b) Fuller utilization of installed capacity and
   c) Reduction in costs.

3. 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.

4. Employees who are shareholders 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.

5. Co-operative laws should be re-examined with a view to facilitating the implementation of the above suggestions.

**Source:** Workers Participation in the Management of Co. operatives, National Co-operative Union of India, New Delhi, p.35.

On their recommendation the Consultative Council on Co-operation attached to the Department of Civil Supplies and Co-operation, 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, 1994 the Ministry of Labour in the Union Government, formulated the scheme of workers' participation in management and issued a circular obliging all manufacturing and mini industries whether in public, private or co-operative sector having 500 or more workers on their rolls to follow it. In line with this, the large-sized co-operative under takings like sugar factories, spinning mills, IFFCO etc. started the formation of council.

**APPENDIX –IV**

**Features of Shop Councils**

1. In every industrial unit employing 500 or more workman the employer shall constitute a shop council for each department or shop, considering the number of workman employed in different departments or shop.
2. (a) Each council shall consist of an equal number of representative of employer and workers'
   (b) The employers' representative shall be nominated by the management and must consist of persons from the unit concerned; and
   (c) All the representative of workman shall be from amongst the workers actually engaged in the department or the shop concerned.
3. The employer shall decide in consultation with the recognized union or the various registered trade unions or with workers, as the case may be, in 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.
4. The number of members of each council may be determined by the employer in consultation with the recognized 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.
5. All decisions of shop council shall be no the basis of consumers and not by a process of voting, provided that either party may refer the unsettled matter to the joint council for consideration.
6. Every decision of a 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 council.
7. Such decision of a shop council, which have a bearing on another shop, of undertaking or establishment, as a whole will be referred to the joint council for consideration and decision.

8. 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.

9. The council shall meet as frequently as is necessary and at least once in a month.

At shop floor and plant level. Later on January 4, 1977, a circular of the ministry of Labour to commercial and service organization having at least 100 workers extended the idea of the workers' participation in management. This circular contemplates the setting up shop floor councils and joint councils at shop floor level and plant level respectively.