Studying the Impact of Labour Legislations on Workers of Medium-Scale Enterprises in Sikkim

A Thesis Summary write up Submitted

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by

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CHAPTER: 1

Introduction

1.1 : Theoretical Background of the Study:

"If you take care of your workers, they will take care of your business"

- (Richard Branson).

Workers:

The definition of the term "worker" according to Section 2(l) of the Factories Act, 1948 is "someone who is employed in any manufacturing process or any other work related to the manufacturing process. This includes people employed directly or indirectly, through an agency or contractor, with or without the knowledge of the principal employer. It also includes people who clean any part of the machinery or premises used for manufacturing. However, members of the armed forces of the union are not considered workers under this definition".

According to section 2(1)(i) of the Code on Wages, 2019, "worker" means any person employed in any industry, undertaking, establishment, or organisation. A worker's output and effectiveness directly affect the revenue and profitability of any organisation. Again, workers are the lifeblood of any business organisation.

Thus, it is accurate to state that workers play a vital role in manufacturing companies. Workers are an essential component playing a vital role in the functioning of any enterprise, but they often face exploitation, discrimination, and violation of their human rights. Considering this, women and children may be especially vulnerable in any industrial sector. Therefore, strong labour laws are essential in providing a comprehensive safety net for all workers in manufacturing businesses to protect them from exploitation and discrimination. Workers are important because they bring life to medium-scale enterprises and should be compensated both monetarily and non-monetarily to provide them with the motivation to focus on their work effectively (Kaur et al., 2021). Workers and employees are synonyms and often used interchangeably, so here the word 'workers' has been used in this study.

1.2 : Background of the Labour Legislation:

Indian labour legislation has evolved through three distinct eras: the Colonial Era (1850-1947), during which laws focused on regulating working hours, wages, and working conditions; the Socialist Era (1947-1991), characterised by an emphasis on workers' rights, trade unions, and social security; and the Liberalisation Era (1991-present), which has shifted towards flexibility, deregulation, and a globalisation approach.

To ensure comprehensive protection for all workers in medium-scale manufacturing enterprises, effective labour legislation is essential. Labour legislation encompasses all governmental laws designed to provide economic and social protections for workers. For instance, the Code on Wages, 2019, offers an inclusive definition of "worker" aimed at safeguarding and promoting workers' rights (Singh, 2021).

This study, titled "Studying the Impact of Labour Legislations on Workers of Medium-Scale Enterprises in Sikkim," primarily focuses on gathering workers' perspectives regarding the critical provisions established in seven central labour laws enforced in Sikkim and how these laws influence workers in medium-scale manufacturing enterprises, including those in the pharmaceutical sector. Ultimately, this research aims to assess the impact of labour legislation on workers in medium-scale enterprises within Sikkim. In the context of the state, there are 18 labour-related laws in total (16 central laws and 2 state laws) that are extended and enforced. Recently, the central government implemented changes, consolidating 44 existing labour laws into 29 distinct labour legislations categorised under four different labour codes.

A. **Laws Governing Wages: Codes on Wages, 2019**
   1. The Payment of Wages Act, 1936
   2. The Minimum Wages Act, 1948
   3. The Payment of Bonus Act, 1965
   4. The Equal Remuneration Act, 1976

B. **Laws governing Industrial Relations: Industrial Relations Code,   2020**
   5. The Trade Union Act,1926
   6. The Industrial Employment (Standing Orders) Act, 1946
   7. The Industrial Disputes Act, 1947

C. Laws Governing Social Security: Social Security Code, 2020

8. The Employees Provident Funds and Miscellaneous Provision Act, 1952
9. The Payment of Gratuity Act, 1972
10. The Employees` Compensation Act, 1923
11. The Maternity Benefits Act, 1961
12. The Employees' State Insurance Act, 1948
13. The Workers' Cess Act, 1996
14. The Cine Welfare Fund Act, 1981
15. The Building and Other Construction and Unorganised Workers` Social Security Act, 2008
16. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

D. Laws Governing Working Conditions & Welfare: Occupational Safety, Health and Working Conditions Code, 2020

17. The Factories Act,1948
18. The Contract Labour (Regulation and Abolition) Act, 1970
19. The Mines Act,1952
20. The Dock Workers (Safety, Health and Welfare) Act, 1986
21. The Building and Other Construction Worker (Regulation of Employment and Conditions of Service) Act, 1996
22. The Plantation Labour (Regulation and Abolition) Act, 1970
23. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
24. Employees (Conditions of Service) and Miscellaneous Provision Act,1955
25. The Journalists (Fixation of Rate of Wages) Act, 1958
26. The Motor Transport Workers Act, 1961
27. The Sales Promotion Employees (Condition of Service) Act, 1976
28. The Beedi and Cigar Workers (Conditions of Employment) Act, 1966
29. The Cine-Workers and Cinema Theatre Workers Act, 1981

The 29 labour legislations in 4 different codes, out of which only 7 labour legislations are enforced and applicable in the state of Sikkim, which is the scope of my Ph.D. research study. The labour legislations that are enforced in Sikkim are as follows:

A. Laws Governing Wages: Codes on Wages, 2019

1. The Payment of Wages Act, 1936
2. The Minimum Wages Act, 1948
3. The Equal Remuneration Act, 1976

B. Laws Governing Social Security: Social Security Code, 2020.

4. The Employees Provident Funds and Miscellaneous Provision Act, 1952.
5. The Payment of Gratuity Act, 1972.
6. The Employees` Compensation Act, 1923.
7. The Employees' State Insurance Act, 1948.

1.3 : Background of the Medium-Scale Enterprises in Sikkim:

In the state of Sikkim, businesses of all sizes are involved in producing pharmaceuticals, food processing, breweries, cosmetics, security links, mattresses, corrugated boxes, and eco-tourism items. Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in propelling Sikkim's economy by stimulating economic activity, generating employment, and improving the state's living standards. MSMEs mobilise hidden resources to enhance the welfare of the state, with a significant number of workers employed by micro, small, and medium-sized businesses leading to a notable decrease in unemployment rates. It employs both skilled and unskilled workers and also reduces regional disparities in rural and underdeveloped areas by industrialising and utilising resources. By generating revenue and employment opportunities in rural areas, it mitigates the issues of pollution, squalor, and traffic congestion in Sikkim while promoting the development of both urban and rural areas.

Sikkim is one of the states where industries are expanding. The Sikkim Government's Commerce and Industries Department is the regulating body for the registration and advancement of trade and industrial activities in the state. The Sikkim Industrial Development & Investment Corporation Limited (SIDICO) is the state-level organisation in charge of supporting the finance and growth of the industries in the state. Ecotourism, Handloom and Handicraft, Pisciculture, Medicinal Plant Plantations, Floriculture, Tea production, Spices, Honey, Breweries, Pharmaceutical products, and Electronics are some of the medium-sized public and private enterprises industries where a large number of workers

are employed and are actively engaged in manufacturing activities in the state. In this context, several national and local labour legislations have guidelines for addressing the challenges and issues faced by workers in these medium-scale enterprises. The 42nd Amendment of the Indian Constitution, which was adopted in 1976, included an article titled "Securing the Participation of Workers in Management of Undertakings". The benefits to workers and the improvement of their socio-economic conditions are mentioned in every article of the Indian Constitution. To meet the requirements of planned economic development and social justice, industrial harmony, and the welfare of the working force, labour legislations are necessary to manage the labour market in India, and Micro, Small, and Medium Enterprises, accounting for 11.10 per cent of all industrial jobs in India. As per the Annual Report 2020-21, Micro, Small, and Medium Enterprises contribute to 30.27% of India's Gross Domestic Product (GDP) and manufacture over 6000 various products, which account for 50% of the country's total exports (msme.gov.in).

Sikkim is one of the northeastern states in India. Seen from this point of view, the North Eastern Development Scheme (NEIDS) strives to accelerate the industrial and economic progress of the north-eastern region, which includes Sikkim as well. There will be a significant rise in industrial activity in the future in Sikkim, leading to an increase in the workforce from various parts of the country and overseas. The definition of MSMEs under this study is as per the Sikkim Industries Licensing (Amendment) Act, 2021 (ACT NO. 03 OF 2021). The Sikkim Industries Licensing (Amendment) Act, 2021 (ACT NO. 03 OF 2021) and the licensing fees are as under:

For Micro Unit:

a. Rs. 3,000 per annum as a license fee for Industrial Units having their investment up to Rs. 25 lacs in Plant and Machinery.

For Small Units:
b. Rs. 15,000 per annum as a license fee for Industrial Units having their Investment of Rs. 25 lacs to Rs. 5 Crores in Plant and Machinery.
For Medium Units:
c. Rs. 1,50,000 per annum as a license fee for Industrial Units having their Investment of Rs. 5 Crores to 10 Crores in Plant and Machinery.
For Large Units:

d. Rs. 3,00,000 per annum as a license fee for Industrial Units having an Investment of Rs.

10 Crores and above in Plant and Machinery.

Accordingly, the list of medium-scale enterprises in the state of Sikkim:

Source: Dept. of Commerce & Industries, Govt. of Sikkim, 2022

Sl.No.	Name & Address of the Medium-Scale Enterprises	No. of workers
I	North East Pharma Pack, Pacheykhani, Pakyong	101
II	Heba Pharmaceutical LLP, Marchak, Ranipool	90
III	SBL Pvt. Ltd. Majitar East Sikkim	319
IV	Titan Company Ltd. (Watch Division) Bageyhkola, PO Majhitar	200
V	G.K. Burman Herbal and Health Care, Jholungay, Mamring	111
VI	V-Guard Industries Ltd. (Unit II) Majhitar, Rangpoo, East Sikkim	372
VII	CG Food India Pvt. Ltd. Mining, Rangpoo	387
VIII	Sikkim Agrochem Pvt. Ltd., Majhitar, East Sikkim	14
IX	Yoksum Breweries Ltd., Melli South Sikkim	204
X	Godrej Consumer Products Ltd., Mamring, South Sikkim	34
XI	Nextgen Printer Pvt. Ltd. Majhitar, E/Sikkim	85
XII	Homac transformer & Electrical Ltd., Sirwani, Sang Road	14
XIII	Phoenox Udyog Pvt. Ltd. Majhitar E/Sikkim	50
XIV	Marc Life Science Sikkim Samardung, South Sikkim	32
XV	Aurochem Laboratories India Pvt. Ltd., Manpur, South Sikkim	32
	Total Workers	**2045**

1.4 : Research Questions:

- What is the demographic profile of workers in medium-scale enterprises in Sikkim?
- What benefits do workers receive under the provisions outlined in the Code on Wages, 2019?
- What safety and welfare measures are implemented for workers in medium-scale enterprises?
- What initiatives have medium-scale enterprises undertaken to enhance worker efficiency?

- What benefits are provided to workers under the Social Security Code, 2020?
- What is the overall impact of labour legislation on workers in medium-scale enterprises in Sikkim?

1.5 : Objectives of the study:

1. To study the demographic profile of workers of medium-scale enterprises in Sikkim.
2. To identify the benefits available to workers under the categories established by the Codes on Wages, 2019.
3. To study the safety and welfare measures provided for workers of medium-scale enterprises in Sikkim.
4. To study the skill-upgradation activities conducted in medium-scale enterprises in Sikkim.
5. To find out the extent of benefits received by workers under the Social Security Code, 2020.
6. To find out the overall impact of labour legislation on workers of medium-scale enterprises in Sikkim.

1.6 : Significance of the present study:

This research study stands out as the first of its kind in Sikkim. Its primary aim is to enhance the understanding of labour legislation and its effects on workers in medium-scale enterprises, particularly concerning wages, benefits, and safety measures. The key contributions of this study shall include:

- Identifying possible advantages/disadvantages of labour legislations for workers in medium-scale enterprises in Sikkim.
- Raising awareness of workers' constitutional rights as stipulated in labour legislation.
- Providing insights into workers' perceptions of labour legislation.

1.7 : Hypotheses of the study:

Objectives of the study	Hypotheses Development
1. To study the demographic profile of workers in medium-scale enterprises in the state of Sikkim.	
2. To identify the benefits available to workers under the categories established by the Codes on Wages, 2019.	H_0: Workers in medium-scale enterprises in Sikkim receive inadequate benefits according to the Wage Code of 2019. H_1: Workers in medium-scale enterprises in Sikkim receive adequate benefits as per the legislation categorised under the Wages Code, 2019.
3. To examine the safety and welfare measures provided for workers of medium-scale enterprises in Sikkim.	H_0: There exist violations of safety and welfare provisions for workers in medium-scale enterprises in Sikkim. H_1: There is proper and adequate compliance of safety and welfare provisions for workers in medium-scale enterprises in Sikkim.
4. To study the various skill-upgradation activities conducted in medium-scale enterprises in Sikkim.	H_0: There are inadequate skill upgradation programs conducted by medium-scale enterprises. H_1: Medium-scale enterprises have adequate skill-upgradation training program for their workers.
5. To find out the extent of benefits received by workers under the Social Security Code, 2020	H_0: Workers in medium-scale enterprises in Sikkim received inadequate benefits under the Social Security Code, 2020. H_1: Workers in medium-scale enterprises in Sikkim received adequate benefits under the Social Security Code, 2020.
6. To find out the overall impact of labour legislation on workers in medium-scale enterprises in Sikkim.	H_0: Labour legislation in medium-scale enterprises of Sikkim has a minimum overall impact on workers. H_1: Labour legislation in medium-scale enterprises of Sikkim has a significant overall impact on workers.

1.8 Conclusion:

In the first chapter, the study shows the significant findings regarding the implementation of labour laws in the state of Sikkim. It has identified a total of 29 labour laws that have been

codified into four distinct legislative codes. Among these, the Code on Wages, established in 2019, stands out as fully implemented within the state. Additionally, four crucial laws that fall under the Social Security Code, introduced in 2020, are also currently operational in Sikkim. The details of these regulations are as follows:

1. Regulations Governing Wages: Code on Wages, 2019: This comprehensive labour code, designed to streamline wage-related policies, has been fully integrated into the state's legal framework. The specific laws under this code include:

    1. The Equal Remuneration Act, 1976: Ensures equal pay for equal work, promoting gender equality in the workplace.
    2. The Minimum Wages Act, 1948: Establishes minimum wage standards to protect workers from exploitation.
    3. The Payment of Wages Act, 1936: Regulates the timely payment of wages to employees and safeguards their rights.

II. Regulations Governing Social Security: Social Security Code, 2020: While this code has not yet been fully implemented in its entirety, all the associated labour laws are currently in effect in Sikkim. The key acts included in this framework are:

    4. The Employees' Compensation Act, 1923: Provides financial support to employees who suffer work-related injuries or illnesses.
    5. The Payment of Gratuity Act, 1972: Guarantees gratuity payments to employees upon termination of service after a certain period, thus ensuring their welfare.
    6. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952: Facilitates employee savings and financial security through compulsory provident fund contributions.
    7. The Employees' State Insurance Act, 1948: Offers health insurance and social security benefits to workers and their dependents.

However, it is noteworthy that the Regulations Governing Industrial Relations, encapsulated in the Industrial Relations Code, 2020, and the Regulations Governing Working Conditions & Welfare, as outlined in the Occupational Safety, Health and Working Conditions Code, 2020, have not yet been implemented in Sikkim's industrial sector. This delay poses potential challenges to establishing robust and equitable workplace standards in the region.

CHAPTER: 2

Literature Review & Research Gap

In this chapter, literature based on the scope and objectives of the study is discussed, titled "Studying the Impact of Labour Legislations on Workers of Medium-Scale Enterprises in Sikkim." This study focuses on examining the influence of applicable central government labour regulations on workers of medium-scale enterprises in Sikkim. A critical literature review has been conducted based on available academic resources and reports, both primary and secondary, aligning with the different objectives established for the study. The literature has been categorised according to the objectives of the study, which include:

1. The demographic profile of workers in medium-scale enterprises.

2. Issues and benefits related to the Code on Wages, 2019.

3. Safety and welfare measures for workers.

4. Skill upgradation activities conducted in MSEs.

5. Benefits received by workers under the Social Security Code, 2020.

6. The overall impact of labour legislation on workers in MSEs.

2.1 Objective 1: To study the demographic profile of workers in medium-scale enterprises in the state of Sikkim

Sarkar (2016) In the research paper titled "Socio-Economic Impact of MSMEs on their Employees in Lakhimpur (Assam)," published in the International Research Journal of Science and Technology, several important findings were presented. Demographic Study: The majority of employees were male (70%), while females comprised 30%. Most employees (55%) were aged between 25 and 40 years. Employment Benefits: MSMEs provide 95% of employment opportunities, offer regular income to 85% of employees, and provide social security to 60%. Challenges faced by MSMEs: MSMEs in this area encounter challenges such as limited career growth opportunities, low wages, and a lack of job security. The study

highlighted the positive socio-economic impacts of MSMEs in Lakhimpur, including improved living standards, enhanced education, and better access to healthcare facilities.

Olcott & Oliver (2014) In their research paper titled "The Impact of Foreign Ownership on Gender and Employment Relations in Large Japanese Companies," published in Work, Employment & Society, the authors examine how foreign ownership has influenced employment relations and gender dynamics in large Japanese corporations. The study underscores a growing emphasis on enhancing women's participation at the enterprise level.

Deshpande & Sharma (2013) In the article titled "Entrepreneurship or Survival? Caste and Gender of Small Business in India," published in the Economic and Political Weekly, the authors emphasise that entrepreneurship in India is significantly influenced by caste and gender, with important implications for policy and practice. The study also notes that female-owned businesses are typically smaller, less profitable, and encounter substantial barriers, especially in rural areas.

Wolf & Amirkhanyan (2010) The research paper entitled "Demographic Change and its Public Sector Consequences," which appears in the Public Administration Review, explores the intricate connections between shifts in population demographics and the management of public sector organisations. This study provides an in-depth analysis and valuable insights that can guide policymakers and practitioners in navigating the challenges posed by these demographic changes. It emphasises the importance of adapting strategies and practices to ensure effective governance and service delivery in a rapidly evolving demographic landscape.

Doverspike et al. (2000) In their research paper titled "Responding to the Challenges of a Changing Workforce: Recruiting Non-Traditional Demographic Groups," published in Public Personnel Management, the authors examine significant demographic shifts, including an aging workforce, increased diversity, a rise in female participation, and the growing emphasis on work-life balance. The study also addresses non-traditional demographic groups, such as older workers (aged 45 and above), women in non-traditional occupations, and individuals with disabilities.

Riordan & Shore (1997) In their insightful research paper titled "Demographic Diversity and Employee Attitudes: An Empirical Examination of Related Demography within Work

Units," published in the Journal of Applied Psychology, the authors explore the intricate connections between demographic diversity and employee attitudes within organisations. The study reveals that greater demographic diversity among employees is positively associated with increased organisational commitment, suggesting that a varied workforce can foster stronger loyalty and engagement among staff. Moreover, the analysis indicates that the concept of relative demography—how an individual's characteristics compare to their colleagues—significantly influences job satisfaction, highlighting the importance of social context in the workplace. To gather their findings, the researchers conducted a comprehensive survey involving customised questionnaires, which were administered to 234 employees across 34 different work units, providing a robust data set for their conclusions.

Fields & Blum (1997) The study titled "Employee Satisfaction in Work Groups with Different Gender Composition," published in the Journal of Organisational Behaviour, underscores that both men and women in mixed-gender, or gender-balanced, groups demonstrate higher levels of organisational commitment than their counterparts in single-gender groups.

2.2 Objective 2: To identify the benefits available to workers under the categories established by the Codes on Wages, 2019.

Gakul (2024). The research titled "The Code on Wages 2019: A Reform or an Illusion," published in the International Journal of Creative Research Thoughts, explores the fundamental aspects of wages and their implications for workers and industrial relations. It addresses concepts of universal minimum wage, equal remuneration, overtime pay, and floor wage notification. The study concludes that although the Code on Wages 2019 seeks to streamline wage structures, its effectiveness in mitigating inequality and enhancing workers' benefits remains uncertain.

Raju (2023) In their paper titled "A Critical Analysis on Payment of Wages ACT 1936," published in the Journal of Emerging Technologies and Innovative Research (JETIR), the authors examine essential provisions related to the timely payment of wages, deductions, and fines, wage periods, and payment frequency, along with protections against unauthorized deductions. The study reveals that the penalties for non-compliance with these provisions are inadequate and that certain elements, such as wage periods and payment frequency, require modernisation.

Patidar (2023) This study, titled "The Code on Wages, 2019: Numerous Criticisms and Doubts Regarding the Feasibility of Implementing Universal Minimum Wages," was published in the Social Science Research Network. It underscores the significance of statutory wage categories such as floor wage, minimum wage, and overtime wage as defined in the 2019 Wages Code. The study highlights that the Code on Wages, 2019, seeks to enhance the inclusivity of minimum wage laws in India by removing the distinction between scheduled and non-scheduled jobs.

Bais & Nagar (2021) The study titled "Code on Wages, 2019: An Analysis," published in the Social Science Research Network, explores the essential provisions of the code. These provisions encompass a universal minimum wage, equal remuneration for equal work, overtime pay, and the notification of floor wages, all aimed at simplifying the wage structure. The study's findings suggest that consolidating four labour laws reduces complexity, while implementing minimum wages could contribute to diminishing wage inequality. Furthermore, the provisions for overtime pay and floor wages are advantageous for the socio-economic development of workers.

Nandi (2021) In the research paper titled "A Diagrammatic Representation of the New Wage Code 2020: A Critical Illustration," published in the Indian Journal of Law, Polity, and Administration, the author explores various labour legislations concerning Minimum Wages, Payment of Wages, Payment of Bonus, and Equal Remuneration. The paper provides an in-depth analysis of key definitions and provisions related to inspection, adjudication mechanisms, offences, penalties, and other new regulations introduced in the Code on Wages, 2020. The study emphasises that the simplified wage structure not only reduces complexity but also enhances transparency and ensures fair compensation, thereby fostering better protection for workers.

Kumar (2021) In the paper titled "Code on Wages, 2019: A Paradigm Shift in the Enforcement of Wage-Related Labour Laws," published in the Suraj Punch Journal of Multidisciplinary Research, the author examines the consolidation of four key laws: the Payment of Wages Act of 1936, the Minimum Wage Act of 1948, the Payment of Bonus Act of 1965, and the Equal Remuneration Act of 1976. The paper highlights the introduction of a universal minimum wage, the principle of equal remuneration for equal work, the simplification of wage structures, and the enhancement of penalties for non-compliance. The

study's findings suggest that simplified compliance significantly reduces the regulatory burden. Furthermore, the implementation of online compliance and monitoring has improved transparency, strengthened wage security, enhanced worker protection, and fostered a more favourable business environment by minimising the need for inspections and litigation.

Satpathy et al., (2020) In their study titled "Wage Code and Rules – Will They Improve the Effectiveness of Minimum Wage Policy in India?", published in the SSRN Electronic Journal, the authors investigate the concepts of floor wages, legal coverage, and the nation's minimum wage framework. The study also explores how simplified compliance with the wage code provisions can strengthen worker protection. Furthermore, it highlights the critical importance of raising worker awareness about their rights.

(Dubey, 2020) This paper, titled "A Critical Analysis of the Code on Wages, 2019," was published in the International Journal of Law, Management & Humanities. It examines the Code on Wages, 2019, a significant labour law reform in India, providing a critical analysis of its provisions and implications. The study highlights both positive and negative aspects of the Code. Positive attributes include streamlined compliance, enhanced protection for workers, a reduced regulatory burden, and improved enforcement mechanisms. Conversely, the negative aspects reveal ambiguities in definitions and provisions, as well as insufficient protections for contract workers.

Roy (2020). In the research article titled "Rethinking Labour Regulation: Issues in and around the Indian Equal Remuneration Act," published in the Journal of Humanities and Social Science, the author explores the Indian Equal Remuneration Act of 1976. The study highlights several key provisions, including the principle of equal pay for equal work, a prohibition against gender discrimination, the guarantee of identical benefits and privileges for both men and women and the banning of discrimination in recruitment and training processes. Additionally, the research underscores various challenges, such as the ineffective dispute resolution mechanisms within organisations, a lack of awareness regarding the Equal Remuneration Act among both workers and employers and insufficient training and capacity-building programs for employees.

Shreya Kapoor (2019) This research study, titled "Critical Analysis of the Code on Wages, 2019: The Need for Minimum Wage Rights," was published in the Indian Journal of Law and Legal Research. The author evaluates the Code on Wages, 2019, a significant reform in

India's labour law, and analyses its provisions and their implications for minimum wage rights. The study underscores the effect of minimum wages on workers' daily lives. Additionally, it addresses the shortcomings of the Code on Wages, 2019, including the lack of provisions for skill-based wages, ambiguous definitions of minimum wage, and inadequate emphasis on worker education and awareness.

Hoda, A. (2017). In the paper titled "Labour Regulations in India: Rationalising the Laws Governing Wages," published by the Indian Council for Research on International Economic Relations, the author delves into the intricate landscape of labour regulations and wage laws in India. The study advocates for the rationalization of these laws to improve compliance and enhance benefits for workers. It outlines several key advantages of such rationalization, including heightened compliance, reduced regulatory burdens, strengthened worker protection, increased transparency, and more effective enforcement of labour regulations in India.

Trivedi (2010) This research paper, titled "Deduction from Wages," has been published in the SSRN Electronic Journal. The study explores the concept of wage deductions under Indian labour laws, providing a comprehensive analysis of both the relevant provisions and their implications. The article categorizes various types of deductions, including Statutory Deductions (e.g., income tax, provident fund), Non-Statutory Deductions (e.g., loan repayments, fines), and Authorized Deductions (e.g., trade union subscriptions). The study outlines the conditions that must be met for deductions, which include: Written authorization from the employee, clearly defined purposes (e.g., tax, provident fund, loan repayment), A reasonable amount, and No deductions for the employer's benefit. Further, the paper highlights limitations on deductions, such as A maximum statutory limit of 50% of wages, Prohibitions against deducting fines or damages, and Restrictions on deductions for the employer's loss or damage. Additionally, the study addresses prohibited deductions, which include: Fines or penalties, Loss or damage to the employer's property, and Recovery of advances or loans. In summary, the study provides a detailed examination of the regulations governing wage deductions in India.

2.3 Objective 3: To examine the safety and welfare measures provided for workers in medium-scale enterprises in Sikkim

Nandhini D & Frank Sunil Justus T (2022) In their paper titled "Role of Personal Protective Equipment in Micro, Small, and Medium Enterprises Industrial Workers," published in the Small Enterprises Development, Management & Extension Journal (SEDME), the authors emphasise the serious adverse health effects associated with inadequate worker safety measures and work-related injuries. Furthermore, the study highlights the significant concern surrounding the use of Personal Protective Equipment (PPE) within organisations.

Sathyan (2022) In the research article titled "A Study of Health and Safety Measures among Employees in the South Gujarat Region," published in the International Journal of Research Publication and Reviews, the authors highlight several important factors. These include the availability of medical facilities, employee involvement, workplace hygiene, health and safety protocols, accident and hazard prevention, and comprehensive workplace safety measures. Each of these elements is essential for the organisation's overall well-being.

Rampuri (2022) This research paper, titled "A Brief Introduction to Safety, Health, and Welfare in Relation to MSMEs," was published in the International Journal for Research Publication & Seminar. It focuses on "Occupational Safety and Health" (OSH) and emphasises the importance of preventing workplace injuries to employees. The paper examines the significance of effective safety management and highlights the concern that many industrial enterprises expose their workers to hazardous environments, thereby continuously jeopardising their health and safety.

P.N. et al. (2019). The study titled "Employee Satisfaction on Labour Welfare Measures: An Empirical Examination of Manufacturing Companies" was published in the International Journal of Production Technology and Management (IJPTM). It explored the impact of labour welfare measures on employee satisfaction within manufacturing firms, intending to identify the key welfare measures that influence this satisfaction. The findings demonstrated a significant positive correlation between labour welfare measures and employee satisfaction. Furthermore, the study highlighted that social security benefits play a crucial role in influencing employees' intent to remain with the organisation. Additionally, favourable

working conditions and monetary benefits were found to be integral in enhancing employee satisfaction within the workplace.

Bhautik (2017) In the paper titled "A Study of Health and Safety Practices in Medium-Sized Hotels of Mahabaleshwar, Dist. Satara (MS)," published in The Explorer, the author examines effective safety measures for employees within these organisations. The study highlights that poor health and safety management can adversely impact both the company and its employees, as their well-being is mutually dependent.

Subramaniam et al. (2016) In their paper titled "Safety Management Practices and Safety Compliance in Small and Medium Enterprises," published in the Asia-Pacific Journal of Business Administration, the authors explore the safety management practices and compliance, as well as the factors that influence safety compliance in small and medium enterprises (SMEs). The methodology section outlines a sample size of 120 participants drawn from various SMEs, employing descriptive statistics along with correlation and regression analyses for data evaluation. The study reveals a significant positive correlation between safety management practices. It highlights that training and induction programs are the most influential factors in enhancing safety compliance. In contrast, a lack of resources and expertise poses a considerable challenge to achieving safety compliance in SMEs.

Unnikrishnan et al. (2015). In their research entitled "Safety Management Practices in Small and Medium Enterprises in India," published in *Safety and Health at Work*, the article explores the safety management practices within Small and Medium Enterprises (SMEs) in India. The key findings reveal that 70% of SMEs do not have formal safety management systems in place, only 30% conduct regular safety audits, and the training and induction programs are inadequate, reaching only 60% coverage. The authors outline that safety management practices encompass several elements, including safety policies and procedures, risk assessment and management, training, induction programs, safety audits and inspections, incident reporting and investigation, provision of personal protective equipment (PPE), as well as emergency preparedness and response. In their conclusion, the authors emphasise that SMEs in India require substantial improvements in their safety management practices.

Legg et al. (2015) The article titled "Managing Safety in Small and Medium Enterprises," published in Safety Science, explores the topic of safety management in small and medium-sized enterprises (SMEs). The study aims to identify effective safety management strategies

specifically suited for these organisations. A significant finding indicates that SMEs encounter unique safety challenges due to their limited resources. The study underscores the importance of management commitment for successful safety management, while also highlighting the essential role of employee involvement and participation within the organisation.

M. Garg & Jain (2013) In the research paper titled "Evaluating Labour Welfare Legislations and Measures: A Study of the Cotton Textile Industry in Punjab," published in the Universal Journal of Management, the authors investigate the labour welfare legislation and measures implemented in the cotton textile industry in Punjab, assessing the effectiveness of the existing welfare provisions. The study surveyed a sample of 500 workers from 100 textile units. The key findings reveal that 70% of these textile units adhere to the provisions of the Factories Act, while 60% offer medical facilities. However, only 40% provide safety and health measures, and the availability of training and development programs is notably inadequate, with just 30% of units offering such initiatives. Furthermore, canteen and recreational facilities are lacking, as only 25% of the units provide these services. The study underscores the critical importance of worker welfare policies within this sector.

Punia, B., & Kumar, A. (2012) The paper titled "Health and Safety Climate in Industrial Organisations: Previous Studies and Future Directions," published in the Indian Journal of Health and Wellbeing, presents several significant findings. It reveals a strong correlation between health and safety climate and safety performance. Furthermore, it underscores the critical roles of training and communication in establishing a positive health and safety climate within organizations. The study also highlights that factors such as the type of industry and the size of the organization can influence the health and safety climate. This article seeks to explore the underlying causes of workplace accidents, assess the safety of both workers and managers, examine the degree to which employees comply with safety procedures, and evaluate the overall impact of safety management practices and health and safety culture on organizational performance.

2.4 Objective 4: To study the various skill-upgradation activities conducted in medium-scale enterprises in Sikkim.

Waran,(2023) The research article titled "A Study on the Importance of Entrepreneurship Skill Development Programs (ESDP) for the Sustainable Growth of MSMEs in India,"

published in the Proceedings on Engineering Sciences examines the critical role of entrepreneurship skill development programs for Micro, Small, and Medium Enterprises (MSMEs) in India. It identifies the essential skills needed for sustainable growth. In this study, a sample of 300 MSME owners and managers was surveyed, and various data analysis techniques, including descriptive statistics, correlation, and regression, were employed. The key findings indicate that over 90% of respondents view the Entrepreneurship Skill Development Program (ESDP) as crucial for the growth of MSMEs. Furthermore, more than 80% reported enhancements in their business performance following participation in these skill development programs.

Hiremath & Kulkarni (2020) The paper titled "Skill Development Practices in Indian SME Foundries," published in the Paripex Indian Journal of Research, investigates the skill development practices adopted by Indian Small and Medium Enterprises (SMEs) in the foundry sector. The study utilized a survey research design, with a sample size of 120 SME foundries, implementing both descriptive and inferential statistical methods for data analysis. The findings revealed that 70% of SME foundries lack formal training programs, 60% depend on on-the-job training, and 40% do not allocate a budget for skill development. The research underscores the pressing need for enhanced skill development practices within Indian SME foundries to improve productivity and competitiveness.

Gurav (2020) In the research study titled "A Study of Skill Development for Employability Enhancement," available on ResearchGate, the article explores the critical role of skill development in improving employability and identifies the essential skills needed for success in today's job market. The study utilized descriptive statistics, correlation, and regression analysis for data assessment, gathering a total of 500 responses through a survey. The findings reveal that 90% of respondents view skill development as essential for enhancing employability, and 80% of employers have reported skill gaps among new hires. The article underscores the importance of skill development in fostering employability. Additionally, it highlights that technical skills, soft skills, entrepreneurship skills, digital skills, and life skills are vital for achieving employability.

Ahmed (2019) In the paper titled "Skill Development and Entrepreneurship Through Green and Inclusive MSMEs in India," published by Studium Press, the authors explore the significant role of Micro, Small, and Medium Enterprises (MSMEs) in fostering skill development and entrepreneurship, specifically focusing on green and inclusive MSMEs in

India. The research employed a mixed-method approach, utilizing surveys, case studies, and interviews for data collection and incorporating descriptive statistics, thematic analysis, and regression analysis for data analysis. A noteworthy finding from the study indicated that 80% of MSMEs regard skill development as essential for their growth. Furthermore, green MSMEs were shown to create 30% more employment opportunities, while inclusive MSMEs reported a 25% increase in revenue growth compared to their peers. The study concluded that green and inclusive MSMEs can significantly contribute to advancing skill development and entrepreneurship in India.

Chenoy et al. (2019) In their research article titled "Skill Development for Accelerating the Manufacturing Sector: The Role of 'New-Age' Skills for 'Make in India,'" published in the International Journal of Training Research, the authors highlight that the government has launched several initiatives, including "Skill India" and "Digital India." In response to this robust policy push, stakeholders are prioritizing training individuals in essential skills. This focus on skill development has become increasingly critical in the manufacturing sector, particularly due to the technological advancements reshaping the industrial landscape. The study emphasizes the significance of equipping the workforce with the right skills in manufacturing.

Khosla (2014) In the research paper titled "Training and Development Practices in Small and Medium Enterprises: Exploring A Conceptual Framework," published in the Pacific Business Review International, the authors delve into the critical role that training and development play within small and medium enterprises (SMEs). The study outlines several skill-upgrading initiatives implemented by these businesses, highlighting their significance in enhancing the capabilities of the workforce. It underscores that effective training programs are essential for equipping employees with the necessary skills and knowledge to adapt to the ever-evolving demands of the global market, ultimately fostering a more resilient and competent workforce.

2.5 Objective 5: To determine the extent of benefits received by workers under the Social Security Code, 2020.

V Naik (2023), The article titled "Protection of Self-Employed Unorganized Workers under the Code on Social Security, 2020," published in the SSRN Electronic Journal, conducts an in-depth examination of India's Code on Social Security, 2020 (CSS) and its provisions for self-employed unorganised workers. It provides a comprehensive analysis of the protections

and benefits afforded to this vulnerable group. One of the key findings of the paper is that the CSS recognizes self-employed unorganised workers as beneficiaries and extends social security benefits to approximately 40 million individuals within this category.

Sharma (2023) In the scholarly article titled "Code on Social Security, 2020: Challenges of the Code," published in the SSRN Electronic Journal, the authors examine the important issue of social security for employees. The study demonstrates that inadequate social security provisions can negatively impact workforce morale and productivity, ultimately leading to a decline in manufacturing efficiency. Additionally, this lack of support may trigger conflicts and disputes among workers within organisations, underscoring the critical need for strong social security measures in the workplace.

Srivastava (2023) The Indian Journal of Law and Legal Research published an article titled "Overview of the Code on Social Security 2020." This paper aims to present a thorough analysis of the Social Security Code, 2020, in India, including its provisions and ramifications. Nine current labour laws have been consolidated, according to the report. It provides social security benefits, such as a provident fund, pension, insurance gratuity, and maternity benefits, and it applies to all workers, including gig and platform workers. It encompasses both the organised and unorganised sectors. The main conclusion of the study was that it improved benefits, such as pensions and maternity leave.

Agarwal (2022) The Indian Journal of Law and Legal Research published an article titled "Overview of the Code on Social Security 2020." This paper aims to provide a detailed analysis of the Social Security Code, 2020, in India, highlighting its provisions and implications. The report indicates that nine existing labour laws have been consolidated under this code. It encompasses both organised and unorganised sectors, applying to all workers, including those in gig and platform-based employment. The code introduces social security benefits such as provident funds, pensions, insurance gratuity, and maternity benefits. The study concludes that the code significantly enhances benefits, particularly in the areas of pensions and maternity leave.

Raman (2021) In the paper titled "India's Social Security Code, 2020: A Catalyst for Promoting and Protecting Platform Labour," published in *Labour and Development*, the study investigates the implications of India's Social Security Code, 2020, on platform workers. It thoroughly analyses various provisions of the Code and their effects on gig

workers and platform-based employment. The author emphasises that the Social Security Code recognises platform workers as members of the unorganised sector and extends social security benefits to them. Furthermore, it mandates the registration of platform workers, introduces portable social security benefits, and enhances maternity benefits for female platform workers.

Koolwal (2021) This article, titled "Social Security Code 2020: Right to Social Security," appears in the International Journal of Creative Research Thoughts (IJCRT). The study asserts that social security is a fundamental right and seeks to universalise coverage for all workers by consolidating nine existing laws into a single code. Furthermore, it extends benefits to those in the unorganised sector, including gig and platform workers, while ensuring the portability of social security benefits. The study underscores the constitutional framework relevant to social security, referencing Article 21 (Right to Life and Personal Liberty), Article 39 (Right to Fair Wages and Social Security), and Article 41 (Right to Work and Social Security).

Kar (2021). In the article titled "Protection of Self-employed Unorganised Workers under the Code on Social Security, 2020," published in the SSRN Electronic Journal, the author conducts a thorough inspection of India's Code on Social Security (CSS) and its provisions for self-employed unorganised workers. The paper analyses the protections and benefits provided to this vulnerable group. A key finding indicates that the CSS recognised self-employed unorganised workers as beneficiaries and extended social security benefits to 400 million such workers. The code encompasses a range of benefits, including life and disability insurance, health insurance, and pension plans aimed at supporting self-employed unorganised workers.

2.6 Objective 6: To assess the overall impact of labour legislation on workers in medium-scale enterprises in Sikkim.

Ramaswamy & Binnuri (2023) In their study titled "An Analysis of the Impact of India's Labour Codes on Its Organized and Unorganized Sectors," published in Cogent Social Sciences, the authors explore the implications of India's four Labour Codes introduced in 2020: the Wage Code, the Industrial Relations Code, the Occupational Safety, Health, and Working Conditions Code, and the Social Security Code. The study assesses the impact of these codes on both organised and unorganised sectors. For the organised sector, the key

findings reveal that the codes have simplified labour laws and processes, reduced compliance burdens, increased flexibility in hiring and firing, enhanced social security benefits, and improved mechanisms for dispute resolution. In the unorganised sector, the study highlights that the codes have extended social security benefits to 400 million workers, broadened coverage under the Employees' State Insurance (ESI), streamlined registration procedures, improved working conditions and occupational safety, and strengthened protections for migrant workers. The study concludes that India's Labour Codes are designed to streamline labour regulations, enhance social security, and improve working conditions.

Shobana (2022) in this paper titled **"Major Role of Micro, Small and Medium Enterprises (MSMEs) Sector in North East India"**, published in the International Journal of Multidisciplinary Research and Modern Education (IJMRME). The study highlighted that it was abundantly evident that labour laws in India are hardly ever used in practice, and MSMEs face regular hurdles in terms of restrictive labour laws or complex hiring and firing procedures, especially in North East India. This study suggested that a different approach is required to arrive at a more accurate and trustworthy understanding of the methods and outcomes of labour regulations in the context of North East India.

Siddaramu et al. (2021) In their research article titled "Labour Reforms in India: Issues and Concerns," published in the AKGIM Journal of Management, the authors present several important findings. They indicate that while labour reforms have simplified the legal framework, there is a risk that worker protections may be compromised. Furthermore, although social security benefits have been expanded, concerns about funding persist. The reforms have also improved the dispute-resolution process; however, underlying biases have yet to be addressed. The study further underscores the significant challenge of educating workers about the new laws in India.

Agarwala (2019) This study, titled "Using Legal Empowerment for Labour Rights in India," appears in the Journal of Development Studies. It explores the potential of legal empowerment in advancing labour rights across India, focusing on the roles of legal awareness, education, and advocacy in strengthening these rights for workers. The article emphasises the limited legal awareness widespread among workers, particularly those in informal sectors, as well as the challenges posed by inadequate enforcement of labour laws due to resource constraints. The findings suggest that legal empowerment is a vital strategy for promoting labour rights in India, particularly for marginalised workers.

Van Landuyt et al. (2017) In their research titled "Employment Protection Legislation and SME Performance," published in the International Small Business Journal: Researching Entrepreneurship, the authors investigate the impact of employment protection legislation (EPL) on small and medium-sized enterprises (SMEs) and explore the relationship between EPL, SME performance, and labour market outcomes. The study's primary finding reveals that strict EPL hampers SMEs' ability to adapt to changing market conditions. Furthermore, EPL raises labour costs and decreases incentives for hiring within these enterprises. As a result, SMEs operating in countries with stringent EPL experience lower growth rates, leading to fewer employment opportunities. The research highlights that EPL disproportionately affects SMEs compared to larger firms, primarily due to the limited resources available to smaller enterprises.

Roychowdhury (2015) In the study titled "Recent Changes in Labour Laws and Their Implications for the Working Class," published in Sanhati, the author explores the recent changes in labour laws in India and their implications for the working class. The study asserts that these changes will lead to negative outcomes for workers, including increased job insecurity, diminished bargaining power, and a weakened trade union movement within organisations. Furthermore, it emphasises the effects on workers in the unorganised sector, who face challenges such as a lack of social security, poor working conditions, and no guarantees for minimum wages. Additionally, these changes have exacerbated the inequality gap between the organised and unorganised sectors.

Mitchell et al. (2014). In their research titled "The Evolution of Labour Law in India: An Overview and Commentary on Regulatory Objectives and Development," published in the Asian Journal of Law and Society, the study provides an in-depth examination of the historical development of labour laws in India. It evaluates the regulatory objectives, challenges, and future directions of these laws. A significant finding underscores that Indian labour laws have transitioned through three key phases: colonial, socialist, and liberalisation. Currently, these laws emphasise the protection of workers' rights, the promotion of social justice, and the facilitation of economic growth. Their regulatory objectives include ensuring job security, fair wages, and safe working conditions.

Datta (2007) The study titled "Contemporary Issues on Labour Law Reform in India: An Overview," published by the Tata Institute of Social Sciences in Mumbai, provides an in-depth analysis of the current challenges, opportunities, and future directions of labour law

reform in India. The key findings reveal that Indian labour laws are complex, outdated, and frequently contradictory. The objectives of the reforms are to enhance flexibility, competitiveness, and worker protection. Additionally, the study identifies several challenges, such as enforcement difficulties, the informalization of the workforce, and regional disparities. It concludes that successful labour law reform in India requires a careful balance between flexibility, job security, and worker protection. Moreover, the most effective implementation and enforcement of these laws are vital for achieving their intended outcomes.

Wren (2006) In the study titled "Development of an Employee Management Model to Address Conflict and Discipline in SMEs," published in the Faculty of Business and Economic Sciences, the necessity of regulations for managing conflicts and disputes, leadership, effective communication, employee involvement, and training in Micro and Small Enterprises (MSEs) is emphasised. The study concludes with key insights into the employee management model, which comprises four stages: Preventive Stage: Establish clear policies, procedures, and channels for communication. Identify and Address Stage: Recognised the signs of conflict and addressed issues promptly. Resolve Stage: Implement resolutions that are fair, timely, and constructive. Follow-Up Stage: Monitor, evaluate, and adjust policies and procedures as necessary. This model is grounded in an effective legal framework for conflict and dispute resolution within the organisation. Proper conflict and dispute management are essential for the growth, success, and sustainability of MSEs. Consequently, strong labour legislation plays a vital role and has a substantial impact on Micro and Small Enterprises.

2.7 : Research Gap:

The literature review identifies a significant gap in research regarding the impact of labour legislation on workers in medium-scale enterprises in Sikkim. While labour laws are essential for shaping workplace conditions and safeguarding workers' rights, there is a notable lack of comprehensive studies focusing on this specific demographic profile of workers. This study aims to bridge this critical gap and serve as a catalyst for further exploration in this area. It intends to provide a thorough analysis of the various labour-related laws enacted in Sikkim, investigating how these regulations influence the working conditions and overall well-being of employees in medium-sized businesses. By assessing both the effectiveness of these legislations and the challenges they encounter, the study seeks to highlight their potential to

protect and enhance workers' rights within the state. Ultimately, this research will offer valuable insights to the ongoing discourse on labour rights and policy implementation in Sikkim.

CHAPTER 3:

Research Design and Methodology

3.1 : Research Design:

The primary objective of this research is to examine workers' perceptions regarding the Central Labour Legislations that has been implemented and its effect on employees in medium-scale manufacturing enterprises in Sikkim. This descriptive study employs a meticulously crafted customised questionnaire for the collection of primary data from workers in these medium-scale enterprises. The questionnaire is divided into two sections: Section A focuses on the demographic profile of the respondents, while Section B examines the provisions of seven Central Labour Legislations as they relate to the workers in medium-scale enterprises in Sikkim. Section B consists of closed-ended questions utilising a 5-point Likert Scale for measurement, with response options ranging from 'Never Heard (1)' to 'Very Well (5)'.

Primary data was gathered using the Random Sampling method. A total of 450 questionnaires were distributed, allowing respondents sufficient time to provide their answers. Out of these, 400 responses were received. Upon analysis, it was determined that 37 of the responses included missing or incomplete data. Consequently, a total of 363 valid samples were collected, which exceeds the necessary number as per Slovin's sample size determination formula [Slovin, E. (1960)].

3.2 : Details of the Sampling Area:

Land area: 7,096 square kilometres

Latitude: 27.5330 degrees

Longitude: 88.5122 degrees

Total population: 6,10,577 (*as per Census India, 2011*)

This small state shares borders with:

North: Tibet Autonomous Region (TAR) of China

East: Bhutan

West: Nepal and

South: State of West Bengal

Sl.No.	Districts	No. of MSEs	No. of Workers
1	Gangtok	02	104
2	Namchi	05	413
3	Pakyong	08	1528
4	Gyalshing	00	00
5	Mangan	00	00
6	Soreng	00	00
	Total	**15**	**2045**

Sikkim boasts a rich tapestry of industrial activities that have been present since before the merger, encompassing a wide array of sectors such as tourism, agriculture, floriculture, agro-processing, hydroelectricity, tea cultivation, large cardamom production, minerals, electronics, and pharmaceuticals. Today, these sectors are the cornerstone of Sikkim's economy. The state is divided into six districts: Gangtok, Pakyong, Mangan, Namchi, Gyalshing, and Soreng. Each district is home to numerous micro, small, and medium-sized enterprises that play a vital role in enhancing the economy, combined with larger industries.

This research focused exclusively on medium-sized enterprises located throughout the state of Sikkim. Therefore, the study's geographical scope includes all districts where these medium-scale enterprises conduct their economic activities. The number of medium-scale enterprises in Sikkim, along with the corresponding number of workers in each district, is presented in Table 3.1.

Table 3.2.1: District-wise MSEs and No. of Workers

Sources: Commerce and Industries Department, GoS
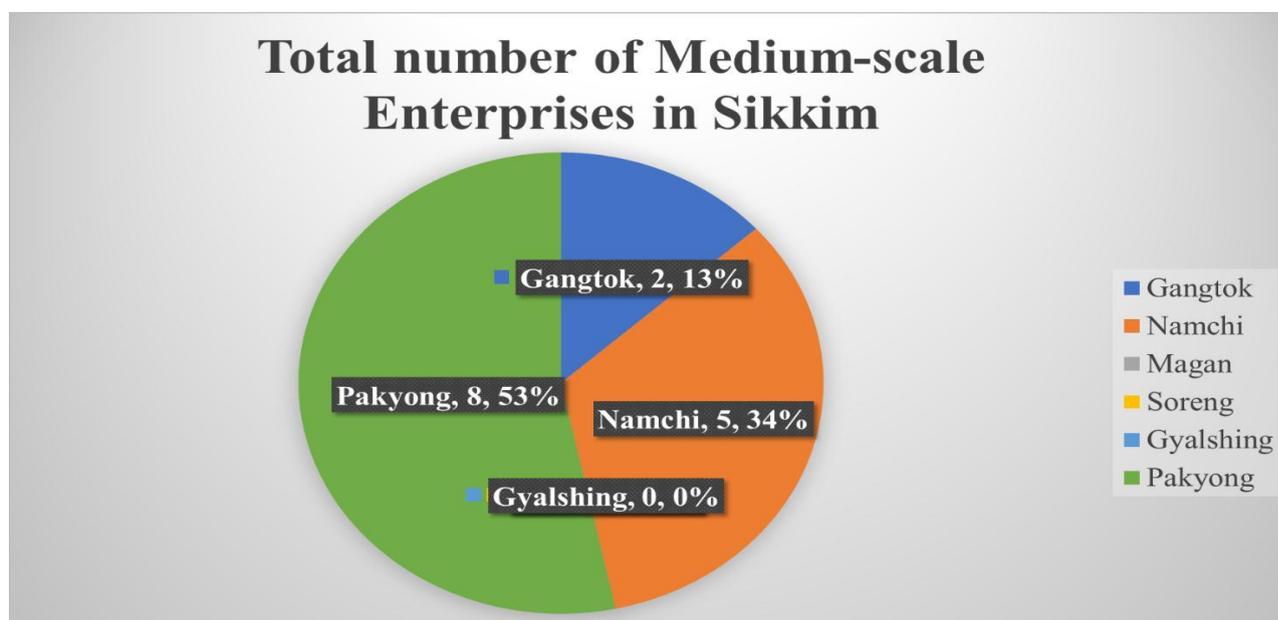
Source: Compilation from Primary Data
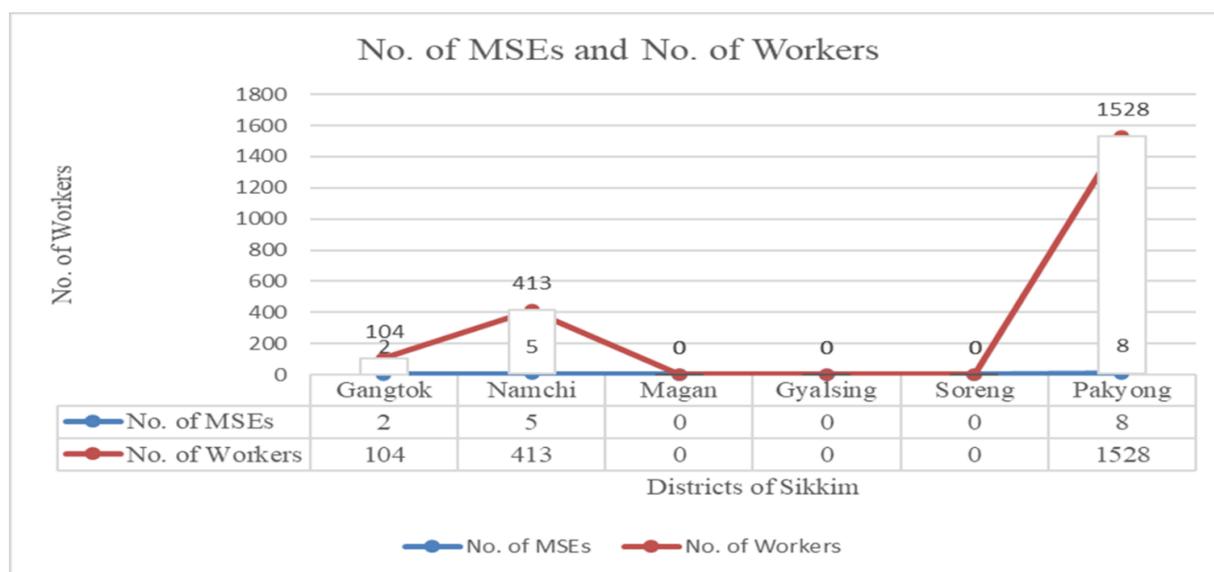
Sources: Commerce and Industries Department, GoS

Fig. 3.2.1: Number of MSEs and workers

Sl.No	Name of Enterprises	No. of workers	Sample Data Collected	% of Sample
1	North East Pharma Pack,	101	14	0.68
2	Heba Pharmaceutical LLP,	90	30	1.47
3	SBL Pvt. Ltd.	319	42	2.05
4	Titan Company Ltd. (Watch Division)	200	43	2.10
5	G.K. Burman Herbal and Health Care	111	26	1.27
6	V-Guard Industries Ltd. (unit-II)	372	51	2.49
7	CG Food India Pvt. Ltd.	387	21	1.02
8	Sikkim Agrochem Pvt. Ltd.	14	07	0.34
9	Yoksum Breweries Ltd.	204	30	1.47
10	Godrej Consumer Products Ltd.	34	15	0.73
11	Nextgen Printer Pvt. Ltd.	85	22	1.07
12	Homac transformer & Electrical Ltd.	14	10	0.50
13	Phoenox Udyog Pvt. Ltd.	50	30	1.47
14	Marc Life Science Sikkim	32	07	0.34
15	Aurochem Laboratories India Pvt. Ltd.	32	15	0.73
	Total Workers	**2045**	**363**	**17.75**

3.3 : Sampling Procedure and Sample Size:

The sample size was determined using simple random probability sampling techniques, maintaining a 95% confidence level with a margin of error of 0.05. The population is considered homogeneous in nature. The selected sample comprises 335 workers from medium-scale businesses, representing 17.75% of the total workforce of 2,045 individuals across 15 active medium-scale enterprises in Sikkim (with 2 units no longer in operation).

This data is shown in Table 3.2.

Sample size:

The determination of the sample size used in this study, based on the total population, was calculated using Slovin's formula as follows:

$$n = \frac{N}{1+Ne^2}$$ where N= Total Population (here N=2045)

         e = margin of error or precession

         n = number of sample size

$$n = \frac{2045}{1+(2045)(0.05)^2} = \frac{2045}{1+(2045)(.0025)} = \frac{2045}{1+5.11} = \frac{2045}{6.11} = 334.697 \; or \; 335 \; as \; sample \; size$$

Table 3.2: Percentage of sample size

Source: Compilation from primary data

3.4 : Data Collection and Analysis Plan

Data was collected from both primary and secondary sources. The primary data was obtained through a self-administered questionnaire, while secondary data sources included newspapers, journals, articles, government publications, annual reports, audit reports of medium enterprises, and various internet resources. The quantitative data gathered from the respondents was analysed using SPSS version 23.0, and divided into two sections:

Section A: This section analyses the demographic profile of the sample respondents.

Section B: This section assesses the impact of key provisions from seven labour legislations on workers in medium-scale enterprises in Sikkim.

To evaluate the responses of workers regarding the seven central labour legislation provisions in medium-scale enterprises in Sikkim, an ordinal measurement scale was employed, specifically a 5-point Likert Scale (1: Never Heard, 2: Little About, 3: Neutral, 4: Well, 5: Very Well). Further to find out the objective 6 of the study i.e. The overall impact of labour legislations, the responses (opinion) were based on Likert's five-point scale [Highly effective (5), Effective (4), Moderately Effective (3), Ineffective (2) and Not at all Effective (1)].

Univariate analysis, including descriptive statistics like frequency, percentage, mean, and standard deviation, was performed to understand the variable distribution and prepare the data for subsequent analysis. Inferential statistics, such as Regression Analysis, Factor Analysis, and Structural Equation Modelling (SEM), along with F-tests, Chi-square tests, and t-tests, were utilised to derive meaningful conclusions and meet the study's objectives while testing hypotheses. Additionally, Cronbach's Alpha was applied to each developed scale to evaluate the reliability of the data.

CHAPTER: 4

Data Analysis and Interpretation

This chapter is based on primary data obtained from workers of different medium-scale enterprises in Sikkim regarding the demographic profile and impact of labour legislation on workers of medium-scale enterprises. The questionnaire is designed to elicit information concerning the demographic profile of workers and provisions related to payment of wages, payment of minimum wages, payment of equal remuneration, payment of gratuity, related employee's state insurance, related employee's provident fund, & Miscellaneous provisions, and related to workman's compensation. A total of 363 valid responses have been collected for data analysis.

The responses (opinions) were based on Likert's five-point scale (*Never Heard (1), Little About (2), Neutral (3), Well (4) and Very Well (5)*). And to find out the objective 6 of the study i.e, the overall impact of labour legislation, the responses (opinions) were based on Likert's five-point scale (*Highly Effective (5), Effective (4), Moderately Effective (3), Ineffective (2) and Not at all Effective (1)*). After data had been collected, it was processed and analysed through the statistical package (SPSS) 23.0 version to draw inferences related to the study's objectives and to prove the hypothesis.

Various statistical tools, such as descriptive and inferential statistics, were applied to achieve the objectives and test the hypotheses of the study. In descriptive statistics, frequency, per cent, mean, and standard deviation were applied. For inferential statistics, regression analysis, factor analysis, structural equation modelling (SEM), F-test, Chi-square test, t-test, etc., were applied to draw meaningful conclusions. Further, Cronbach's Alpha was applied to each developed scale to test the reliability of the data.

The data analysis chapter analyses the responses of 363 respondents related to the following labour legislation criteria, along with the demographic characteristics of the respondents.

The following are the provisions of the seven central labour legislations, which are categorised under four labour codes and are analysed on workers in medium-scale enterprises of Sikkim:

- *Provisions related to Payment of Wages (**PW**)*

- *Provision related to payment of Minimum Wages (**MW**)*
- *Provision related to payment of Equal Remuneration (**ER**)*
- *Provision related to payment of Gratuity (**GT**)*
- *Provision related to Employees' State Insurance (**ESI**)*
- *Provision related to Employees' Provident Fund & Miscellaneous Provisions (**EPF**)*
- *Provision related to Workman's Compensation (**WC**)*

4.1 : Data Analysis and Interpretation; Section A

Objective 1: To study the demographic profile of workers of medium-scale enterprises in Sikkim.

TABLE 4.1.1: Demographic Profile of the sample respondents (N=363)

Category		Frequency	Percentage	Cumulative Percentage
Gender	Male	158	43.5	43.5
	Female	205	56.5	100.0
Marital status	Married	168	46.3	46.3
	Unmarried	195	53.7	100.0
Age	18 - 28 yrs	188	51.8	51.8
	Above 28 - 38 yrs	134	36.9	88.7
	Above 38 - 48 yrs	35	9.6	98.3
	Above 48	6	1.7	100.0
Work Experience	Up to 5 yrs	264	72.7	72.7
	Above 5 - 10 yrs	67	18.5	91.2
	Above 10 - 15 yrs	19	5.2	96.4
	Above 15 yrs	13	3.6	100.0
Residential Status	Sikkimese	260	71.6	71.6
	Non- Sikkimese	103	28.4	100
Level of work	Workers	332	91.5	91.5
	Supervisor	31	8.5	100.0
Qualification	Up to Class X	139	38.3	38.3
	Class XII	136	37.5	75.8
	Graduate	83	22.9	98.6
	PG & above	5	1.4	100.0
Annual income (Rs.)	Up to 2 lakhs	247	68.0	68.0
	Above 2 - 3 lakhs	79	21.8	89.8
	Above 3 - 4 lakhs	24	6.6	96.4
	Above 4 lakhs	13	3.6	100.0

Source: compiled from the primary data

In the gender category, out of the 363 respondents, the females are 56.50 per cent and the males are 43.50 per cent, respectively

Regarding the marital status of the respondents, the unmarried workers are 53.70 per cent, and the married workers are 46.30 per cent.

For the age of the respondents as depicted above, the workers are between 18 and 28 years of age is 51.80 per cent and above 28 to 38 years of age is 36.90 per cent. A few of the workers are between above 38 and 48 years is 9.60 per cent, and above 48 years old is 1.70 per cent. This shows that over 80 per cent of the workers are below 38 years old.

Regarding the years of work experience of the respondents, experience has been categorised into four different forms of time: up to 5 years, above 5 to 10 years, above 10 to 15 years, and lastly, above 15 years. Out of the four different categories, the respondents who have experience of up to 5 years are 72.70 per cent, and then above 5 to 10 years is 18.50 per cent. Few of the respondents are 10 to 15 years old, with experience being 5.20 per cent, and above 15 years is 3.60 per cent. This shows that the majority of respondents have up to 5 years of experience.

The above figure shows the percentage of respondents who are Sikkimese and non-Sikkimese. The respondents who are Sikkimese are 71.60 per cent. Few of the respondents belong to the non-Sikkimese category, which is 28.4 per cent.

In terms of the level of work, 91.50 per cent are workers and only 8.50 per cent are at the supervisory level.

In educational qualification, as depicted above, most respondents have up to class 10th qualification is 38.30 per cent, and class XII level is 37.50 per cent. Few respondents have a graduate degree (22.90 per cent), and then PG & above is 1.40 per cent.

Regarding the annual income of the respondents, the workers whose income is up to 2 lakhs are 68.0 per cent. Few of the workers are above 2 to 3 lakhs is 21.80 per cent of income, and then above 3 to 4 lakhs are 6.60 per cent and above 4 lakhs are 3.60 per cent. This shows that the income of the respondents is not adequate.

4.2 : Data Analysis and Interpretation; Section B

Objective 2: To find out the benefits as per legislation categories under the Codes on Wages, 2019

Data analysis (Codes on Wages 2019)

Reliability and descriptive analysis (Mean & SD) of items related to Codes on Wages

For the measurement of *Code on Wages, 2019*, three parameter provisions related to payment of wages, provisions related to minimum wages and provisions related to Equal Remuneration were taken. Further, for the measurement of *provisions related to payment of wages,* eight statements were asked; similarly, for *provisions related to minimum wages*, five statements were asked, and similarly for the measurement of *provisions related to equal remuneration,* five statements were asked. The reliability of the statements/ variables was ensured through item analysis. Item sum correlations were calculated, and only items with more than 0.5 correlations with the sum were included for summation (Hair et al, 1998). The item sum correlations and the Cronbach's Alpha were calculated for each variable to check for the internal consistency of the scale. The Cronbach Alpha in all cases is higher than 0.8. An Alpha value of 0.6 and above is considered usable in exploratory studies (Hair et al, 1998).

The Cronbach's alpha of each item in the statement about the different opinions of the respondents is given in the table below.

**TABLE 4.2.1:** Descriptive Statistics of Codes on Wages 2019

Parameters	Particulars	Mean	Std. Deviation	Cronbach's Alpha
1	Provisions related to payment of wages (PW)	3.27	1.29	0.888
2	Provisions related to Minimum Wages (MW)	3.34	1.33	0.887
3	Provisions related to Equal Remuneration (ER)	3.38	1.29	0.887

Source: compiled from the primary data

The results of the Cronbach's Alpha value of each and combined of all three parameters, along with its associated variables, are more than 0.8, which shows that the items used in the questionnaire for the measurement of *Codes on Wages* 2019 are internally homogenous and consistent. Further, as the mean value of each item is close to 4. This shows that respondents agreed with each of the questions/statements associated with the parameters like payment of wages, minimum wages and equal remuneration.

Out of the three parameters/ factors used for the measurement of Code on wage, the parameter 'Provisions related to Equal Remuneration (ER)' are high mean score (3.38) and then by 'Provisions related to Minimum Wages (MW)' 3.34.

The factor score of all the associated variables is positive. This shows there is an inter-relationship between the associated variables of the factors and well-measured code on wages 2019 factors, i.e. *Provisions related to Payment of Wages (PW), Provision related to payment of Minimum Wages (MW) and Provision related to payment of Equal Remuneration (ER).*
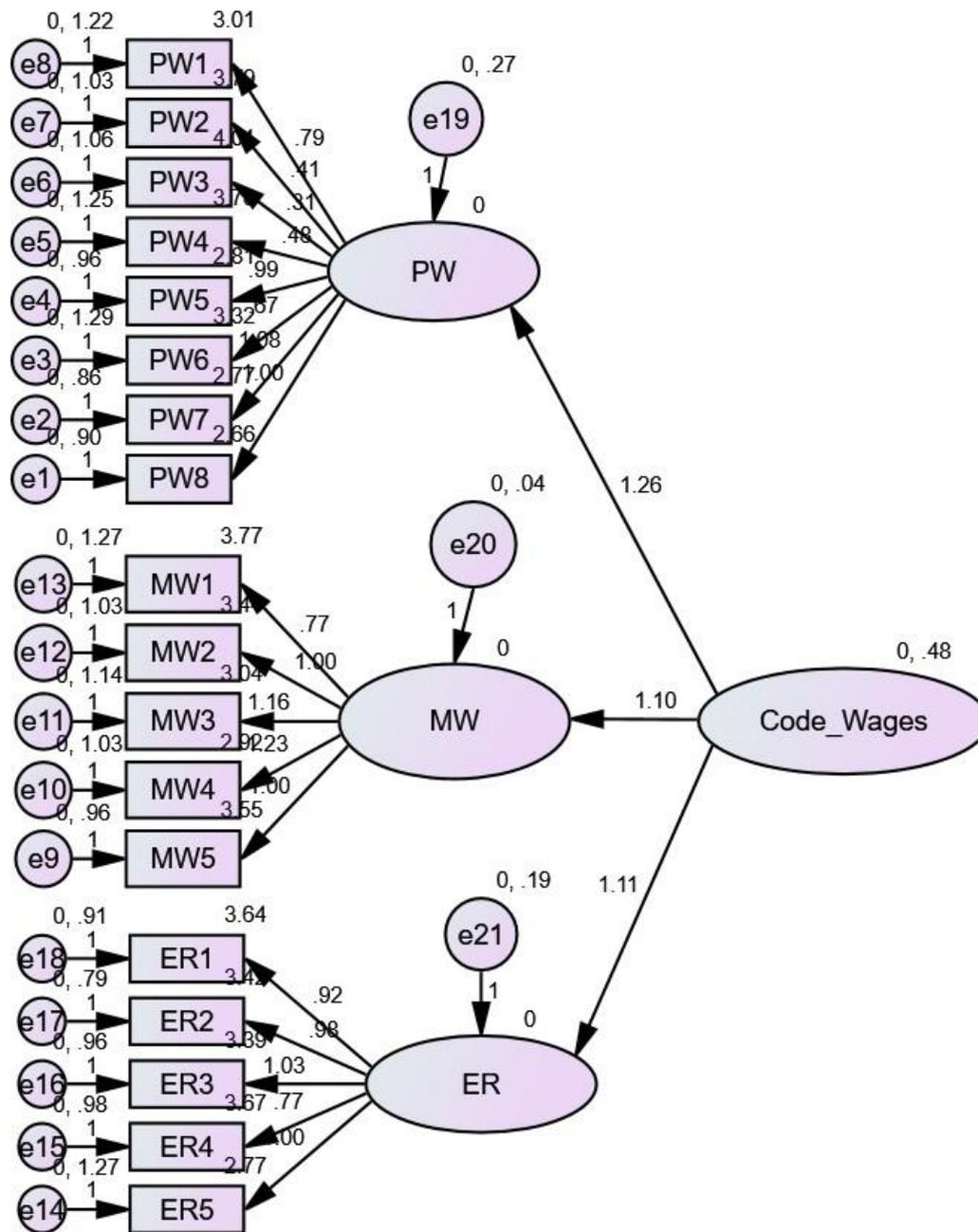
Fig.4.1.1: SEM of Code on Wages

The structural equation model of the Code on wages, as depicted above, is reflected in the path analysis of the three constructs/ parameters with each of the associated variable coefficients. All three factors are associated with the construct 'code on wages', as also shown in the above SEM.

Table 4.2.2: SEM results of Code on Wages 2019

Particulars	CFI	RMSEA	GFI	NFI
Chi-square = 72.441	0.929	0.087	0.923	0.911
Degrees of freedom = 32		RFI		
Probability level = 0.000		0.912		

Source: compiled from the primary data

CFI: Comparative fit index; *RMSEA:* Root Mean Square Error of Approximation; *NFI:* Normed fit index; *GFI:* Goodness-of-fit; **RFI:** Relative fit index

The above table shows the model fitness structured by SEM regarding 'code on wages 2019'. The confirmatory factor analysis through AMOS reveals that all the measures were associated with their respective constructs. The fit of the model was examined and verified, and each indicator loaded significantly with its intended construct. In the experience during the entire stay in the destination model, Chi-square = 72.441, df = 32, p<0.001, CFI=0.929, GFI=0.923, NFI=0.911, RFI = 0.912, RMSEA=0.087, provided a good fit to the data (Browne and Cudek, 1993; Hu and Bentler, 1999).

Since the p-value is 0.000, this shows that the null hypothesis is rejected, and the alternative hypothesis is accepted, i.e. *PW, MW and ER have a significant impact on Code on Wages 2019; hence, (Workers in medium-scale enterprises in Sikkim receive adequate benefits as per the legislation categorised under the Wages Code, 2019).*

Objective 3: **To study the safety and welfare measures provided for workers of medium-scale enterprises in Sikkim.**

Data analysis (Employee Safety & Welfare Measures)

For the measurement of safety and welfare measures, two parameters were used, i.e. '*provisions related to safety'* and '*provisions related to welfare'.* Further, seven (7) questions/ associated variables were asked related to the measure of '*provisions related to safety*', and six (6) questions/related variables were asked to measure '*provisions related to welfare'.*

The reliability analysis of the parameters and their associated variables is 0.896 (combined). This reveals that both the parameter and its associated variables were reliable to measure the construct. Thereby validating the statements. Further, the mean score of each of the questions/statements/ variables is near to 4. These reveal that respondents agreed with the statements.

TABLE 4.2.3: Descriptive statistics and reliability of factors/ parameters (Safety and Welfare measures)

Parameters/ Factors	Mean	Std. Deviation	Cronbach's Alpha (item-wise)
Provisions related to Safety (SF)	3.73	1.24	0.887
Provisions related to Welfare (WLF)	3.65	1.26	0.889

Source: Compiled from the primary data

Out of the two parameters, the parameter 'provisions related to safety' mean score is 3.73, and the 'provisions related to welfare' is 3.65. Hence, provisions related to safety contribute more towards safety and welfare.
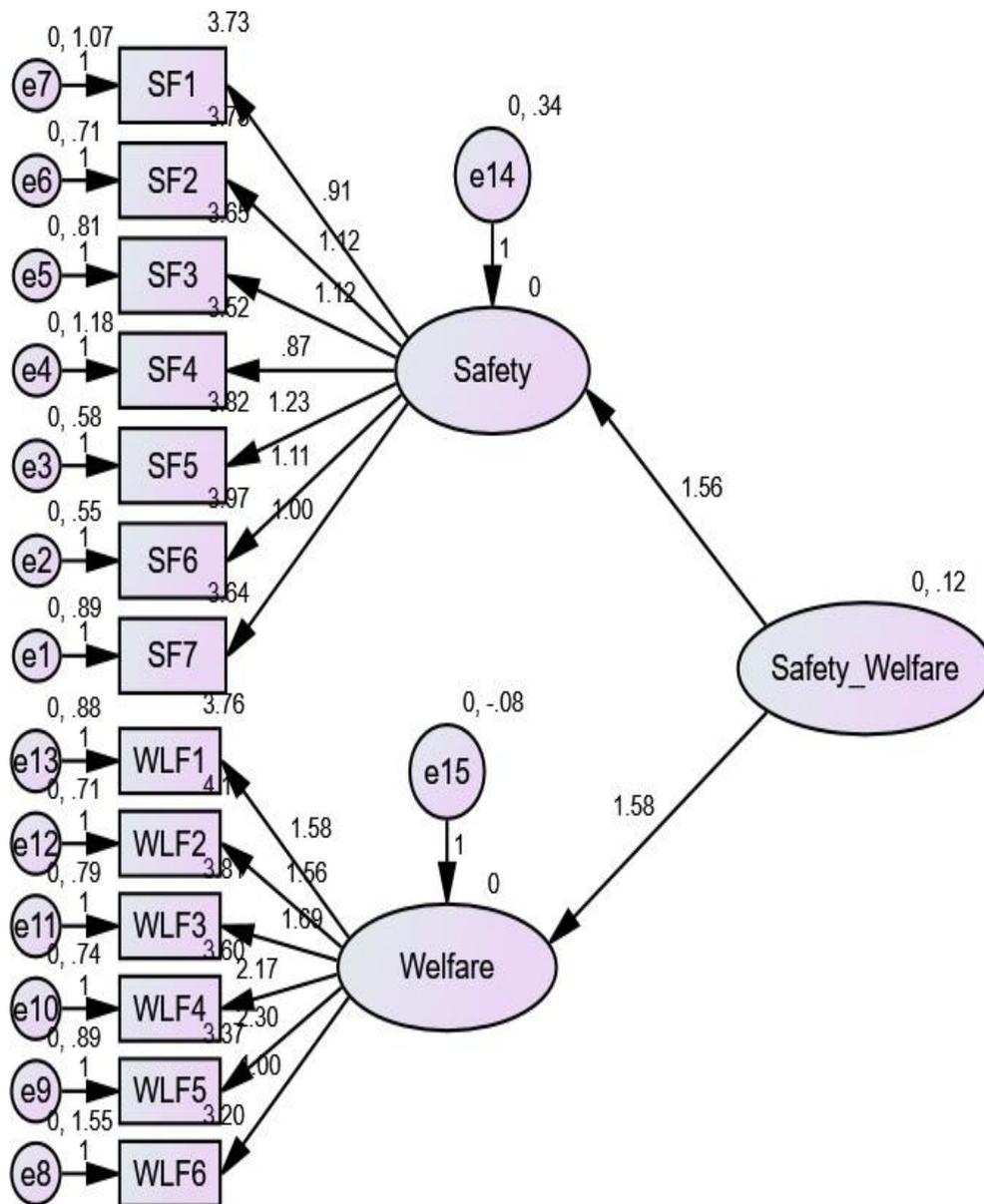
Fig.4.2.2: SEM of Safety and Welfare measures

The covariance analysis through SEM, as described above, shows a positive covariance between safety and welfare measures. The value of the covariance score between safety and welfare is 0.29. This shows that the association between safety and welfare is positive and good holds.

The above structural figure (SEM) shows the loading of each of the statements towards the dependent factor 'safety and welfare' measures separately. Then both the factors (safety & welfare) load towards their final dependent factor, safety and welfare measures. Further, the paths are highlighted to reflect their loading.

The significant (p label) value of the covariance paths is *** (0.000). This shows each of the associated variables/statement contribution towards its construct 'safety & welfare' is significant since the significance value of each statement is less than 0.05 (***).

TABLE 4.2.4: SEM results of Safety and Welfare

Particulars	CFI	RMSEA	GFI	NFI
Chi-square = 39.81	0.915	0.088	0.910	0.911
Degrees of freedom = 66		RFI		
Probability level = 0.000		0.914		

Source: Compiled from the primary data

CFI: Comparative fit index; **RMSEA:** Root Mean Square Error of Approximation; **NFI:** Normed fit index; **GFI:** Goodness-of-fit; RFI**:** Relative fit index

The above table shows the model fitness structured by SEM regarding safety and welfare measures. In the confirmatory factor analysis through AMOS, it was observed that all the measures were associated with their respective constructs. The fit of the model was examined and verified, and each indicator loaded significantly with its intended construct. In the experience during the entire stay in the destination model, Chi-square = 39.81, df = 66, p<0.001, CFI=0.915, GFI=0.910, NFI=0.911, RFI = 0.914, RMSEA=0.088, provided a good fit to the data (Browne and Cudek, 1993; Hu and Bentler, 1999). Since the p-value/ probability level is 0.000, this shows the null hypothesis is rejected and the alternative hypothesis is accepted, i.e. *the measures of safety and welfare have a significant impact on the workers of Medium-Scale Enterprises in Sikkim (*There are proper and adequate compliance of safety and welfare provisions for workers in medium-scale enterprises in Sikkim).

Objective 4: **To find out various skill upgradation activities conducted in medium-scale enterprises.**

Data analysis (Employees' Skill Upgradation/Training)

For the measurement of employee skill upgradation/ training, five (5) associated variables/ questions/statements were asked. The descriptive statistics (mean & SD), along with reliability analysis, were used to analyse the reliability and consistency of each statement.

The Cronbach's alpha value of each statement, combined with that of the other, is 0.862. This shows that the statements used to measure the employee's skill upgradation/ training are reliable and consistent to measure the intended construct 'employees' skill upgradation/ training', thus validating the construct. Further, the mean score of each statement is higher than 3, thus, it reveals that the respondents agree with the questions/statement
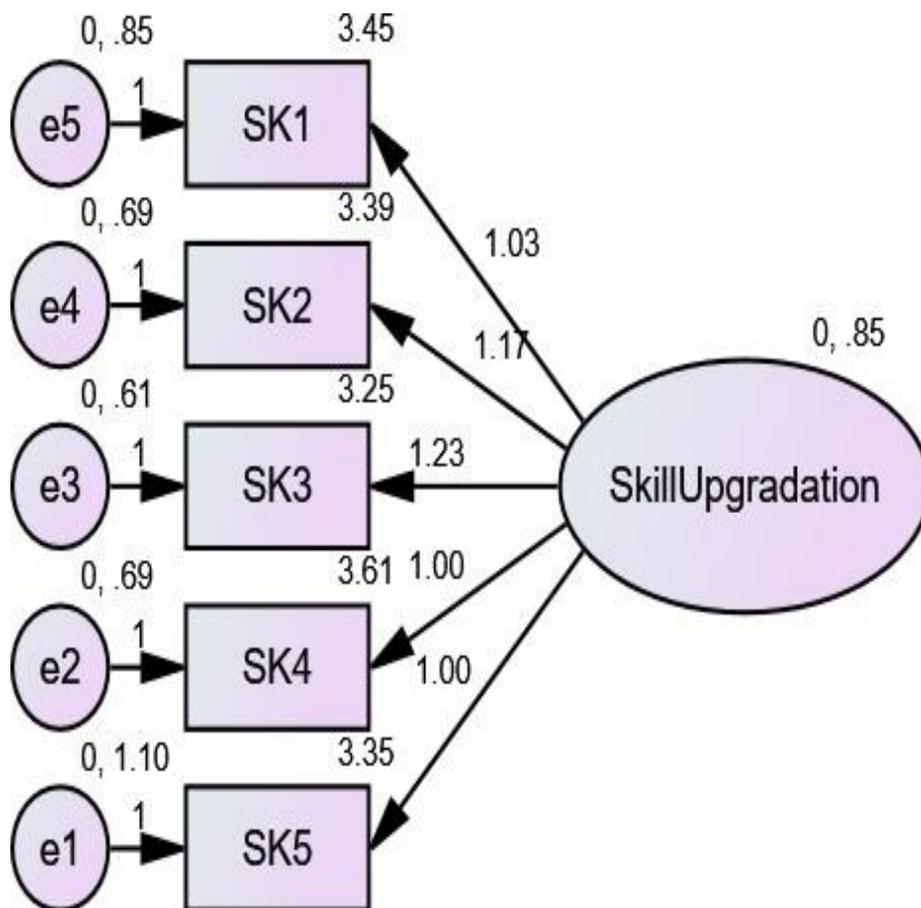
Fig.4.2.3: SEM of Skill upgradation

Table 4.2.5: SEM results (skill upgradation activities conducted in medium-scale enterprises)

Particulars	CFI	RMSEA	GFI	NFI
Chi-square = 16.704	0.927	0.078	0.920	0.923
Degrees of freedom = 5		RFI		
Probability level = 0.000		0.927		

Source: compiled from the primary data

CFI: Comparative fit index; *RMSEA:* Root Mean Square Error of Approximation; *NFI:* Normed fit index; *GFI:* Goodness-of-fit; RFI**:** Relative fit index

The above table shows the model fitness structured by SEM regarding employee skill upgradation/ training. The confirmatory factor analysis through AMOS reveals that all the measures were associated with their respective constructs well. The fit of the model was examined and verified, and each indicator loaded significantly with its intended construct. In the model, Chi-square = 16.704, df = 5, $p<0.001$, CFI=0.927, GFI=0.922, NFI=0.923, RFI = 0.927, RMSEA=0.078, provided a good fit to the data (Browne and Cudek, 1993; Hu and Bentler, 1999). Since the p-value is 0.000, this shows the null hypothesis is rejected, and the alternative hypothesis is accepted, i.e. *associated variables have a significant impact on Skill Upgrade activities (*Medium-scale enterprises have adequate skill-upgradation training programme for their workers).

Objective 5: To find out the extent of benefits received by the workers under the Social Security Code, 2020.

Data analysis (Social Security Code,2020)

For the measurement of the social security code, 2020, four (4) major parameters were used: provisions related to workman's compensation or (employees' compensation, in the analysis part the term workmen's; compensation was used), provisions related to Employees' State Insurance, provisions related to Employees Provident Fund & Miscellaneous provisions and provisions related to gratuity. Further, six (6) questions/statements were used to measure 'provisions related to workman's compensation', six (6) questions/statements related to 'provisions related to employees state insurance', seven (7) questions/statements related

'provisions related to Employees Provident Fund & Miscellaneous Provisions' and eight (8) questions/statements related to 'provisions related to Gratuity'

TABLE 4.2.6: Descriptive statistics of Social Security Code, 2020

Parameters	Particulars	Mean	Std. Deviation	Cronbach's Alpha
1	Provisions related to Workman's Compensation (WC)	3.22	1.35	0.942
2	Provisions related to Employees' State Insurance (ESI)	3.70	1.23	0.943
3	Provisions related to Employees Provident Fund & Misc. Provisions (EPF)	3.48	1.33	0.942
4	Provisions related to Gratuity (GT)	3.02	1.42	0.941

Source: Compiled from the primary data

The results of the Cronbach's Alpha value of each and combined all the four parameters along with their associated variables/questions/statements are more than 0.9, which shows that the items used in the questionnaire for the measurement of *Social Security Code,2020* are internally homogenous and consistent. Further, as the mean value of each item is nearly 4. This signifies that the respondents agreed with each of the questions/statements/variables associated with the parameters like 'Workman's Compensation, Employee State Insurance, Employees Provident Fund and Gratuity'. Out of the four parameters/ factors used for the measurement of the *Social Security Code*, 2020, the parameter 'Provisions related to Employees State Insurance (ESI)' has a high mean score (3.70) and then by 'Provisions related to Employees Provident Fund & Misc. Provisions (EPF) are 3.48.
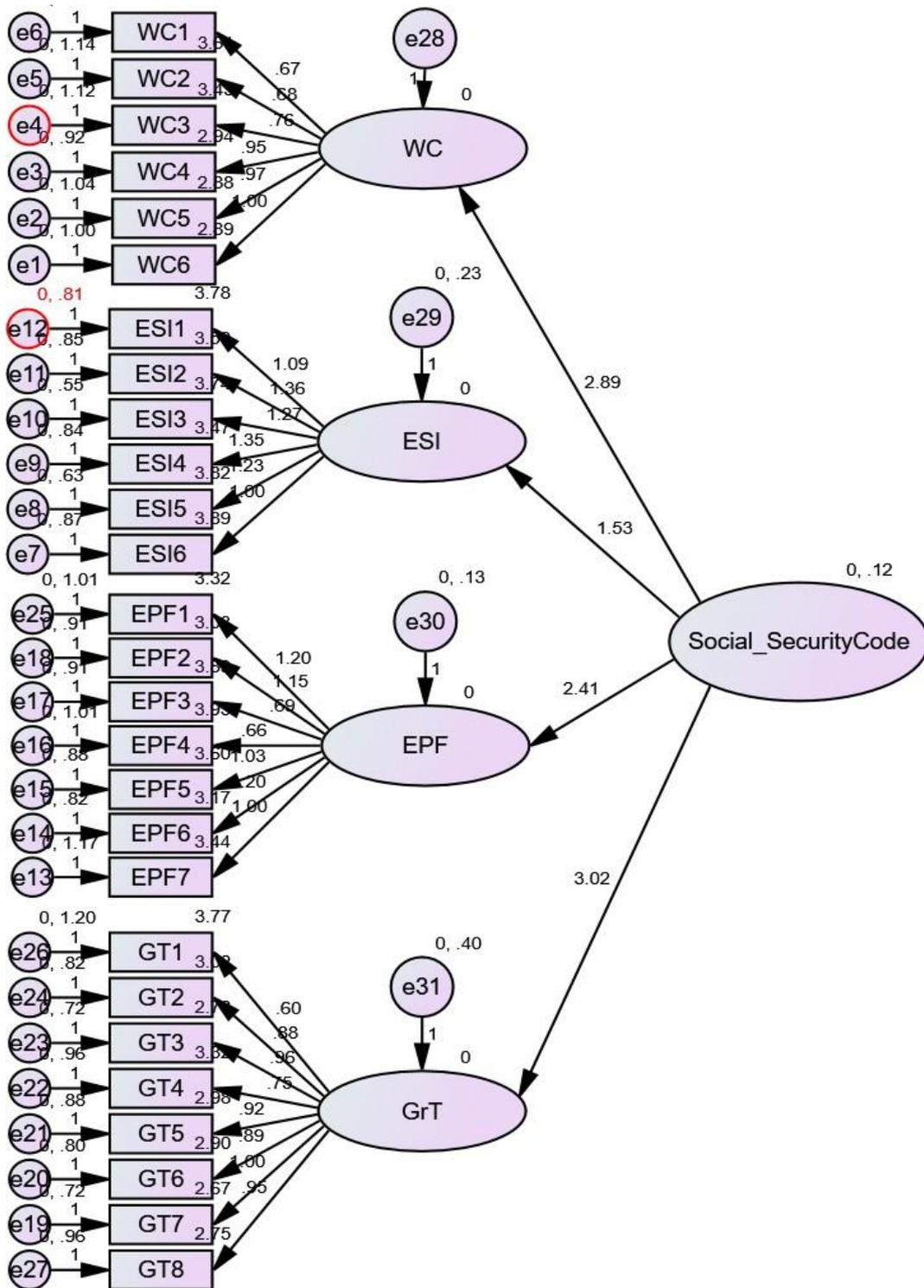
Fig. 4.2.4: SEM of Social Security Code, 2020

The covariance analysis of SEM shows each of the statements significantly loading with their intended construct, i.e. workman compensation (WC), Employee State Insurance (ESI), Employees Provident Fund (EPF) and Gratuity (GT), since the p label of each of the statements is ***/ 0.000.

The factor score of all the associated statements/ variables is positive. This shows there is an inter-relationship between the associated variables of the factors and well measured the *Social Security Code, 2020* factors i.e. *Provisions related to Workman's Compensation (WC), Provisions related to Employees' State Insurance (ESI), Provisions related to Employees provident Fund & Miscellaneous provisions (EPF) and Provision related to Gratuity (GT).*

TABLE 4.2.7: SEM results of Social Security Code, 2020

Particulars	CFI	RMSEA	GFI	NFI
Chi-square = 16.683	0.932	0.085	0.923	0.921
Degrees of freedom = 20		RFI		
Probability level = 0.000		0.922		

Source: Compiled from the primary data

CFI: Comparative fit index; *RMSEA:* Root Mean Square Error of Approximation; *NFI:* Normed fit index; *GFI:* Goodness-of-fit; RFI**:** Relative fit index

The above table shows the model fitness structured by SEM regarding benefits received by the employees under the Social Security Code, 2020. The confirmatory factor analysis through AMOS reveals that all the associated variables/ statements are significant with the constructs. The fit of the model was examined and verified, and each indicator loaded significantly with its intended construct. In the SEM, the Chi-square value is 16.683 with df = 20 and probability level = 0.000 (<0.05), where CFI=0.932, GFI=0.923, NFI=0.921, RFI = 0.922, RMSEA=0.085, providing a good fit to the data (Browne and Cudek, 1993; Hu and Bentler, 1999). Since the p-value is 0.000, this shows null hypothesis is rejected, and the alternative hypothesis is accepted i.e. associated variables of WC, ESI, EPF, and GT have a significant impact under the social security code, 2020 (*Workers in medium-scale enterprises in Sikkim received adequate benefits under Social Security code, 2020).*

Objective 6: To find out the impact of Labour legislations on workers of medium scale enterprises

Impact of Labour Legislation (ILL)

Data analysis [Impact of Labour Legislations (ILL)]:

Eleven (11) questions/statements were used to measure the impact of Labour legislation on workers in the establishment. Further, descriptive statistics (mean & SD) along with reliability analysis (Cronbach Alpha) were used to measure the reliability of the questions/statements towards the impact of labour legislation.

The result shows the Cronbach's Alpha value of each and combined of all the eleven (11) questions/statements are more than 0.8 and nearly 9, which signifies that the items used in the questionnaire are internally homogenous and consistent for the measurement of the impact of labour legislations on workers. Therefore, the variables used in the questionnaire for the measurement significantly contributing to the study. Further, as the mean value of each item is nearly 4. It signifies that the respondents agreed upon the items.

Out of the 11 (eleven) questions/statements, the 11th question/statement, *Disposal of the factory waste products (3.98) and the 2nd question/statement, 'Implementation of provision related to payment of Minimum wages'* (3.78) are the highest mean value. This shows that the disposal of factory waste and the provisions of minimum wages are more recognised by the workers in SMEs.

Analysis of Internal Homogeneity of the Items by Factor Analysis (Overall impact of labour legislations on workers of medium-scale enterprises in Sikkim**)**

Explorative factor analysis (EFA) was applied to eleven (11) questions/statements/ variables related to the overall impact of Labour legislation on workers of medium-scale enterprises in Sikkim. The KMO value of factor analysis is 0.889, which indicates that factor analysis is reliable to be done for these 11 questions/statements, which was also cross-validated by a significant value of Bartlett's test of sphericity, i.e. 0.000.

TABLE 4.2.8: KMO and Bartlett's Test (Impact of labour legislations on workers of medium-scale enterprises)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.889
Bartlett's Test of Sphericity	Approx. Chi-Square	1925.915
	Df	55
	Sig.	0.000

Source: Compiled from the primary data

As authored by Kaiser (1974), the KMO value lies between 0.8 and 0.9, which is great for factor analysis. For these data, the KMO value is 0.889, which falls into the range of being great. This represents that factor analysis is appropriate for these data. Further, the significant value of Bartlett's test of Sphericity is 0.000, which reveals the cross-validation of Explorative Factor Analysis (EFA).

TABLE 4.2.9: Total Variance Explained (Overall impact of labour legislations on workers of medium-scale enterprises in Sikkim)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.457	49.608	49.608	5.457	49.608	49.608	3.548	32.252	32.252
2	1.118	10.166	59.775	1.118	10.166	59.775	3.027	27.522	59.775
3	0.945	8.595	68.370						
4	0.748	6.796	75.166						
5	0.547	4.971	80.137						
6	0.516	4.689	84.826						
7	0.411	3.739	88.565						
8	0.367	3.334	91.898						
9	0.349	3.171	95.069						
10	0.317	2.877	97.946						
11	0.226	2.054	100.000						

Extraction Method: Principal Component Analysis.
Source: Compiled from the primary data

All eleven (11) questions/statements/ variables used for the study of the overall impact of labour legislation on workers of medium-scale enterprises are reduced to two (2) different factors, which explained around 59.775 per cent of the total variance. Out of the two (2) reduced factors, the 1st factor with its loading pattern indicates that a general factor is running throughout all the items, explaining about 32.252 per cent of the variance, and the 2nd factor explains about 27.522 per cent of the total variance. In combination, the entire 2 factors explain about 59.775 per cent of the total Variance.

TABLE 4.2.10: Rotated Component Matrix (Overall impact of labour legislations on workers of medium-scale enterprises)

Questions/Items/ Statements	Component	
	1	2
Implementation of the provisions related to payment of wages (**ILL1**)	0.757	
Implementation of the provisions related to payment of Minimum wages (**ILL2**)	0.779	
Implementation of the provisions related to payment of equal remuneration (**ILL3**)	0.714	
Implementation of the provisions related to payment of gratuity (**ILL4**)		0.800
Implementation of the provisions related to workman's compensation (**ILL5**)		0.771
Implementation of the provisions related to Employees' State Insurance (**ILL6**)		0.773
Implementation of provisions related to employees' provident fund and miscellaneous provisions (**ILL7**)		0.701
System of Job Security (**ILL8**)		0.739
Opportunity to use skills and abilities (**ILL9**)	0.753	
Able to freely communicate grievances (**ILL10**)	0.556	
Disposal of the factory waste products (**ILL11**)	0.690	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalisation.

a. Rotation converged in 3 iterations.

Source: Compiled from the primary data

All the questions/statements/ variables used for the measurement of the overall impact of labour legislations on workers of medium-scale enterprises in Sikkim are reduced to 2 (two) factors. We have extracted the factors through the varimax method and through principal component analysis, where the eigenvalue should be greater than 1. Questions/statements 1, 2, 3, 9, 10 & 11 constitute factor 1 with the new name of '*financial security*'. Further, questions/statements 4, 5, 6, 7 and 8 constitute factor 2 named as '*compensation*'.

TABLE 4.2.11: New Factors named (Overall impact of labour legislations on workers of medium-scale enterprises in Sikkim)

Factors	Questions/Variables/ Statements	New Name
Factor 1	1, 2, 3, 9, 10, & 11	Financial Security
Factor 2	4, 5, 6,7 & 8	Compensation

Source: compiled from the primary data
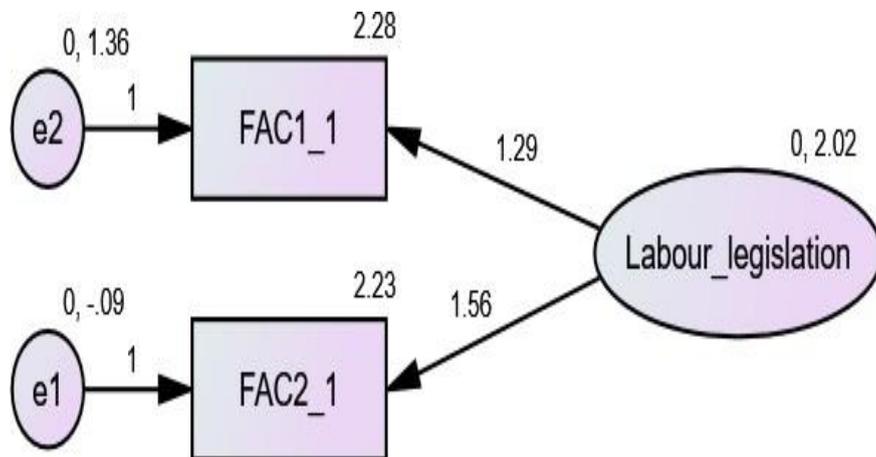
Fig.4.2.5: SEM of the overall impact of labour legislation

TABLE 4.2.12: SEM results (Overall impact of labour legislations on workers of medium-scale enterprises in Sikkim)

Particulars	CFI	RMSEA	GFI	NFI
Chi-square = 9.946	0.942	0.0871	0.945	0.949
Degrees of freedom = 2		RFI		
Probability level = 0.000		0.948		

Source: Compiled from the primary data

For the test of construct adequacy and discriminant validity of the Impact of labour legislations on workers of medium-scale enterprises, SEM was used to test whether the observed measures were associated with their respective constructs. The fit of the model was examined and verified, and each indicator loaded significantly with its intended construct. In the model, Chi-square = 9.946, df = 2, $p < 0.001$, CFI=0.942, GFI=0.945, NFI=0.949, RFI = 0.948, RMSEA=0.0871, provided a good fit to the data (Browne and Cudek, 1993; Hu and Bentler, 1999). Each item loaded significantly with its intended construct, i.e. the impact of labour legislation on workers of medium-scale enterprises has a significant value of $p < .01$ (0.000).

TABLE 4.2.13: SEM path coefficients (Labour Legislation)

Particulars	Estimate	S.E.	C.R.	P Label
FAC2_1 <- Labour_legislation	2.228	0.116	19.267	***
FAC1_1 <- Labour_legislation	2.275	0.114	19.913	***

The table shows the coefficients and p label/ significant value of SEM path analysis. The significant value/ p label of the independent factors is ***/ 0.000 (less than 0.05), which reveals that both the reduced factors 'financial security' and 'compensation' are significant towards the dependent factor 'labour legislation'. This signifies that the null hypothesis is rejected, and the alternative hypothesis is accepted, i.e. *Labour legislation in medium-scale enterprises of Sikkim has a significant overall impact on workers.*

CHAPTER: 5

Summary, Conclusion, Limitations and Suggestions

5.1 Summary of the study

Altogether the study had 363 respondents were from different medium-scale enterprises in Sikkim to study *Provisions related to Payment of Wages (**PW**), Provisions related to payment of Minimum Wages (**MW**), Provisions related to payment of Equal Remuneration (**ER**), Provisions related to payment of Gratuity (**GT**), Provision associated with Employees' State Insurance (**ESI**), Provision related to Employees' Provident Fund & Miscellaneous Provisions (**EPF**), Provision related to Workman's Compensation (**WC**).*

***a)* To study the demographic profile of workers in medium-scale enterprises in Sikkim.**
Out of the 363 respondents, 56.50 % are female, while the rest are male (43.50 %). Further, out of the total respondents, the total unmarried workers are 53.70 % and married (46.30 %). Regarding years of experience, the respondents have experience up to 5 years (72.70 %) and then above 5 to 10 years (18.50 %). Few of the respondents are in the category of above 10 to 15 years (5.20 %), and then above 15 years (3.60 %). Further, 71.60 % of the respondents were Sikkimese. Few of the respondents belong to non-Sikkimese (28.4 %).

b) To identify the benefits available to workers under the categories established by the Codes on Wages, 2019.
For the measurement of *Code on Wages, 2019*, three parameters' provisions related to payment of wages, provisions related to minimum wages and provisions related to Equal Remuneration were taken. Further, for the measurement of *provisions related to payment of wages,* eight statements were asked; similarly, for *provisions related to minimum wages*, five statements were asked; and similarly, for the measurement of *provisions related to equal remuneration,* five statements were asked. The results of the Cronbach's Alpha value of each and combined all the three parameters, along with their associated statements, are more than 0.8, which reveals that the items used in the questionnaire for the measurement of *Codes on Wages* 2019 are internally homogenous and consistent. Further, the mean value of each item is nearly 4. These signify that the respondent agreed with each of the statements associated with the parameters, like payment of wages, minimum wages, and equal remuneration.

The p label/ significant value of each of the factors/parameters used for the measurement of codes on wages is ***/ 0.000. This reveals that each of the factors and its associated variables are significant towards the construct 'Codes on wages, 2019'. thereby validating the results. Further, the coefficient of 'PW' is highest at 1.260. which signifies that the payment of wages act benefits is reflected positively in the context of other acts.

c) To study the safety and welfare measures provided for workers of medium-scale enterprises in Sikkim.

For the measurement of safety and welfare measures, two parameters were used, i.e. *'provisions related to safety'* and *'provisions related to welfare'*. Further, seven (7) associated variables were asked to measure *'provisions related to safety'*, and six (6) related variables were asked to measure *'provisions related to welfare'*. The reliability analysis of the parameters and their associated variables/ statements is 0.896 (combined). This signifies that both the parameters and their associated variables were reliable to measure the construct. Thereby validating the statements. Further, the mean score of each of the statements/ variables is nearly or more than 4. These show that respondents agree with the statements.

The SEM path coefficients, as shown in the above Table 4.2.11, signify that each of the associated variables/ statements of 'safety and welfare' measures is significant as the p label/ significant value is *** (0.000) since the value is less than 0.05. Further, out of the two factors, 'safety' and 'welfare', the factor 'welfare' loading on the construct is higher since the estimated value of the path coefficient (1.580) is more than that of safety, though both have little variation. Further, in the safety measure, the variable SF5 (1.230) has significant loading, and in the case of welfare, it is the 5th statement (2.30).

d) To study the various skill-upgradation activities conducted in medium-scale enterprises in Sikkim

For the measurement of employee skill upgradation/ training, five (5) associated variables/ statements were asked. The descriptive statistics (mean & SD), along with reliability analysis, were used to analyse the reliability and consistency of each statement. The Cronbach's alpha value of each statement, as well as combined, is 0.862, which shows the statements used to measure the employee's skill upgradation/ training are reliable and consistent to measure the intended construct 'employee skill upgradation/ training'. Thus, validating the construct. Further, the mean score of each statement is higher than 3, thus, this reveals that respondents agree with the statements.

All five associate variables/ statements of skill upgradation are significant since the p label/ significant value of the path analysis coefficient is (***) 0.000 (less than 5 per level). Further, the path coefficient of the 3rd variable/ statement, 'Knowledge about the outcome of leadership training aims at enhancing decision-making and team motivation among the employees' (1.234). Contribution towards skill upgradation is significantly more than the other variables/ statements, and the 2nd variable/ statement 'Knowledge about the fact that the importance of training related to interpersonal communication, product knowledge and crisis management SK3 are given to employees along with technical training.' (1.170). The result shows leadership training is the need of the hour, followed by interpersonal communication and product knowledge.

e) **To find out the extent of benefits received by workers under the Social Security Code, 2020.**

For the measurement of the social security code, 2020, four (4) major parameters were used: provisions related to workman's compensation, provisions related to Employees' State Insurance, Provisions related to Employees' Provident Fund & Miscellaneous provisions and provisions related to gratuity. Further, six (6) statements were used to measure 'provisions related to workman's compensation, six (6) statements related to 'provisions related to employees state insurance', seven (7) statements related 'Provisions related to Employees Provident Fund & Miscellaneous Provisions' and eight (8) statements related to 'provisions related to Gratuity'.

The results of the SEM analysis signify that all four sub-factors (WC, ESI, EPF, GT) of the Social Security Code, 2020, are significant (***/ 0.000) since the significant value is less than 0.05. Further, out of the four factors, the factor GT (Gratuity) contribution to the social security code is higher since the path estimated coefficient is high among the four factors (3.022) and then WC (workmen's compensation) (2.890).

f) **To find out the overall impact of labour legislation on workers in medium-scale enterprises in Sikkim.**

Eleven (11) statements were used to measure the impact of labour legislation on workers in the establishment. Further, descriptive statistics (mean & SD) along with reliability analysis (Cronbach Alpha) were used to measure the reliability of the statements towards the impact of labour legislation. The result shows the Cronbach's Alpha value of each and combined of all the eleven (11) statements comes to more than 0.8 and nearly 9, which signifies that the

items used in the questionnaire are internally homogenous and consistent for the measurement of the impact of labour legislations on workers. Therefore, the variables used in the questionnaire for the measurement significantly contributing to the study. Further, the mean value of each item is close to 4. This signifies that the respondent agreed upon the items.

Out of the 11 (eleven) statements, the 11th statement, *disposal of the factory waste products (3.98) and the 2nd statement, 'Implementation of provision related to payment of Minimum wages'* (3.78) have the highest mean value. This shows that the disposal of factory waste and the provision of minimum wages are more important in comparison to other provisions.

Explorative factor analysis (EFA) was applied to eleven (11) statements/ variables related to the impact of labour legislation on workers in the establishment. The KMO value of factor analysis is 0.889, which indicates that factor analysis is reliable to be done for these 11 statements, which are also cross-validated by the significant value of Bartlett's test of sphericity, i.e. 0.000.

All the statements/ variables used for the measurement of the Impact of labour legislation on workers of medium-scale enterprises are reduced to 2 (two) factors. We have extracted the factors through the varimax method and through principal component analysis, where the eigenvalue should be greater than 1. Statements 1, 2, 3, 9, 10 & 11 constitute factor 1 with a new name of '*financial security*'. Further, statements 4, 5, 6, 7 and 8 constitute factor 2 named as '*compensation*'.

The table shows the coefficients and p label/ significant value of SEM path analysis. The significant value/ p label of the independent factors is ***/ 0.000 (less than 0.05), revealing that both the reduced factors 'financial security' and 'compensation' are significant towards the dependent factor 'labour legislation'. This signifies that there is a significant impact of labour legislation on workers in medium-scale enterprises in the state of Sikkim.

5.2 Concluding Remarks:

The purpose of the study is to assess the impact of labour legislation on workers in medium-scale enterprises within the state of Sikkim. The findings related to the demographic profile of the workforce signify that lower-level positions are predominantly filled by individuals

from Sikkim. Furthermore, the majority of workers with up to five years of experience demonstrate a strong enthusiasm among the youth to pursue employment in medium-scale enterprises in the region. Additionally, the balanced male-to-female ratio in the workforce indicates that employment composition is not skewed toward any specific gender.

After studying the benefits as per the legislation categories under the Codes on Wages 2019, the findings revealed that the workers of medium-scale enterprises in Sikkim are well aware of the different provisions applicable to them under the Code on Wages 2019. The provisions fall mainly under three acts: payment of wages, minimum wages and equal remuneration. The results of the Cronbach's Alpha value of each and combined all three parameters, along with their associated statements, are more than 0.8, which signifies that the items used in the questionnaire for the measurement of *Codes on Wages* 2019 are internally homogenous and consistent. Further, the mean value of each item is close to 4. These show that respondents agree with each of the statements associated with the parameters like payment of wages, minimum wages and equal remuneration. It has also been observed that the payment of wage provisions outweighs other provisions relating to the impact, as far as the knowledge and awareness level of workers.

The study related to safety and welfare provisions implemented at medium-scale enterprises in Sikkim produced an encouraging result as far as awareness and knowledge about the facilities provided under the acts. The result shows that the workers agree and conform to the majority of the provisions under the safety and welfare provisions applicable to them.

The response related to skill up-gradation measures adopted by the medium-scale enterprises in Sikkim shows very promising results, with the workers stressing the need for training in the field of leadership training, interpersonal communication and product knowledge.

In the study on the impact of the Social Security Code 2020 and the extent of benefit received, the workers considered provisions of gratuity to play an important part in social security, too.

While studying the overall impact of labour legislation on workers of medium-scale enterprises, the study signifies that the disposal of factory waste products and the provisions of payment of wages concerned the workers at the highest level. Financial security and compensation are the two factors found to be heavily dependent on labour legislation. The

study signifies that a significant impact of labour legislation on workers at medium-scale enterprises in the state of Sikkim.

5.3 Limitations of the study:

The limitations of the study shall be:

- The area of study is limited to medium-scale enterprises of Sikkim engaged in manufacturing activities only.
- The study is based on workers' opinions on the provisions of the Central Labour Legislation only.
- The study on challenges & issues faced by workers in medium-scale enterprises is not covered under this study.
- The study on molestation and sexual harassment is not covered under this study.
- The literature covered in the study needs to be analysed more to conclude the impact of labour legislation on workers of medium-scale enterprises in Sikkim.

5.4 Research Recommendations:

Based on the findings of the study, the following suggestions/recommendations are made to help the stakeholders in studying the impact of labour legislation more comprehensively.

1. Since the central legislations (those in practice in the state of Sikkim) are considered for studying the impact of labour legislations on workers, the study would have been more comprehensive with the inclusion of state laws for research purposes. However, it's very encouraging to see the level of impact the number of legislations under study has on workers of medium-scale enterprises in Sikkim. The government authorities can bring more progressive measures to ensure workers' welfare in the state of Sikkim. It may be noted that sound industrial relations can attract a greater number of manufacturing and service units in the state, thereby contributing to its economic prosperity.

2. Under the Code on Wages 2019, even though the result from the findings showed an encouraging impact as far as provisions related to payment of wages, minimum wages and equal remuneration on workers of medium-scale enterprises in Sikkim, the absence of payment of bonus provisions from the state makes it incomplete. The authorities must try to

include the payment of bonus provisions in the state in the future to make it more relevant for research, as far as the impact study is concerned.

3. Even though safety and welfare provisions are viewed to be adequate from the study, there are still areas of improvement. Efforts should be made in a sustained way to improve the welfare and safety provisions of the workers. Though welfare measures have been prioritised by the workers, improved safety measures can fuel sustained growth in medium-scale enterprises in the state of Sikkim.

4. Regarding skill gradation of workers in medium-scale enterprises in the state, the study shows a very positive result regarding learning attitude, awareness about the training requirement, knowledge about the importance of the training, cultural training, safety training, importance of behavioural training i.e. leadership training, motivational training, decision making technique etc. However, it is suggested that medium-scale enterprise needs to implement training programs (behavioural training in general and leadership training in particular) in a comprehensive way to realise the benefits of developing a motivated and productive workforce in the long run.

5. Social security being of paramount importance for healthy industrial relations systems, it is suggested that the legal authorities work towards facilitating provisions beyond the mandated benefits for the workers of all sections of society for progressive industrial relations.

6. Though the study reveals a significant positive impact of labour legislation on the workers of medium-scale enterprises in the state of Sikkim, efforts should be made continuously for the upliftment of the workers in the state of Sikkim for sustained growth in the years to come.

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