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Corporate India turns to non-permanent hiring as business uncertainty deepens

Abhinaba Saha, **Niti Kiran** | 5 min read | 10 Nov 2026, 06:01 AM IST



For companies, such arrangements offer the flexibility to adjust staffing levels as business needs change, without taking on long-term employment commitments.

SUMMARY

Non-permanent employees accounted for 17% of the workforce at 353 BSE 500 companies in FY26, up from 11% three years earlier, as companies prioritise flexibility over long-term employment commitments.

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Business uncertainty is reshaping how India Inc hires, with the preference for a stable, permanent workforce giving way to more flexible employment arrangements. Volatile demand, geopolitical disruptions, artificial intelligence (AI)-led restructuring and mounting cost pressures are prompting companies to reassess their long-term workforce commitments.

A *Mint* analysis of 353 BSE 500 companies found that non-permanent employees accounted for 17% of the workforce at these companies in fiscal year 2026 (FY26), up from around 11% in FY23. The analysis draws on comparable data from annual reports between FY23 and FY26. Non-permanent employees include fixed-term employees, contract workers and gig workers, as distinct from permanent, on-roll staff.

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For companies, such arrangements offer the flexibility to adjust staffing levels as business needs change, without taking on long-term employment commitments. But the trade-off extends

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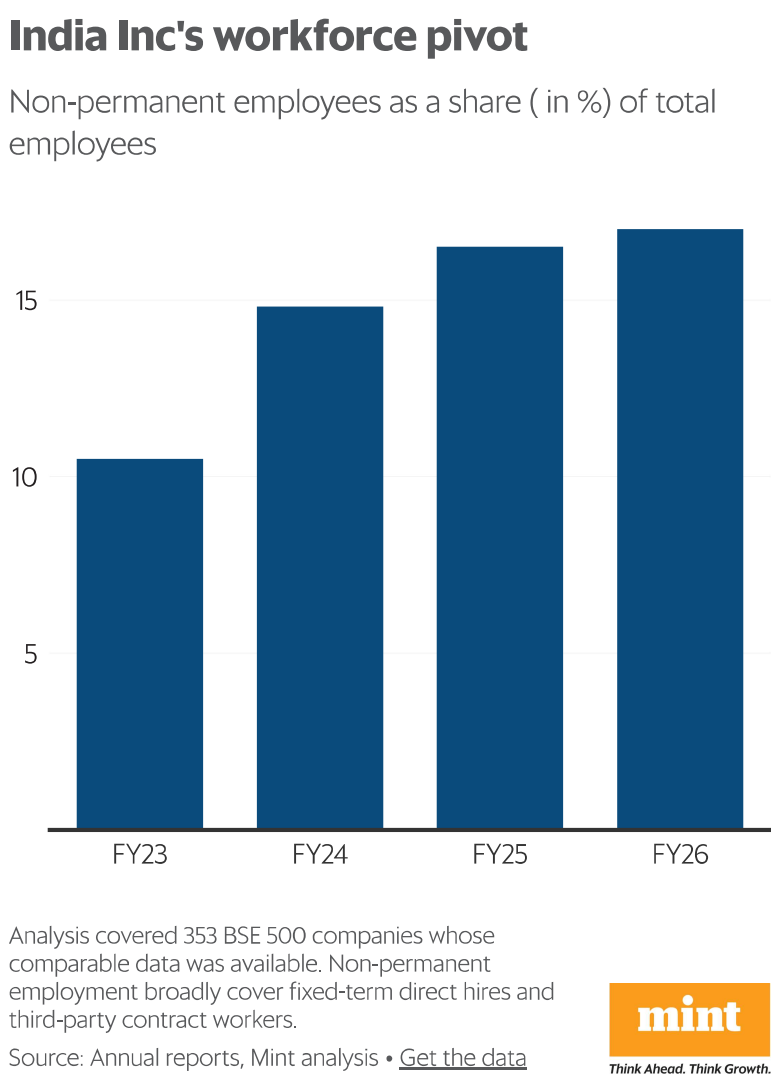


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beyond job security: workers face uncertainty over statutory benefits and career progression, while employers risk losing institutional knowledge and operational continuity as their reliance on temporary staff grows.



Push for flexibility

Non-permanent employment broadly covers fixed-term employees hired directly by companies for a specified tenure, and contract workers who work at company premises but remain on the payrolls of third-party contractors, said Atul Gupta, partner, labour and employment practice at Trilegal.

Such workers can be hired quickly and, more importantly, disengaged without the more elaborate procedures involved in terminating permanent employees, Gupta said.

The arrangements, however, carry different implications for workers. Fixed-term employees are generally entitled to wages and statutory benefits comparable to those of permanent staff, though their contracts end automatically on expiry. Contract workers, by contrast, may receive lower wages and benefits, although the law mandates pay parity for those performing the same or similar work, said Suchita Dutta, executive director of the Indian Staffing Federation.

As repetitive roles disappear and demand shifts towards technical and specialised skills, employees will increasingly need to reskill to remain relevant, Dutta said.

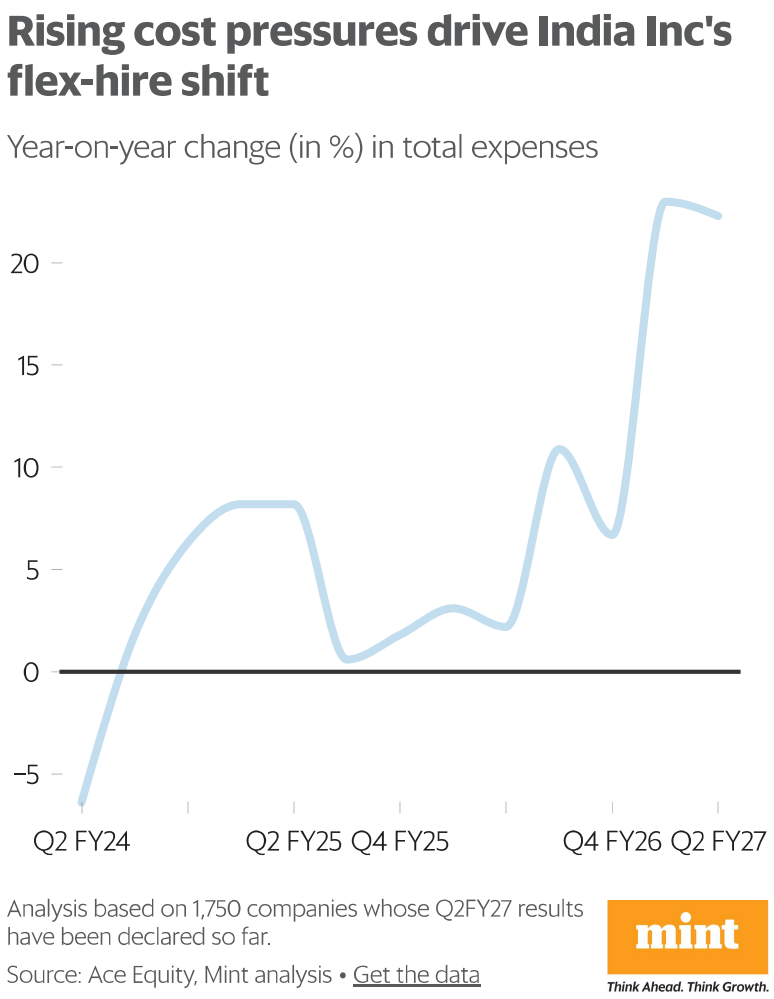
The new Labour Codes seek to alter some of these dynamics by restricting the use of contract labour in core business activities, subject to specified exceptions, Gupta said. This could push companies towards direct employment for certain roles, although they are still assessing which activities qualify as core functions and how the restrictions will affect their hiring models.

"A true test of whether the Labour Codes have helped change this ratio and increase the share of permanent employees would be to conduct similar surveys for the financial years ending 2027 and 2028," Gupta said.

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Mounting cost pressures

Rising business costs could further accelerate the shift towards non-permanent employment, Dutta said. Domestic companies saw overall costs rise 22% year-on-year in the September quarter (Q2), following a 23% increase in the June quarter, according to a Mint analysis of Q2FY27 results of 1,750 listed companies. Overall costs are at a three-year high, with crude oil averaging above $95 a barrel this year, compared with $68 in 2025, amid the West Asia war.



Profitability is also under strain. Companies excluding banks, financial services, insurance and oil marketing companies reported a net profit margin of 11.9% in the September quarter so far, down from 12.8% in the previous quarter and below the four-year average of 12.2%, the analysis showed. With cost pressures expected to persist and limited scope for further price increases, analysts expect profitability to weaken further.

"When margins come under pressure, one of the first things companies reconsider is their commitment to long-term employment," Dutta said.

While flexible staffing can offer immediate cost and operational benefits, greater reliance on contingent workers carries longer-term risks. It could discourage investment in training and retention, eroding institutional knowledge and continuity of skills within organizations, said Charu Malhotra, co-founder and managing director of consulting firm Primus Partners.

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A widening gender gap

The shift in workforce composition is also reflected in women's representation. Their share of the overall employee base fell to 31.5% in FY26 from nearly 33% in FY25, although it remained above the 27% recorded in FY23, according to the same Mint analysis of annual report data.

Meanwhile, women's share of non-permanent employment rose from 9.7% in FY23 to 12% in FY24, before climbing to nearly 13% in FY26.

The divergence could partly reflect the compliance costs associated with hiring and retaining women, Gupta said. Beyond maternity benefits and extended leave, employers must provide creche facilities and additional safety arrangements, including transport for women working night shifts. These obligations can make companies more cautious about hiring women into permanent roles and retaining them over the long term, he said.

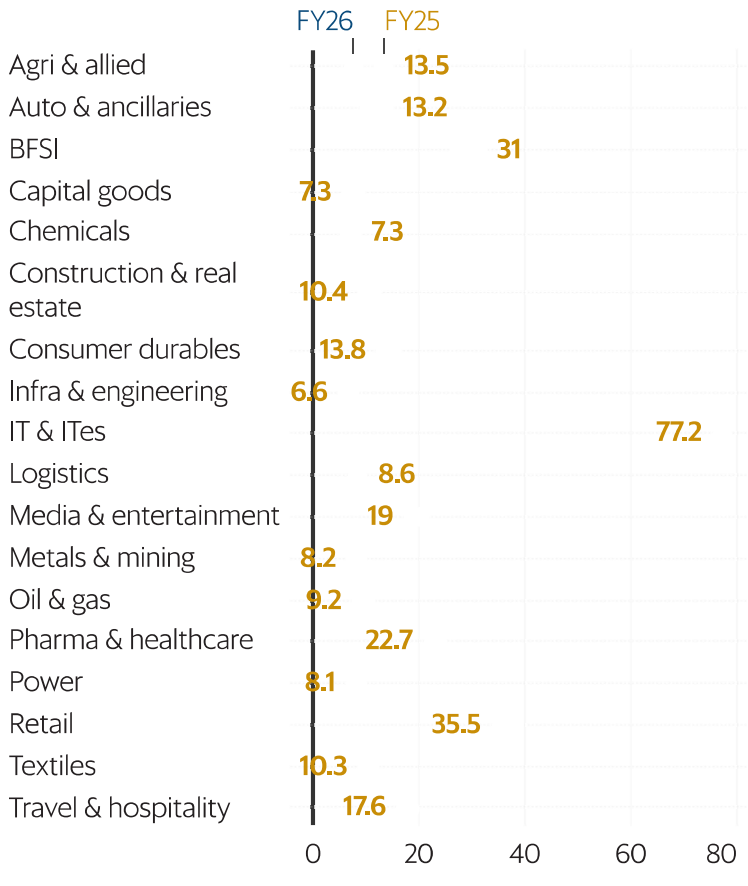
The withdrawal of pandemic-era work-from-home arrangements may also be weighing on women's workforce participation. Given their disproportionate burden of caregiving, workplace flexibility remains critical to women's ability to stay employed, Dutta said.

Sectoral divide

The decline in women's representation has been particularly pronounced in banking, financial services and insurance (BFSI), where their share of the workforce fell to 28% in FY26 from 31% in FY25, nearing pre-pandemic levels. By contrast, representation improved over the past three years in consumer-facing sectors such as consumer durables, retail, travel and hospitality.

Uneven gains for women

Women employees as a share (in %) of total employees, sectorwise



Analysis covered 353 BSE 500 companies whose comparable data was available.

Source: Annual reports, Mint analysis • Get the data

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This trend could continue as rising aspirations and greater formalisation of retail create more opportunities for women, particularly in smaller cities and towns, said Vikas Kataria, promoter of D.P. Jewellers. The jewellery industry, traditionally a major employer of women, is becoming increasingly organized, opening up opportunities in areas such as product planning, design, development and finance, Kataria added.

Expanding women's representation beyond sectors that have traditionally employed them remains important, said Malhotra, noting that agriculture, tourism and hospitality continue to account for a large share of women's employment.

This is the second part of a three-part data series based on annual reports. The first part examined **how long India Inc.'s corner-office leaders stay at the helm**. Rushi Gupta and Mayur Bhalerao contributed to the story.

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