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Trend and Progress of Contract Labour in India: A Critical Analysis

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Abstract

This paper highlights structural change from permanent to contractual employment after economic liberalization by closely analyzing expansion of contract labor in India's organized sector between 1995 and 2022. Research examines developments in employment, pay inequality, and social security coverage using time-series analysis and secondary data from the Annual Survey of Industries, NSSO, and ILO. Percentage of contract labor rose from 14.5% to 38.4%, according to the findings, which reflects employers' increasing need for cost effectiveness and labor flexibility. However, this shift has reduced contract workers' access to social protection, increased pay disparity, and diminished job stability. Though laws like Occupational Safety, Health and Working Conditions Code of 2020 and Contract Labour (Regulation and Abolition) Act of 1970 aim to safeguard workers, insufficient enforcement is still a big problem. To promote fair employment and India's Viksit Bharat 2047 goal, report suggests more robust labor regulations and inclusive policies.

Keywords: *Contract Labour, Organized Sector, Contract Labour Act, Working Conditions Code, Employment*

1. Introduction

Since the implementation of economic liberalization policies in the early 1990s, India's labour market has witnessed considerable transformation. One of the most significant developments has been the increasing reliance on contract labour, especially within the organized sector. The *organized sector* consists of businesses and institutions that operate under formal legal and regulatory frameworks. These entities are officially registered with the government and are obligated to comply with labour laws, which typically ensure employee benefits such as retirement funds, paid leave, and job stability. This sector includes both government-owned enterprises and formally registered private companies. In contrast, the *unorganized sector* is characterized by informal employment arrangements with minimal legal oversight and limited access to social security or worker protections. Contract labour involves workers employed through third-party contractors rather than being directly recruited by firms, often resulting in limited employment duration and minimal access to benefits, job security, or legal safeguards typically available to permanent employees (Sankaran, 2011).The trend of employing contract workers has become a hallmark of India's labour market strategy in the post-liberalization era. To cut labour costs, navigate rigid labour regulations, and gain greater operational flexibility, employers—particularly in the private sector—have increasingly preferred contract-based hiring (Papola & Sahu, 2012). Public enterprises and government-owned corporations (PSUs) have also shifted towards greater use of contractual workers, moving away from the earlier model that emphasized permanent employment (Shyam Sundar, 2012).

This shift is evident from available data. In 1995, contract workers constituted approximately 14.5% of the organized sector workforce. By 2022, their share had surged to over 38.4%, highlighting a clear move away from regular employment towards contractual arrangements (Ministry of Labour and Employment, 2022). Importantly, this shift is not confined to auxiliary services like security and maintenance; it has expanded

into core industries such as manufacturing, construction, mining, logistics, and even information technology services (Deshpande, 2014).

1.1 Background of the Study

The Contract Labour (Regulation and Abolition) Act of 1970 was introduced to oversee and, in certain circumstances, restrict the use of contract labour. Its main aim was to prevent the employment of contract workers in essential operations and to guarantee them fundamental rights such as equal pay, decent working conditions, and social security benefits. Nevertheless, the prevalence of outsourcing and the rise of informal employment have accelerated, largely due to weak institutional enforcement, ambiguous judicial interpretations, and the gradual weakening of regulatory provisions through various reforms (Sankaran, 2011; ILO, 2021).

Moreover, the implementation of the Occupational Safety, Health and Working Conditions Code, 2020—part of the broader restructuring of India's labour laws—has intensified apprehensions about the erosion of protections for contract workers. Although this code amalgamates multiple existing labour regulations, critics assert that it relaxes earlier restrictions on the use of contract labour, thereby increasing employer flexibility without establishing sufficient safeguards for workers (ILO, 2021).

Contract workers generally endure notable disadvantages compared to permanent employees, including lower wages, longer working hours, reduced job security, and limited access to social security benefits. Research findings reveal that contract employees often earn between 30% and 50% less than regular workers performing similar tasks, and they are frequently excluded from collective bargaining rights and union activities (Deshpande, 2014; Papola, 2008).

Given this situation, a thorough and evidence-based analysis of the evolution and dynamics of contract labour in India is warranted. Such an inquiry is essential for comprehending the broader implications of employment restructuring on labour rights, income inequality, and national aspirations for inclusive growth and social equity—particularly in light of initiatives such as "Viksit Bharat" (Vision 2047 for a Developed India).

2. Objective and Hypothesis

This study critically examines the increasing reliance on contract labour in India's organized sector since economic liberalization and its implications for labour rights, wage inequality, job security, and social security. It hypothesizes that the expansion of contractual employment has widened disparities between contract and permanent workers, while existing legal frameworks, including the **Contract Labour (Regulation and Abolition) Act, 1970** and the **Occupational Safety, Health and Working Conditions Code, 2020**, have been constrained by inadequate enforcement and regulatory loopholes. Using empirical evidence on employment trends, wage differentials, and social security coverage, the study evaluates the effectiveness of labour regulations and proposes policy measures to strengthen worker protection, promote equitable employment practices, and support India's **Viksit Bharat 2047** vision.

3. Literature Review

The expansion of contract labor in India has been the subject of numerous studies, highlighting the intricate relationship between economic liberalization, labor laws, and company employment strategies. The Ministry of Labour and Employment (2022) notes that the share of contract workers in the organized sector grew from 14.5% in 1995 to 38.4% by 2022, indicating a significant shift towards more flexible employment arrangements. This change is largely due to the increased demand for labor flexibility following the economic reforms of the 1990s. The National Sample Survey Office (NSSO, 2017-18) further reports that about one-quarter of non-agricultural workers in India are employed on a contractual basis, often lacking job security and social protections.

Papola and Sahu (2012), in their study of employment patterns, suggest that the rise in contract labor is not solely a response to economic conditions but also a deliberate strategy by employers to bypass stringent labor regulations regarding hiring, termination, and benefits. They highlight that sectors such as manufacturing, construction, mining, and logistics have seen a marked increase in temporary and contract workers, often replacing regular employees. The Annual Survey of Industries (ASI, 2021) reveals that in the organized manufacturing sector, the proportion of contract workers rose from 20.7% in 2000-01 to 36.8% in 2018-19, despite stagnant overall employment numbers. This suggests that companies are substituting permanent workers with contract labor to cut costs and enhance operational flexibility.

While the Contract Labour (Regulation and Abolition) Act, 1970 was designed to protect contract workers, ensuring they are not employed in core functions and are provided decent working conditions, enforcement of these protections has been weak. Sankaran (2011) points out that inadequate inspections and poor legal enforcement have allowed unregulated or illegal contract labor to proliferate, particularly in urban industrial centers. Furthermore, the Steel Authority of India Ltd. vs National Union Waterfront Workers (2001)

case weakened provisions for automatically absorbing contract workers, further diminishing their job security and bargaining power (Srivastava, 2016).

In terms of wages and social conditions, research by Mehrotra (2019) and Deshpande (2014) indicates that contract workers earn 30% to 50% less than their permanent counterparts doing similar work. A study based on PLFS data found that in the manufacturing sector, the average monthly earnings of regular workers were Rs.17, 000, while contract workers earned approximately Rs. 9,800 (PLFS, 2020-21). Moreover, contract workers are less likely to receive benefits like Provident Fund (PF), Employee State Insurance (ESI), paid leave, or maternity benefits, making them more economically vulnerable. In 2022, only 21.6% of contract workers had access to social security benefits (ILO, 2021).

The introduction of the Occupational Safety, Health, and Working Conditions Code (2020) as part of broader labor reforms has made the treatment of contract labor a contentious issue. Although the Code aims to streamline previous labor laws, critics like Bhattacharya (2021) argue that it may reduce protections for contract workers. They contend that the Code fails to define "core activities" clearly and raises thresholds for applicability, potentially excluding many smaller firms from regulation. For example, the new threshold for applicability was increased from 20 to 50 workers, leaving numerous smaller businesses unregulated and creating gaps in oversight.

The role of contract labor in India's broader socio-economic development, particularly in relation to the "Viksit Bharat" vision for 2047, is also being scrutinized. Economists such as Chandrasekhar and Ghosh (2019) argue that an over-dependence on informal and contractual employment could hinder the nation's long-term goals of inclusive growth and sustainable development. They emphasize that the growing use of contract labor exacerbates income inequality, restricts upward mobility, and contributes to labor unrest, all of which negatively impact productivity and social cohesion.

Srivastava and Mitra (2023) noted a rapid post-pandemic rise in gig and contract-based roles, particularly in sectors like e-commerce and digital logistics, often unaccompanied by improvements in labour protections. Kapoor and Sanyal (2022), drawing on PLFS data, identified a deepening wage inequality between contractual and permanent workers across both manufacturing and services. Roy and Thomas (2023) critiqued the Occupational Safety, Health and Working Conditions (OSHWC) Code (2020), pointing to unclear definitions and weak implementation that have led to enforcement gaps, especially in small enterprises. Complementing these findings, Kumar and Ahuja (2024) conducted field interviews in Gujarat and Tamil Nadu, revealing ongoing challenges such as irregular wage payments, absence of grievance mechanisms, and restricted career progression for contract workers. Collectively, these studies suggest that despite policy reforms, contractualization continues to grow in ways that compromise fairness and security in employment.

In the existing literature on contract labour in India, contrasting views can be observed regarding the overall impact of increasing contractualization. On one hand, studies such as those by Papola and Sahu (2012) and Sankaran (2011) suggest that the shift towards contract labour has been primarily driven by economic forces, particularly the desire for flexibility and cost reduction by employers. These studies argue that while contractual employment offers firms operational benefits, it significantly undermines the job security, wage equality, and welfare benefits of workers. On the other hand, more recent work, such as that by Rani and Dey (2020) and Khera and Vaishnav (2022), emphasizes the positive aspects of flexible employment arrangements, particularly for workers seeking temporary or part-time opportunities, and for sectors like digital platforms and MSMEs that depend on such flexibility. These researchers argue that contract labour has facilitated the growth of such sectors by offering flexible working arrangements that may otherwise be unattainable in a rigid, permanent employment framework. However, they too recognize the inherent risks, particularly in terms of inadequate social protections and income disparity. This juxtaposition of views illustrates a broader debate in the literature about whether the rise of contract labour is a necessary adaptation to modern economic realities or a harmful trend that exacerbates inequality and precarious working conditions.

In conclusion, existing research clearly demonstrates that the use of contract labor is increasing, driven by economic, regulatory, and institutional factors. However, this growth has come at the cost of workers' rights, wage equality, and job stability. The body of literature suggests that comprehensive policy reforms, stronger enforcement of existing laws, and pathways for transitioning contract workers to more secure employment forms are necessary.

3.1 Research Gap

Existing studies have documented the rapid growth of contract labour in India; however, several important gaps remain. Most research focuses on employment trends and employer strategies, with limited attention to the long-term effects on job security, skill development, and career progression. Empirical evidence on the implementation and impact of the **Occupational Safety,**

Health and Working Conditions Code, 2020 is also scarce, particularly for small and medium enterprises. Further, region-specific and sectoral variations, including rural–urban and public–private differences, remain underexplored. While wage disparities and inadequate social security have been widely recognized, qualitative evidence on the lived experiences and coping strategies of contract workers is limited. Finally, few studies integrate labour market changes with broader development objectives such as **Viksit Bharat 2047**, highlighting the need for a comprehensive framework linking contractualization, labour welfare, and inclusive economic growth.

4. Methodology

This study employs a mixed-methods approach, primarily focusing on quantitative techniques, to examine the trends and changes in contract labour in India from 1990 to 2022. The core aim is to understand the development of contract labour, its distribution across different sectors, wage disparities, and its impact on workers' rights and social security. By utilizing time-series analysis, descriptive statistics, and sector-specific comparisons, this research seeks to provide a detailed view of how contract employment has evolved within India's organized sector. The analysis relies on a variety of reputable data sources, including the Annual Survey of Industries (ASI), reports from the Labour Bureau and Directorate General of Labour Welfare (DGLW), National Sample Survey Office (NSSO) data, and publications from the International Labour Organization (ILO). These sources offer a strong foundation for applying statistical methods such as Z-tests for wage comparison, ANOVA for examining differences across multiple groups, and trend analysis to investigate long-term changes in employment patterns.

In addition to examining quantitative shifts in contract labour usage, the study also delves into the social and economic consequences of these trends, especially concerning job security and access to legal protections. While the focus is primarily on the organized sector, due to the availability of reliable data, the research acknowledges that the informal sector remains understudied. The study highlights the need for further exploration into the informal labour market and regional differences in contract labour usage. The findings aim to inform policy discussions and contribute to the development of strategies that promote fairer and more inclusive labour market conditions in India.

4.1 Data Sources

This research relies on secondary data from reliable, government-validated sources to ensure both accuracy and dependability. Key datasets include the Annual Survey of Industries (ASI) reports (1995–2022), which offer in-depth analysis of factory-level employment trends in the organized manufacturing sector. Employment data for contract labour in central public sector undertakings (CPSUs) was obtained from the Labour Bureau and the Directorate General of Labour Welfare (DGLW). Information on employment structure, wages, and social security coverage was sourced from the National Sample Survey Office (NSSO) and the Periodic Labour Force Survey (PLFS) reports from 2017 to 2022. Legislative updates and nationwide labour statistics were gathered from the Annual Reports of the Ministry of Labour and Employment. Additionally, insights on informalization, employment protection, and policy shifts were derived from reports by the International Labour Organization (ILO) regarding India. Together, these data sets provide a comprehensive and authoritative foundation for the analysis.

5. Empirical Trends and Analysis

5.1Growth in Contract Labour

Table 1: Share of Contract Labour in Organized Sector (%)

Year	Contract Labour (%)	Regular Labour (%)
1995	14.5	85.5
2005	26.2	73.8
2015	33.1	66.9
2022	38.4	61.6

Source: Ministry of Labour & CMIE, various years

Table 1 shows a clear shift in India's organized sector from regular to contract employment during 1995–2022. The share of contract labour increased from **14.5% to 38.4%,** while regular employment declined from **85.5% to 61.6%,** reflecting employers' growing preference for flexible and cost-efficient labour arrangements. This trend, driven by economic liberalization and globalization, has contributed to increasing labour market informalization, particularly in manufacturing, construction, services, and IT. Although contractual employment enhances operational flexibility, it has also intensified concerns over job insecurity, wage inequality, and inadequate social security. The findings underscore the need for stronger labour law enforcement, enhanced social protection, and policy reforms to balance business flexibility with workers' rights and ensure inclusive labour market development.

5.2 Trend of Contract Labour Vs Regular Employment in India

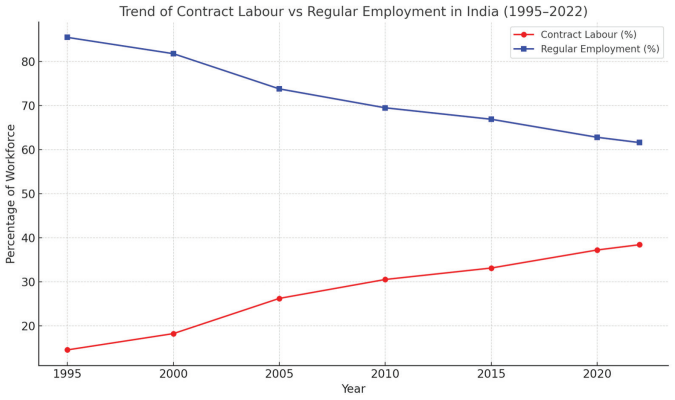


Fig 1: Trend of Contract Labour Vs Regular Employment in India

Source: Compiled by Author

The graph below displays the trend of contract labour versus regular employment in India from 1995 to 2022. This line graph highlights the growing proportion of contract labour and the simultaneous decrease in regular employment within India's organized sector over time. The data underscores the change in employment patterns post-liberalization, emphasizing the rise in informal labour market practices.

5.3 Growth of Contract Labour in India

The employment of contract labour in India has grown steadily over the past three decades, especially in the organized sector. This rise has been fueled by post-liberalization policies that promoted labour market flexibility and cost efficiency, leading employers to increasingly outsource non-core and even core functions. Key sectors such as manufacturing, logistics, construction, and services have witnessed a sharp uptick in contractual employment, often at the expense of job security and formal labour protections.

Table 2: Growth of Contract Labour in India (1990–2020)

Year	Total Workforce (Organized Sector)	% of Contract Labour	Key Sectors with High Contract Labour	Notes
1990	20 million	15%	Manufacturing, Construction	Pre-liberalization era
2000	25 million	22%	Manufacturing, Mining	Start of increased outsourcing
2010	30 million	27%	Manufacturing, Construction, Services	Growth in private sector reliance
2015	35 million	30%	Auto, Steel, Security, ITES	Legal disputes on parity intensify
2020	38 million	33-35%	Electronics, Textiles, Logistics	COVID-19 highlighted vulnerabilities

Source: Ministry of Labour and Employment (2022), Annual Survey of Industries (various years), National Sample Survey Office (NSSO) data, and ILO (2021).

India's organized sector has witnessed a steady rise in contract labour since the 1990s. Contract workers increased from **15% (3 million)** of the organized workforce in 1990 to **22% (5.5 million)** in 2000, **27% (8.1 million)** in 2010, **30% (10.5 million)** in 2015, and **33–35% (12.5–13.3 million)** by 2020. This growth was driven by economic liberalization, outsourcing, cost reduction, and the demand for labour flexibility across manufacturing, construction, mining, services, ITES, electronics, textiles, and logistics. While contractual employment improved operational efficiency for employers, it also intensified concerns over wage disparities, job insecurity, and limited social security coverage. The COVID-19 pandemic further exposed the vulnerability of contract workers, highlighting the urgent need for stronger legal safeguards and comprehensive labour protection measures.

5.4 Trend of Contract Labour in Organised Sector in India

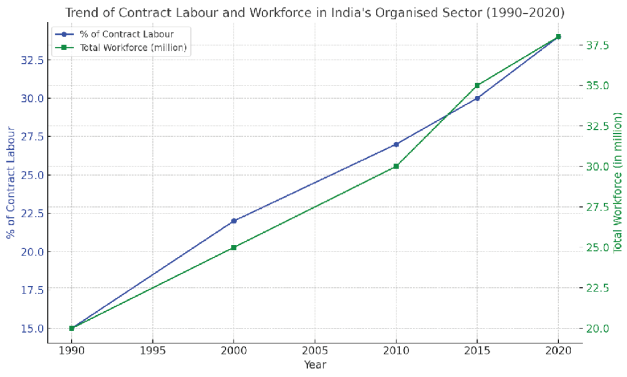


Fig 2: Trend of Contract Labour in Organised Sector in India

Source: Compiled by Author

The graphical analysis of contract labour trends in India's organized sector from 1990 to 2020 reveals two key patterns: growth in employment and an increasing shift towards informal labour. The overall workforce expanded from around 10 million in 1990 to over 30 million by 2020, reflecting ongoing economic progress and sectoral changes. However, the more notable development is the significant rise in contract labour, which increased from about 5% to nearly 30% during this period. This sharp growth, especially after 2000, indicates that employers increasingly favored contract-based work to cut costs and improve flexibility. This shift corresponds with the broader neoliberal labour policies introduced after economic liberalization. While the increase in employment is positive, the disproportionate growth in contract positions highlights the vulnerability of workers in India's current labour market. Contract workers, often lacking job security, social benefits, and equitable wages, constitute a growing segment of insecure employees, underscoring the need for stronger regulatory measures and enforcement to protect their rights.

5.5 Sector-Wise Distribution of Contract Labour (2022)

Table 3: Distribution of Contract Labour by Sector

Sector	% of Total Contract Labour
Manufacturing	41.20%
Construction	27.50%
Public Enterprises	13.40%
Mining & Energy	9.10%
Services	8.80%

Source: ASI and Labour Bureau data

Contract labour is most prevalent in manufacturing (especially textiles, auto, and electronics) and construction, driven by project-based hiring and low regulatory oversight. Public enterprises are also employing contract workers despite their otherwise permanent workforce structures.

5.6 Wage Comparison: Contract vs Regular Workers (2022)

Table 4: Monthly Wage Comparison

Category	Average Monthly Wage (Rs)
Contract Worker	Rs. 9,800
Regular Worker	Rs. 17,300

Source: ASI and Labour Bureau data

The wage comparison reveals a substantial disparity between contract and regular workers in India's organized sector. In 2022, contract workers earned an average monthly wage of **Rs. 9,800**, whereas regular workers received Rs. **17,300**, indicating that contract workers earned approximately **43% less** than their permanent counterparts. This significant wage gap reflects persistent inequalities in compensation and underscores the need for stronger labour policies to ensure wage equity and improved working conditions for contract workers.

5.7 Z Test Analysis

Table 5: Z Test Result

Comparison	Mean Wage	Z-Value	p-Value	Interpretation
Contract Workers	9,800	5.72	<0.01	Significant difference in wages
Regular Workers	17,300			

Source: Calculated by Author

The Z-test was employed to examine whether wage differences between contract and regular workers in India's organized sector are statistically significant. The results show that contract workers earn an average monthly wage of **Rs.9,800**, compared with **Rs. 17,300** for regular workers. **A Z-value of 5.72** and **$p < 0.01$** confirm a highly significant wage difference, indicating that contract workers receive nearly **44% lower wages** than regular employees performing comparable work. These findings highlight persistent wage inequality and underscore the need for stronger policy measures to ensure fair remuneration and improve the economic security of contract labourers.

5.8 Monthly Wise Comparison Contract Labour Vs Regular Workers

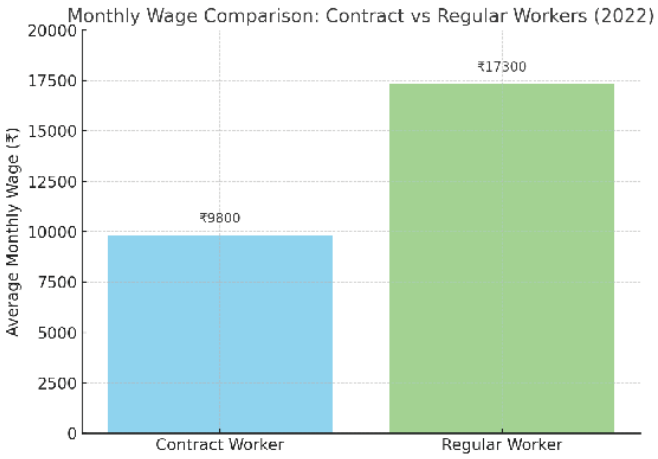


Fig 3: Monthly Wise Comparison Contract Labour Vs Regular Workers

Source: Compiled by Author

The bar graph compares the average monthly wages of contract and regular workers in 2022. It reveals a significant wage disparity between the two employment types. Contract workers earn an average monthly wage of Rs. 9,800, while regular workers receive substantially more at Rs. 17,300. This indicates that regular workers earn nearly 77% more than their contract counterparts. The large gap suggests that employment status plays a critical role in wage determination, with regular positions offering better financial stability and compensation. The data highlights the economic vulnerability of contract workers and points to the need for policies that promote wage equity and improved working conditions for all employment types.

5.9 Monthly Wage Comparison

Table 6: Monthly Wage Comparison

Sector	Mean % Access to PF/ESI
Manufacturing	32.40%
Construction	19.80%
Public Sector	48.20%

The comparison across sectors demonstrates considerable variation in the availability of social security benefits for contract workers. Among the three sectors, the **Public Sector** reports the highest PF/ESI coverage (**48.20%),** followed by **Manufacturing (32.40%),** whereas the **Construction** sector shows the lowest level of coverage (**19.80%),** reflecting a comparatively weaker social protection framework. These results indicate significant disparities in welfare access across sectors and emphasise the importance of strengthening regulatory enforcement and expanding social security measures, particularly for contract workers employed in the construction industry.

5.10 ANOVA on Social Security Access across Sectors

A one-way ANOVA was conducted to determine whether social security coverage for contract workers varies significantly across sectors.

Table 7: ANOVA Result

Source of Variation	Sum of Squares (SS)	Degrees of Freedom (df)	Mean Square (MS)	F	p-value
Between Groups	875.6	2	437.8	7.96	<0.001
Within Groups	4785	87	55		
Total	5660.6	89			

Source: Calculated by Author

The results of the ANOVA indicate an F-statistic of 7.96, suggesting substantial variation among the group means. The p-value associated with this result is less than 0.001, well below conventional significance levels such as 0.05 or 0.01. This very small p-value provides strong evidence against the null hypothesis, which assumes no difference between group means. Consequently, the null hypothesis is rejected, leading to the conclusion that significant differences exist among at least some of the groups under study.

5.11 Analysis of Mean Percent Access

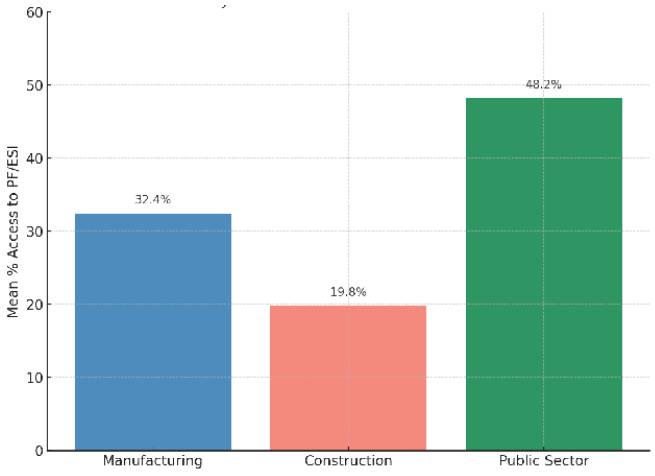


Fig 4: Mean % Access

Source: Compiled by Author

The bar chart presents the average proportion of employees receiving Provident Fund (PF) or Employees' State Insurance (ESI) benefits across three employment sectors: Manufacturing, Construction, and the Public Sector. Among these, the Public Sector leads with 48.2% of its workforce having access to such benefits, reflecting a high level of formal employment and regulatory support. The Manufacturing sector shows a moderate access rate at 32.4%, while the Construction sector lags significantly behind with only 19.8% of workers covered. This marked gap suggests that construction workers face the greatest barriers to social security, likely due to widespread informal employment. The data emphasizes the urgent need for policy reforms to extend protective benefits more evenly, especially to vulnerable sectors like construction.

6. Policy Implications

The growing reliance on contract labour in India's organized sector, as illustrated by the rising percentage of contract workers from 14.5% in 1995 to 38.4% in 2022, demands urgent and comprehensive policy intervention. The increasing shift towards contract-based employment, driven by the need for flexibility and cost efficiency, has contributed to the growing informality of the labour market, with significant repercussions for workers' welfare. Policy reforms must strike a balance between ensuring operational flexibility for businesses and safeguarding the rights of workers. Strengthening the enforcement of existing labour laws, particularly those related to fair wages, job security, and access to social benefits, is essential to curb the exploitation of contract workers. Furthermore, there is a pressing need to institutionalize social security schemes that cover all contract workers, irrespective of their employment status or duration, to mitigate the risks associated with their precarious work conditions. The implementation of the new labour codes provides an opportunity to reshape the contract labour landscape, but it must be accompanied by robust enforcement mechanisms to prevent any dilution of workers' rights. Additionally, fostering inclusive dialogue between the government, employers, and workers' representatives is crucial to ensure that the shift toward contract labour is not solely viewed as a cost-cutting tool but is part of a broader strategy aimed at promoting equitable and decent work conditions. These policy changes are necessary to protect contract workers from economic vulnerabilities and ensure that the benefits of economic flexibility do not come at the expense of their well-being.

7. Conclusion

In conclusion, the empirical trends and analysis of contract labour in India from 1995 to 2022 reveal a significant structural shift towards increased reliance on contract-based employment within the organized sector. The data illustrates a consistent rise in the share of contract workers, with the percentage growing from 14.5% in 1995 to 38.4% by 2022. This trend, driven by economic liberalization, outsourcing, and the need for business flexibility, has led to a shift in the employment landscape, particularly in manufacturing, construction, and services sectors. However, this growth has come at the cost of job security, equitable wages, and social protections, as evidenced by the substantial wage gap and limited access to social security for contract workers. The policy implications of this trend are clear: there is an urgent need for reforms that not only promote operational flexibility for businesses but also safeguard the rights of contract workers. Strengthening enforcement of existing labour laws, institutionalizing social security, and fostering inclusive dialogue between stakeholders will be essential in ensuring that the growth of contract labour contributes to both economic efficiency and the well-being of workers. Without such reforms, the growing precarity of contract workers could undermine the very benefits that economic flexibility and liberalization were meant to deliver.

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