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ZERO-HOUR CONTRACTS: LEGAL FRAMEWORK AND ETHICAL IMPLICATIONS IN LABOUR LAW

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ABSTRACT

The issue of Zero-Hour Contracts (ZHCs) has separated views concerning employee rights, job security, and employer freedom. ZHCs are widespread in sectors where the work force has to be flexible. There ZHCs allow businesses to operate efficiently, however, workers are often left in desperate situations without adequate income, social security, or legal protections. In this paper, we explore the legal bounds of ZHCs and how different countries approach them, in the ZHCs are recognized as legally permissible in the United Kingdom, although provisions are in place for protection against undue exploitation. The European union supporters for stronger labour protection and has countries like France and Germany instituting some obstructions for the sake of employment safety. On the other hand, Australia and New Zealand do have those restrictions, but provide much less over minimum wage and a guaranteed number of hours for casual employees. And in the USA, the system of at-will employment engenders the same conditions as ZHCs, although, there is some federal regulation of labour which supplies a degree of protection. ZHCs reflect certain ethics of striking a balance between economic flexibility and worker welfare. Opponents claim that this type of contract negatively affects job security, psychological health, and even remuneration, while supporters assert that it aids in tackling joblessness and provides greater mobility to the employed. This analysis compares all of these factors and points out that there is a need for laws aimed at curbing abuse of flexible working conditions without losing their advantages. After studying zero-hour contracts, this research recommends policies that offer adequate legal safeguards against discrimination, protection of income, and ensure social benefit for zero-hour workers without compromising economic activity in the labour market.

KEYWORDS – Zero-Hour Contracts, Employment, Workers' Rights, Job Security, Gig Workers, Economic Justifications.

INTRODUCTION

When an organization or a business recruits' additional workers in order to make up for a lack of workers, it is known as a zero-hour contract, these contracts impose no minimum work hours. These agreements do not provide a consistent salary; instead, they simply compensate the worker for the hours they put in. Further, in such contracts, the employee is

not obliged to work a specified number of hours or adhere to the proposed work schedule by the employer.

Zero-hour contracts are common in sectors like hospitality, retail, healthcare, delivery, etc. where workers' demand varies heavily. Such contracts have both pros and cons, such as great flexibility for employers, additional income, and



income stability against employment uncertainty for the employees.

In simple terms, they are employment agreements in which employees are not forced to take any job provided and employers are not required to supply a minimum number of working hours. Although both parties can be flexible with this arrangement, there are some operational mechanics involved.

A 2024 survey by Press Information Bureau concluded that in FY23 19.8% workers in India were casually employed⁵¹. Companies have started using zero-hour contracts more nowadays in India to boost flexibility and reduce labour charges. Labour rights advocates have been critical of zero-hour worker contracts, claiming that they enable businesses to abuse workers and violate their fundamental rights. The frequency of these contracts in India and the working circumstances of people who are employed under them, however, are not well documented.

In India, a zero-hour worker contractual employment arrangement has several advantages. Firstly, they make it possible to have a more flexible work schedule. Both the employer and the employee may benefit from this. The individual can have a more flexible work schedule that suits their needs, while the company can pick from a larger pool of available personnel. Second, labour expenses may be lowered. An employer can reduce labour expenditures since they are not required to promise a specific number of hours each week. Small enterprises or those with limited resources may find this to be quite advantageous.

Thirdly, it might boost staff morale and motivation. If workers know they will not be

working the same number of hours every week, they might be more inclined to work harder when required or summoned for work. Working under such contracts might result in an overall boost in motivation and morale among the colleagues. Moreover, it might help the employee and employer build trust. When a company is ready to provide its employees some extent of freedom and flexibility, it shows that they believe they can finish jobs. This might lead to stronger ties between the two parties and more trust overall.

Inflexibility is one of the drawbacks of zero-hours contracts for both employers and employees. Employees find it difficult to plan their budget and other finances when they are not aware of how many overall hours they will be working. The employers also experience challenges since they could be called on to need to quickly expand or reduce workforces. Since firms are not obligated to provide work on a weekly basis, zero-hours contracts also carry the disadvantage of possibly resulting in job insecurity because there is no guarantee of regular pay. Workers occasionally need to take several jobs to make ends meet, which can be stressful and tiring. Restricted availability of benefits. Zero-hours contracts may restrict access to several benefits available to workers under conventional contracts. This covers paid time off, sick leave, holiday compensation, and other benefits for staff members.

Unpredictable income is another major disadvantage of zero-hours contracts. This is due to the fact that companies are not obligated to offer the same number of hours every week, hence a constant income is not assured to the employees. Consequently, employees may struggle to manage their finances and plan for ahead.

RESEARCH QUESTIONS

1. What are the legal frameworks for zero-hour contracts in India, and where do they stand compared to international standards?
2. What are the ethical concerns in the usage of zero-hour contracts, and how can they be

⁵¹ Press Information Bureau, *Government of India, Decline in Casual Workers and Rise in Regular Wage/Salaried Employees in 2022-2023: PLFS Annual Report* (Mar. 6, 2024), <https://www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://pib.gov.in/PressReleasePage.aspx%3FPRID%3D2097939%23~:xt%3DThe%2520decline%2520in%2520casual%2520workers,employment%2520over%2520the%2520previous%2520year.&ved=2ahUKewjbrJHohPaL.AxVZUGwGHbFqM0AQFnoECBkQAw&usq=AOvVaw0HmMqN-CIckfeaOplq-yrk>



- reformed through implementation of various policies?
3. In what way do zero-hour contracts impact financial stability and job security in India?
 4. How do zero-hour contracts affect employer-employee relationships?
 5. How can India incorporate best practices of zero-hour contracts into its labour law?

METHODOLOGY

This study uses a qualitative research approach to analyse the legal frameworks and ethical implications of zero-hour contracts in Indian labour law. To conduct the research, a doctrinal approach will be utilized to review legislations, statutory provisions, case laws and literature available which is relevant to the topic. This method of research will assist the researchers to explain the existing legal principles governing zero-hour contracts and the legal provisions and judicial interpretations surrounding them. Further, the researchers will conduct a comparative analysis to examine laws regarding zero-hour contracts in under different laws of various countries, particularly focusing on the nations where zero-hour contracts are prevalent. This analysis will assist the researchers to explain best practices from all over the world, regulatory gaps and potential reforms and recommendations to implement zero-hour contract laws in a better way in India.

This study also adopts a thematic analysis design to interpret the advantages and ethical concerns regarding such contracts, mainly job instability, unpredictable income and lack of financial uncertainty. With this approach the researchers will be able to explain better the existing ethical dilemmas in such contracts and recommend ways in which such problems can be resolved effectively.

This study aims to provide an in-depth and well researched understanding of legal implications and ethical dilemmas of zero-hour contracts in India and propose recommendations and reforms that will bridge the gap of exploitation under such contracts.

LITERATURE REVIEW

1. De Stefano (2016)⁵² in his work rightly pointed out that the rise of zero-hour contracts under non-standard employment has been the consequence of rise of gig economy and increasing globalization. Elias (2018)⁵³ further concludes that traditional employer-employee relationships are fluid, and they keep on evolving with the changing world.
2. Even in India zero-hour contracts have risen due to the rise of gig economy and demand for affordable and flexible labour. (Deakin, 2011)⁵⁴. There are various legal vacuums concerning zero-hour contracts in India even with the implementation of the Code on Social Security 2020 and Occupational Safety, Health, and Working Conditions Code 2020 (Pateriya, Sahu, 2022)⁵⁵.
3. Various researchers have debated on ethical concerns regarding zero-hour contracts, particularly their impact on financial stability and job security. In his work, Berg (2019)⁵⁶ introduced the concept of "Precariat" to define workers employed under precarious employment conditions which includes zero-hour contracts. This claim is also supported by scholar, Fisher (2025)⁵⁷.
4. India could learn from the models of Ireland, New Zealand and UK to introduce legal safeguards regarding zero-hour contracts while integrating such laws into its own legislation. A comparative study by Freedland (2014)⁵⁸ points out that countries like Ireland and New Zealand have

⁵² Valerio De Stefano, The Rise of Non-Standard Employment and Its Implications for Labour Law, 37 (3) *Comp. Lab. L. & Pol'y J.* 471, 471-500 (2016).

⁵³ Patrick Elias, Changes and Challenges to the Contract of Employment, 38 (4) *Oxford Journal of Legal Studies*, 869-887 (Aug. 28, 2018).

⁵⁴ Simon Deakin, *Indian Labour Law and its Impact on Unemployment, 1970-2006: A Leximetric Study*, 428 Centre for Business Research, University of Cambridge, (Dec. 2011).

⁵⁵ Srijan Pateriya, Harsha Sahu, *A Brief Study on Challenges Concerning Labour Laws in India*, 45 (1) Sambodhi, (2022).

⁵⁶ Janine Berg, *Protecting Workers in the Digital Age: Technology, Outsourcing and the Growing Precariousness of Work*, SSRN (May 31, 2019).

⁵⁷ Lucy Fisher, Transcript: *Labour and Business- Friends or Foes?*, Financial Times (Apr. 15, 2025).

⁵⁸ Mark Freedland, *The Regulation of Casual Work and the Problematic India of the 'Zero Hours Contract'* Oxford Human Rights Hub (Mar. 25, 2014).



implemented stricter laws into their legislations to protect the rights of workers and prevent their exploitation.

5. To conclude, it can be said that zero-hour contracts are a double-edged sword. They offer flexible work to the ones who need it but at the same time they pose significant risk to workers. Recent trends show a rise in such employments in India, implementing public policies to tackle the exploitation of workers is a necessary solution to safeguard the rights of workers while accommodating the evolving needs of the Indian labour market.

ANALYSIS

Comparison with Other Employment Contract

scope and level of an employment contract typically varies from one contract to the other as regards to their security, wages, range of work, and other benefits. Zero-hour contracts, for instance, are vastly different from the rest of the employment forms with respect to work guarantee and protection under the law. The sections below will analyze zero-hour contracts in relation to other commonly used employment models, distinguishing predominant differences within legal systems, workers' rights, and responsibilities of employers.

1. Permanent Employment Full Time Contracts –

This entails the most secure form of employment because the worker has a guarantee of a fixed base salary, working hours, and an exhaustive list of employment benefits. Complete health insurance, pension contributions, paid leave, and job security safeguarding provisions are extended under this arrangement. On the other hand, a zero-hour contract is more disadvantageous as there is no guarantee of having any working hours. Moreover, workers are compensated only for the hours that they actively work. Additionally, zero-hour workers are also vulnerable due to a lack of paid sick leave, insurance benefits, and career progression

opportunities. While permanent employment offers long-term security and stability, zero-hour contracts extinguish them all for sake of flexibility, which always favors employers who have a need for manpower on demand. Every type of employment offers its own benefits and challenges. While permanent employment offers stability, zero-hour contracts offer flexibility that is required by employers.

2. Fixed Term Employment Contracts –

A fixed-term contract refers to an employment agreement where the employee is hired for a specific period or a project. These contracts usually provide guaranteed hours, payment, and other perks on par with permanent employees for the length of the contract. In addition, fixed term employees also qualify for minimum statutory pay, basic benefits, as well as protection from unfair dismissal over the duration of the contract. In contrast, a zero-hours contract shifts the burden to the employer by having no stipulated minimum number of hours of work, making it inferior to the fixed-term contract. Unlike fixed term workers who enjoy legal protection from abrupt termination of employment, zero-hour workers may be let go without any form of notice unless otherwise stated in the document.

3. Part-Time Employment Contracts –

Part time contracts are defined as having fewer hours of work than full time engagements but ensure a minimum number of hours per week. Part time workers have some employment benefits such as paid leave, social security and other employment protections on a pro rata basis. On the other hand, a zero-hour contract means no minimum hours are guaranteed, while work chances solely depend on the employer's needs. Part time workers have a constant work schedule and fixed earnings, while zero-hour workers suffer from unstable income and may not work for extended periods. Nonetheless, zero-hour contracts are more flexible because employees can choose to take or opt out of shift, while part time employees have to work according to a given timetable.



4. Casual Employment Contracts –

Casual employment contracts are common for boarding or seasonal employment where full employment benefits are not available. However, more often than not, countries have a higher wage policy (casual loading) while also lacking job security and other employment benefits. Zero-hour contracts and casual contracts are similar in flexibility as employers have no obligation to provide regular working hours. Regardless of some of the legal frameworks needing them, casual workers are entitled over time, as they have, under some situations, zero-hour workers classified as on-call workers without the need for long term benefits.

5. Independent Contractor Agreements –

Independent contractors, including freelancers and gig workers, are engaged on a contract or project basis, which gives them control over work attendance and terms. Unlike zero-hour workers, freelancers set the rate of pay, select the clientele that they wish to work with, and are not subjugated to a single employer. Yet, both zero-hour workers and freelancers have no employment stability, no paid benefits, and lack proper legal protection against dismissal from employment. The primary difference is that zero-hour workers remain bound by an employment contract, and therefore may in some locations be entitled to the minimum wage and other incremental employment benefits, whereas freelancers are recognized as self-employed and bear all the responsibilities of taxes, insurance, and legal issues on their own.

6. Gig Economy Employment –

The gig economy includes working Zomato drivers and Uber taxi drivers, as well as designers on Fiverr, who all rely on specific tasks. The term “gig worker” is used to refer to individuals working on zero-hour contracts, and is a person who does not have set hours of work, a guaranteed income, or any employee benefits. Still, a number of gig workers are referred to as sole proprietors. This means that they have flexibility in their work but lack legal

safety nets. On the other side, zero-hour workers might still have some labour rights, which rely on their country's laws. The primary discrimination is in the worker category: gig workers are mostly categorized as self-employed, but zero-hour workers can be considered employees, even though with few rights.

Ethical and Socioeconomic Implications

The emergence of zero-hour contracts has sparked debate over the potential ethical and socioeconomic ramifications they may carry for employees, employers and society as a whole. These contracts prove more flexibility to both businesses and employees but raise important questions around workers' welfare and relations of market power. This part looks into the critical ethical and socio-economic problems linked to zero-hour contracts, concentrating on the concept of workers' protection, power subordination of the employees to the employers, and the economic defense and condemnation.

1. Employees' Protection and Economic Dependence –

There are no provisions for a minimum number of hours to be worked under these contracts. As a result, ZHCs significantly impair workers' rights and job opportunities. Those employed under zero-hours contracts experience persistent deficits in income, irregular work hours, substantial mobility constraints, and virtually no access to worker benefits, including paid sick leave, health care provisions, and pension plans. Unlike employees with ongoing or fixed term contracts, ZHCs sorely lack fundamental labour rights, thus rendering them highly susceptible to exploitation, wrongful termination or dismissal, and various form of discrimination at work.

2. Employer-Employee Power Imbalance –

Zero-hour contracts exhibit an inherent imbalance of power between employees who have far less power than their employers. There is no requirement for the employer to provide a certain number of hours legally, which gives



them enormous control over who they hire, how much they work, and even whether or not they can pursue a termination. Such dynamics give rise to employment practices that border on exploitation, as employees feel unduly obliged to agree to any offered shifts lest they be deemed undesirable in the future. Additionally, workplaces with complete administrative control over shift distribution may also suffer from retaliatory outcomes and bias. The employee who speaks up against wage, working, or treatment injustices, for example, can receive punishment through reduced hours which in enables silencing rather than resolving issues. In certain industries, employees can be required to remain “on-call” for long periods of time unpaid and therefore, have their personal time restricted without compensation.

3. Economic Justifications –

Supporters of zero-hour contract argue that these deals give a lot of freedom to companies and workers in fields where demand change often. Places like hotel, stores, hospitals, and gig work need staff on call to keep costs down. Zero-hour contracts let bosses change their term size based on what customers want right now, which helps avoid paying for extra workers when it's slow. For workers, zero-hour deals mean they can fit work around their lives better picking shifts that suit them. This works well for people like students those caring for others, retirees, or anyone wanting to earn extra money. In some instances, workers can hold multiple zero-hour jobs to increase their earnings, making this a practical employment option for individuals not pursuing full-time work.

COMPARATIVE ANALYSIS

1. United Kingdom

The United Kingdom has one of the biggest zero-hour contract employees. In April to June of 2024 1,030,000 people were employed under these contracts.⁵⁹ In UK zero-hour contracts are

⁵⁹ UK Government, *Consultation on the Application of Zero-Hour Contracts Measures to Agency Workers*, GOV.UK (Feb. 5, 2024), <https://www.gov.uk/government/consultations/making-work-pay-the-application-of-zero-hours-contracts-measures-to-agency-workers/consultation-on-the-application-of-zero-hours-contracts-measures-to-agency-workers-web-accessible-version#fnref:2>.

prevalent in industries like retail, hospitality and healthcare. Such contracts in UK are regulated by the Employment Rights Act⁶⁰ and the Small Businesses, Enterprises and Employment Act⁶¹. These Acts ban exclusivity clause which means that employers cannot stop any worker employed under zero-hour contracts from seeking work elsewhere while they are not on call.

The rights these workers have under UK law are very strong as they are entitled to statutory employment rights, including paid holidays, rest breaks, minimum wage prevalent all over the country, severance pay when they are laid off and protection against unfair dismissal by the employer. In the landmark case of *Pimlico Plumbers Ltd. v. Anor v Smith*⁶², it was held by the UK Supreme Court that contractual labels do not override working relationship of the employee with the employer. It further held that Smith, even though employed under a zero-hour contract was entitled to national minimum wage and holiday pay.

2. New Zealand

New Zealand with various key amendments codified employment under zero-hour contracts and have restricted its use. Unless employers guarantee minimum working hours to the employees, the Employment Relations Amendment Act⁶³ prohibits zero-hour contracts. New Zealand was one of the first countries in the world to do so. Employers must guarantee compensation to the employees for their work. Lastly, if the work under such a contract is irregular, employers under such contracts must specify the terms regarding compensation and workdays for on-call time.

3. Ireland

Under Employment (Miscellaneous Provisions) Act⁶⁴ Ireland regulates zero-hour contracts under which the employers must provide a

workers/consultation-on-the-application-of-zero-hours-contracts-measures-to-agency-workers-web-accessible-version#fnref:2.

⁶⁰ *Employment Rights Act 1996*, c. 18 (UK).

⁶¹ *Small Business, Enterprise and Employment Act 2015*, c. 26 (UK).

⁶² *Pimlico Plumbers Ltd. v. Anor v Smith* [2018] UKSC 29.

⁶³ *Employment Relations Amendment Act 2016*, s 8 (N.Z.).

⁶⁴ *Employment (Miscellaneous Provisions) Act 2018* (Ir.).



minimum wage to workers even if no work is assigned to them in such a period. Moreover, the employers must specifically mention in written the expected number of hours employees have to work for weekly and same has to be done within five days of hiring the employee.

INDIAN CASES

1. *Jaggo v. Union of India*⁶⁵

The Supreme Court of India condemned the misuse of temporary contracts by government institutions, comparing it with the unethical and exploitative legal practices prevalent in the gig economy. The Court rules that such actions infringe the rights of the workers, even if they are temporarily employed.

2. *Koshi Project Workers' Association and Ors. v. The State of Bihar and Ors.*⁶⁶

Patna High Court in this emphasized on the role of public sector industries acting as role models for providing fair and stable employment to workers, condemning the use of temporary employment contracts for extended periods.

INTERNATIONAL CASES

United Kingdom

1. *Harpur Trust v. Brazel*⁶⁷

The United Kingdom Supreme Court in this case decided on the issue of number of working days and number of paid days off zero-hour contract workers are entitled to. The Court decided that the petitioner Mrs. Brazel, who was a music teacher during school term employed under a zero-hour contract, was entitled to 5-6 weeks of paid holidays per year calculated under the Employment Rights Act, 1996⁶⁸.

2. *Pulse Healthcare Ltd. v. Carewatch Care Services Ltd. and Ors.*⁶⁹

The Employment Appeal Tribunal held that caregivers employed under zero-hour contracts

fell under the definition of employees as it gave preference to actual working relationship between the employees and the employer over contractual terms.

3. *Autoclenz Ltd. v. Belcher*⁷⁰

The UK Supreme Court in this court ruled in favor of employees of a car valet company, it held that car valets were employees of the company due to their working conditions, and this also included significant control over employment by the employer and obligations of the employment. Despite, being employed under zero-hour contracts they were not considered as independent contractors.

4. *Clyde and Co. LLP v. Bates van Winkelhof*⁷¹

The Supreme Court held that an employee employed even under a zero-hour contract will be entitled to whistleblower protections. The respondent in the case was an employee of Clyde and Co. LLP and was working under the Employment Rights Act, 1996⁷².

5. *Secretary of State for Justice v. Windle and Arada*⁷³

The petitioners were two interpreters employed under the Secretary of State for Justice as contract workers, and they brought claims of their employment before the Employment Tribunal under the Equality Act, 2010 alleging racial discrimination. Although, they were considered not to be employees of the ministry as there was no mutuality of obligation between the assignments, this case highlighted the importance of mutual significance of employment status for workers employed under zero-hour contracts.

USA

1. *Armour and Co. v. Wantock*⁷⁴

The US Supreme Court in this case ruled that employees, including employees under zero-hour contracts were entitled to monetary compensation when they were present on the

⁶⁵ *Jaggo v. Union of India*, (2024) SLP (C) NO. 5580 of 2024 ETC (India).

⁶⁶ *Koshi Project Workers' Ass'n v. State of Bihar*, (2006) 2006 SCC OnLine Pat 653; (2007) 113 FLR 301; (2007) 1 PLJR 358 (India).

⁶⁷ *Harpur Trust v. Brazel*, [2022] UKSC 21.

⁶⁸ Employment Rights Act 1996, c. 18 (UK).

⁶⁹ *Pulse Healthcare Ltd. v. Carewatch Care Services Ltd. and Ors.*, [2012] UKEAT/0123/12.

⁷⁰ *Autoclenz Ltd. v. Belcher*, [2011] UKSC 41, [2011] ICR 1157.

⁷¹ *Clyde and Co. LLP v. Bates van Winkelhof*, [2014] UKSC 32, [2014] ICR 730.

⁷² Employment Rights Act 1996, c. 18 (UK).

⁷³ *Secretary of State v. Windle and Arada*[2016] EWCA Civ 459.

⁷⁴ *Armour and Co. v. Wantock*, 323 U.S. 126 (1944).



work premises, even if they were engaged in leisure activities under the Fair Labour Standards Act⁷⁵.

2. **Dynamex Operations West, Inc. v. Superior Court**⁷⁶

In this landmark judgement, the California Supreme Court adopted the “ABC Test” which helped to determine whether the workers were employees or independent contractors under the state wage orders. The presumption of this test is that a worker is an employee unless the employer can demonstrate that the worker is free from administrative obligations, performs work outside the usual course of his employment, and is customarily engaged in his independent work.

New Zealand

1. **Jinkinson v. Oceana Gold (NZ) Ltd.**⁷⁷

The Employment Court of New Zealand in this 2009 case ruled on the issue of employment relationships of casual workers which included zero-hour contracts. Such an employment is considered as ongoing and not casual if there exist mutual obligations between periods of work.

2. **Manu v. Steelink Contracting Services Ltd.**⁷⁸

In this 1998 case, a worker was unjustifiably dismissed from work by his employer. He classified him as a casual worker to bypass standard dismissal procedures. The Employment Court held that the employee was not a casual worker even though he was employed under a zero-hour contract as his working relationship with the employer indicated permanency.

Challenges and Issues in Regulating ZHCs

The challenge of regulating zero-hour contracts derives from the latter's flexible but precarious nature. Business needs proactive flexibility in the workforce, and policymakers find it difficult to ensure proper worker protections. Here are some main challenges in regulating ZHCs:

⁷⁵ Fair Labour Standards Act of 1938, ch. 676, 52 Stat. 1060.

⁷⁶ *Dynamex Operations West, Inc. v. Superior Court*, 4 Cal. 5th 903 (2018).

⁷⁷ *Jinkinson v. Oceana Gold (NZ) Ltd.*, [2010] NZEmpC 102.

⁷⁸ *Manu v. Steelink Contracting Services Ltd.*, [1998] 3 ERNZ 66 (Emp. Ct.).

1. **Insecurity of Job and Income –**

Insecure hours are one of the main problems of zero-hours contracts and is a source of instability and financial insecurity for workers. Financial planning, securing housing and accessing loans is difficult for many workers under ZHCs, letting alone secure long-term financial stability. Regulations must also provide minimum guaranteed hours, or compensation for on-call availability, in order to reduce extreme fluctuations in worker earnings.

2. **Employer Exploitation and Power Imbalance –**

Employers typically have a lot of power to determine what work gets done and when, creating conditions for favoritism and unfair treatment and the exploitation of workers. Workers who refuse shifts may have fewer work opportunities in the future, forcing them to be on call indefinitely without being paid. Regulations should address the amount of discretion employers retain when assigning work.

3. **Classification and Legal Protections –**

ZHC workers often live in a legal grey area, making it difficult to know whether they should be considered employees, casuals or independent contractors. Most of them do not even recognize zero-hour contracts, meaning workers do not qualify for basic benefits such as health insurance, paid leave and pension contributions. In short there is no dispute that workers ought to be afforded even the most basic labour rights and protections.

4. **Compliance and Enforcement with Issues –**

Even in countries where laws exist to regulate zero-hour contracts enforcing these laws poses significant challenges. Many workers are not fully aware of their rights, and regulatory agencies find it difficult to ensure compliance in sectors where ZHCs are common. It is essential to enhance labour inspections, impose penalties for non-compliance, and implement worker awareness initiatives to guarantee that regulations are properly enforced.



5. Impact on Social Security and Public Welfare –

Employees on ZHCs frequently do not have access to social security benefits like unemployment insurance, sick pay, and pension plans. This situation leads to increased government expenditure on welfare programs, as these workers often depend on public assistance to make up for lost income and the absence of job security. Regulations need to focus on ensuring that employers contribute to social security systems to improve the strain on public welfare resources.

RECOMMENDATIONS

Recommendation for Implementing Zero-Hour Contracts in India

1. Legal Framework and Compliance –

The Indian labour law does not presently provide an explicit recognition for the existence of zero-hour contracts. In order to facilitate their functioning, the government shall enact legal provisions that define the contract terms and ensure compliance with present labour laws like the Minimum Wages Act, 1948⁷⁹, and the Contract Labour (Regulation and Abolition) Act, 1970⁸⁰. The relevant statute should be amended so as to accommodate flexible work arrangements that would protect the rights of the workers.

2. Worker Rights and Protections –

Lack of job security and benefits is one of the main concerns for zero-hour contracts. There should be provisions in the law to prevent exploitation by stipulating a minimum guaranteed wage, clear terms of engagement, and access to social security schemes like Employees' Provident Fund (EPF) and Employees' State Insurance (ESI) into which the companies would contribute based on a proportion of hours worked.

3. Clear Contractual Terms –

Employers must give clear contracts in writing covering the detail of work expectations and its

payment systems as well as conditions of engagement. Contracts should stipulate modes of assigning work and the minimum hours guaranteed in contracts together with rights regarding termination. Clarity on these terms would help both sides in managing their expectations and hence avoid disputes.

4. Technology-Based Methods for Managing Workforce –

A digital platform and workforce management system can promote fairness and efficacy across the assignment process. Companies can build an app or portal to announce available shifts to workers and allow them to accept or reject those work opportunities. Such transparency will ensure fair distribution of assignments among the workers.

5. Social Security and Welfare Benefits –

The government ought to create measures that guarantee workers on zero-hour contracts in terms of health insurance, pension schemes, and paid leave. The contributions from the employer and employee could be paid at proportion to the actual working hours. This would thus encourage workers to work under this sort of contract without fear of financial insecurity.

CONCLUSION

Zero-hour contracts mark a notable shift in employment practices, providing both flexibility and challenges within the labour market. These contracts allow businesses to respond effectively to workforce needs, but they raise important issues related to job security, income consistency, and worker rights. Insights from countries like the United Kingdom, New Zealand, and Ireland show that proper regulation can help reduce the risk of exploitation while maintaining the advantages of flexible work arrangements. In India, the existing labour laws do not specifically cover zero-hour contracts, resulting in a legal gap that may expose workers to risks. For these contracts to be successfully implemented in India, it is essential to establish legal protections, ensure social security measures, and require clear

⁷⁹ *The Minimum Wages Act, 1948*, No. 11, Acts of Parliament, 1948 (India).

⁸⁰ *The Contract Labour (Regulation and Abolition) Act, 1970*, No. 37, Acts of Parliament, 1970 (India).



employment terms. A well-rounded strategy that balances flexibility with equitable labour rights can enable India to incorporate zero-hour contracts into its labour market, safeguarding against exploitation and promoting economic sustainability. By drawing on successful global practices and tailoring policies to fit the Indian workforce, zero-hour contracts could become a beneficial employment model for both business and employees.

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