

INDIAN FLEXI STAFFING INDUSTRY 2025

EMPLOYMENT GROWTH : SECTORAL & STATE ANALYSIS



Indian Staffing Federation



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Foreword

It is my profound privilege to introduce the "Indian Flexi Staffing Industry 2025: Sectoral & State Analysis." This report stands as a testament to the dynamic evolution of India's workforce landscape, capturing the remarkable strides made in flexi staffing amid a rapidly transforming economy. In an era where agility, innovation, and inclusivity define success, flexi staffing emerges not merely as a trend but as a cornerstone of India's growth story. Drawing from comprehensive data and insights, this analysis illuminates the sector's current state, its projected trajectory, and the multifaceted benefits it delivers to workers, businesses, and the nation at large.

India's flexi workforce, under the tripartite model, has surged from 5.7 million in FY23 to 7.23 million in FY25, reflecting a robust compound annual growth rate (CAGR) of 12.6% over the next two years. By FY27, we anticipate this figure to reach 9.16 million, with penetration in the overall workforce climbing to 1.6%—a clear indicator that flexi arrangements are outpacing traditional employment models. This acceleration, post-COVID, underscores a 15.7% year-on-year growth, driven by economic recovery, digital transformation, and policy reforms that encourage formalization.

Globally, India ranks third in flexi headcount, trailing only China and the United States, with a tripartite workforce of 7.23 million generating ₹1,90,000 crore in revenue for FY25. This positions us as a powerhouse in the global staffing arena, where our revenue is projected to escalate to ₹2,58,000 crore by FY27, fuelled by sectors demanding scalability and specialized skills.

At the heart of this growth is a youthful, vibrant demographic. A staggering 71% of flexi workers are under 30 years old, embodying the energy and adaptability of India's millennial and Gen Z cohorts. This youth bulge aligns perfectly with the demands of modern industries, where short-term contracts offer pathways to skill-building, experience accumulation, and career mobility. However, gender representation remains an area for improvement; women constitute 25% of the flexi workforce, compared to 34% in the overall labor market. This disparity highlights opportunities for targeted initiatives to boost female participation, particularly in states like Delhi, where it already stands at 42%—the highest nationally—thanks to progressive urban policies and sectors like IT and e-commerce that prioritize diversity.

This report aligns with our vision of 'Viksit Bharat' by promoting formalization and equity. I encourage policymakers, industry leaders, and educators to draw from these insights to foster a more agile workforce.



Lohit Bhatia,
President,
Indian Staffing Federation

Foreword

As India's economy surges towards becoming a global powerhouse, the role of flexi workforce models cannot be overstated. Indian Staffing Federation's 2025 report on the Flexi Staffing Industry analysis reveals the sector is poised for exponential growth, driven by key industries and geographic expansion.

Geographically, the flexi ecosystem is anchored in five key states—Maharashtra, Karnataka, Uttar Pradesh, Tamil Nadu, and Telangana—which house 55% of the workforce. Tier 2 and 3 cities like Coimbatore, Indore, and Noida are emerging, tapping diverse talent and promoting inclusive growth.

The leading sectors will be Logistics with 15.4% of flexi workforce, followed by BFSI and Manufacturing. These sectors benefit from flexi staffing for seasonal peaks and compliance. E-commerce grows at 20.1% annually, projected to exceed 24% due to digital adoption. Construction and Telecom thrive with infrastructure and 5G demands. These sectors benefit from flexi's ability to handle seasonal peaks, supply chain fluctuations, and regulatory compliance efficiently.

This report is an essential guide for businesses adapting to change. It reinforces the industry's commitment to innovate and collaborate, ensuring India's workforce remains globally competitive.



Manmeet Singh,
Vice President,
Indian Staffing Federation

Indian Staffing Federation's insightful 2025 report on the Flexi Staffing Industry, captures the pulse of a transforming labor landscape, where flexibility is key to navigating economic volatility. The tripartite model—encompassing workers, staffing companies, and clients—delivers tangible benefits across stakeholders.

For workers, it ensures appointment letters, standardized pay, digital payments, statutory benefits, insurance, medical coverage, experience gains, skill enhancement, and annual increments. Clients gain flexibility in workforce planning, compliance efficiency, focus on core business, budget optimization, access to niche skillsets, and ad-hoc availability. The government reaps rewards through reduced unemployment, GST revenue, increased formal employment, improved compliance, and overall skill improvement.

Challenges such as informal sector dominance and gender gaps must be addressed through collaborative efforts—policy advocacy, skill development programs, and awareness campaigns. At ISF, we remain committed to staffing India's growth, advocating for regulatory clarity, ethical practices, and sustainable models that empower all participants.

This report is more than data; it is a blueprint for a future where flexibility drives prosperity. I extend my gratitude to our members, partners, and stakeholders for their contributions.



Suchita Dutta
Executive Director,
Indian Staffing Federation

Acknowledgement

The Indian Staffing Federation's "INDIAN FLEXI STAFFING INDUSTRY 2025 - SECTORAL & STATE ANALYSIS" stands as a testament to the unwavering dedication and relentless efforts of its Executive Board and Committee Members, whose hard labor and rigorous research have been instrumental in bringing this comprehensive study to fruition. With each data point meticulously gathered and analyzed, their collaborative spirit shone brightly, reflecting a shared commitment to illuminating the evolving landscape of staffing in India.

The insightful contributions from these passionate professionals not only enriched the findings but also underscored the collective vision for fostering growth within this dynamic sector. Their expertise provided invaluable perspectives that transformed complex challenges into actionable strategies, ensuring that this report serves as a pivotal resource for stakeholders aiming to navigate the intricacies of an ever changing market. The tireless guidance has truly crafted this remarkable report through their combined wisdom and perseverance.

Research Committee,

- R P Yadav, Board Member & Research Committee Co-Chair, Indian Staffing Federation (CMD, Genius HRTech Ltd.)
- Kartik Narayan, Board Member & Research Committee Co-Chair (CEO, Teamlease Services Ltd)
- Pramod Pachisia, Board Member & Research Committee Co-Chair, Indian Staffing Federation (COO, 2Coms Consulting Pvt. Ltd.)
- Sanju Ballurkar, Board Member & Research Committee Co-Chair, Indian Staffing Federation (President Experis, ManpowerGroup Services India Pvt. Ltd.)
- Aditya Mishra, Research Committee & Corporate Member, Indian Staffing Federation (CEO & MD, Cielhr Pvt. Ltd.)
- Somnath Banerjee, Board Member & Research Committee Co-Chair, Indian Staffing Federation (Founder & Director, Orion Corporate Alliance Pvt. Ltd.)
- Atanu Banerjee, Board Member & Research Committee Co-Chair, Indian Staffing Federation (CEO, Spectrum Talent Management Ltd.)



Executive Summary



Executive Summary

8.09 Mn

Flexi workforce by FY26

India's flexi workforce is projected to increase from 7.23 million in FY25 to 8.09 million by FY26.

1.3%

Flexi penetration FY25

India flexi workforce penetration is projected to rise to 1.6% by FY27 indicating a faster growth; closely tailing global average at 1.8%. With 0.5% increase in current penetration rate India can add 2.8 Mn formal flexi workforce.

3rd Rank

Global Ranking in Flexi headcount

India ranks third globally in terms of Flexi headcount, following China and the United States

71%

Flexi is < 30 years old

A large segment of India's flexi workforce is made up of young professionals, with 71% of them being under 30 years old

80%

Flexi workforce in 12 Sectors

The top three sectors are Logistics, BFSI, and Manufacturing, representing almost 38% of the total flexi workforce in India

84%

Employers use flexi for flexibility

Employers find ease of doing business through flexibility, while using Staffing companies for their short term requirements

Executive Summary

55%

Flexi workforce in 5 States

Nearly 55% of the flexi workforce is concentrated in the top 5 states: Maharashtra, Karnataka, Uttar Pradesh, Tamil Nadu, and Telangana

₹ 34,000 Cr

GST Contribution from Flexi staffing (FY25)

Flexi staffing industry contributes highest GST in states like Maharashtra, Karnataka and Tamil Nadu due to more industrial activity where flexi workforce penetration is also higher .

₹1,90,000 Cr

Revenue from Flexi staffing (FY25)

In FY 2024-25, Maharashtra and Karnataka are at the forefront of flexi revenue, generating ₹ 41,204 Cr and ₹ 32,423 Cr respectively

24% PA

Revenue growth for next 2 years

The E-Commerce sector is expected to experience the most significant revenue growth from flexi staffing, with projections indicating an increase of over 24% in revenue in the next two years

Tier 2 & 3

Sourcing of Flexi workforce

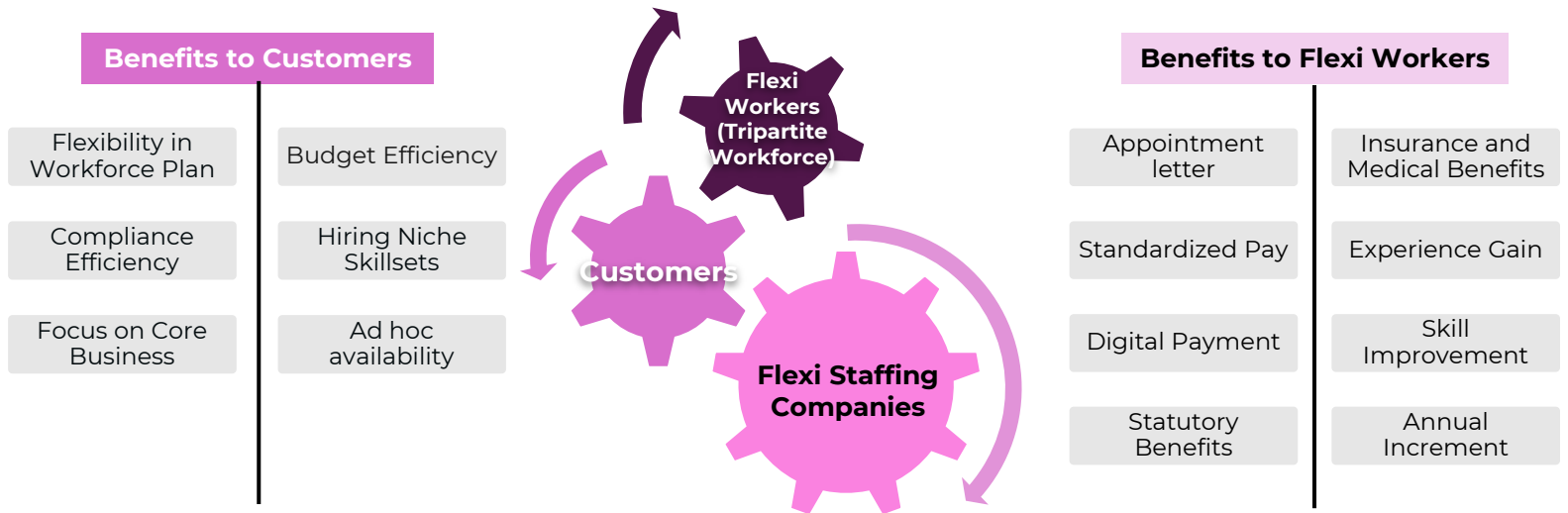
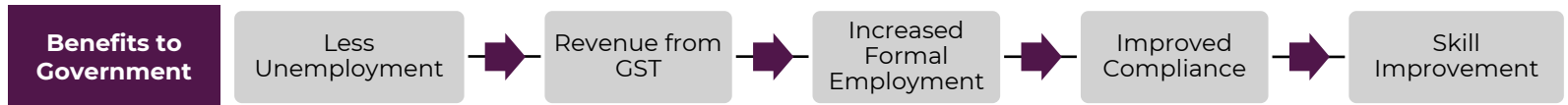
Cities such as Kanpur, Patna, Bhagalpur, Jodhpur, Udaipur, Bhubaneshwar, and Cuttack are attracting interest for sourcing of flexi workforce to meet industry demand

Beyond Tier 1

Deployment of Flexi workforce

Flexi demand is expanding from basic staffing to specialized roles in various sectors and is coming from Tier 2 cities such as Coimbatore, Mysuru, Salem, Hosur, Indore, Bhopal, Noida, Kanpur, Surat, and Vadodara

Flexi Staffing Industry



Customers

Customers sign agreements with flexi staffing companies, where the latter supplies flexi workforce

Flexi Staffing Companies

Staffing companies hire workers and send them as flexi workforce to meet client requirements. Staffing companies take care of the salaries and social benefits of these workers

Flexi Workers (Tripartite Workforce)

Workers work in client companies on a fixed-term contractual basis

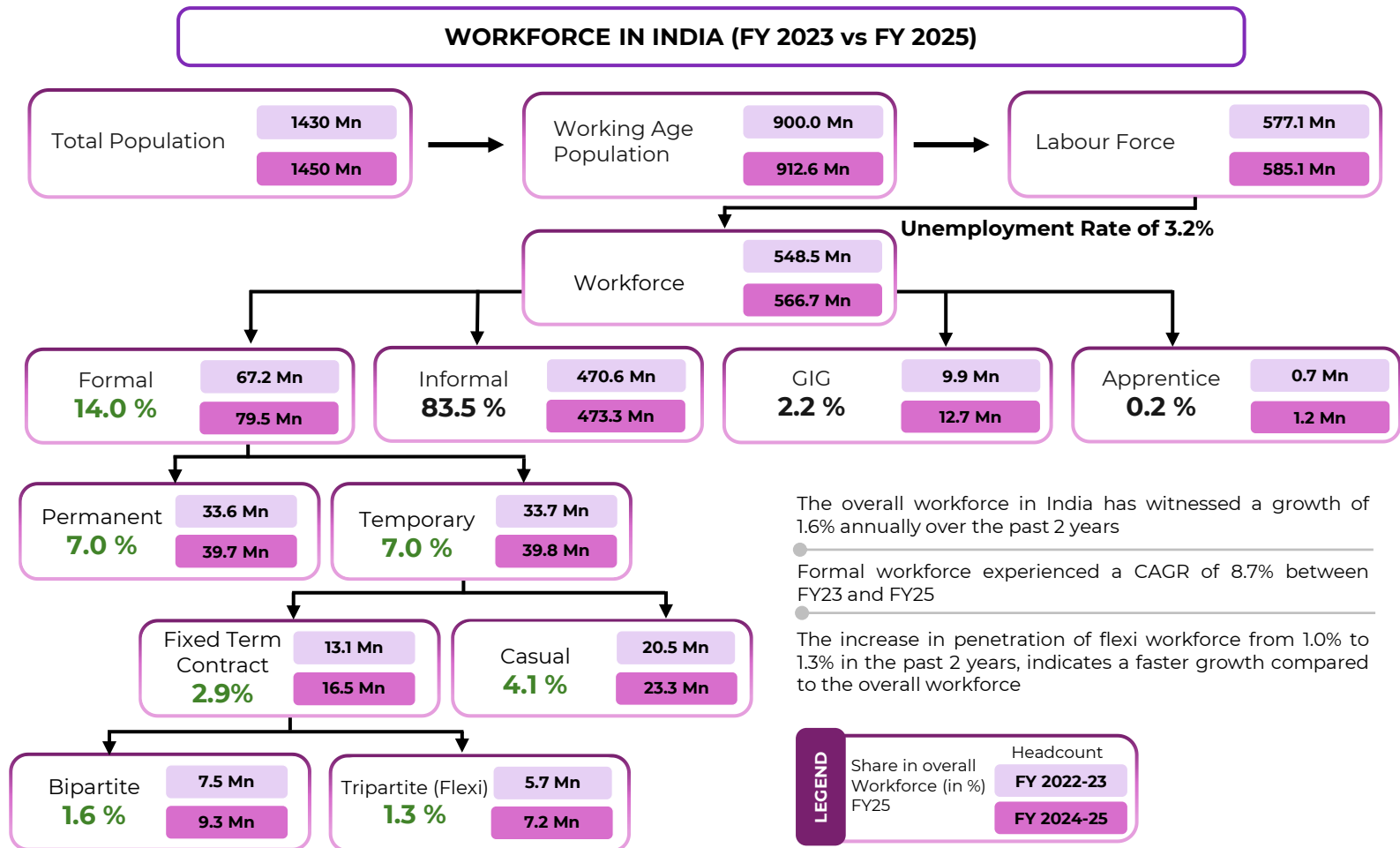


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Introduction

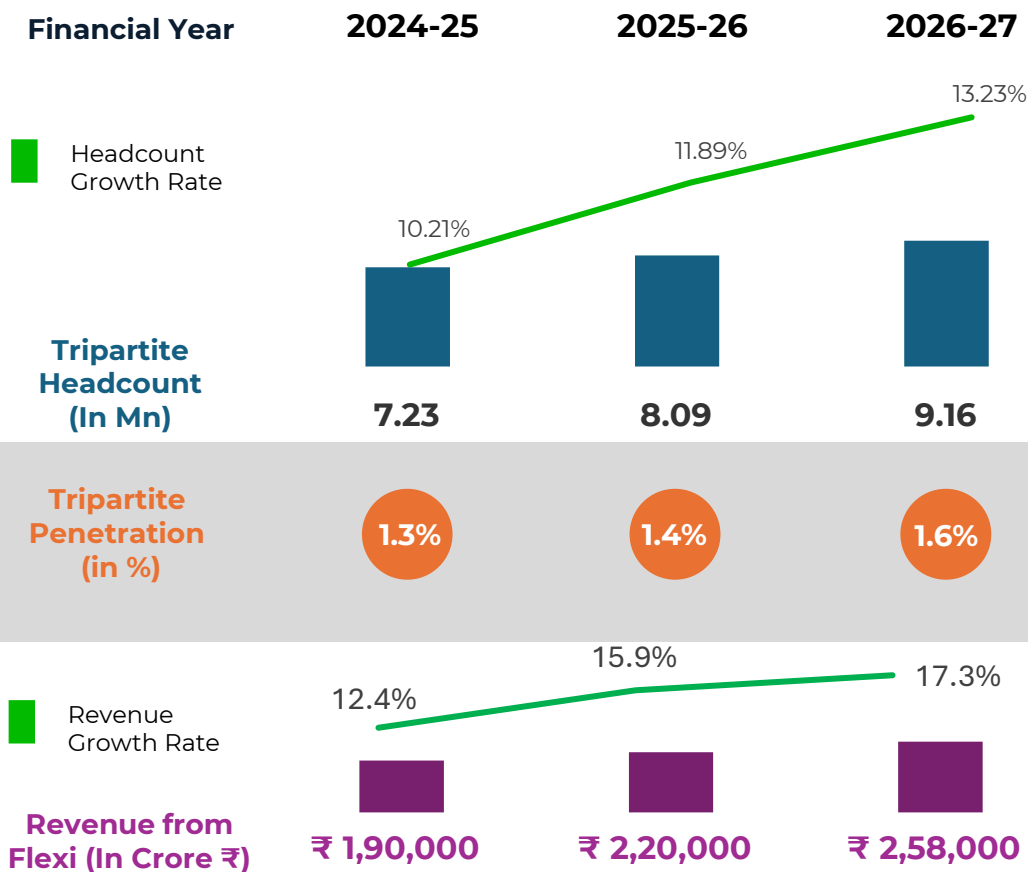


Indian Staffing industry represents 7.2 Mn Flexi workforce FY25; growing at 13% CAGR (2022 - 2025)



Flexi staffing is projected to grow at 12.6% CAGR (headcount) & 16.5% CAGR (revenue) : (2025-2027)

Tripartite Growth Projections



- The penetration rate is projected to steadily increase by 0.3 percentage over the next two years.
- Formalisation growth seems to have reached a stagnation point, also owing to geo-political developments and muted industry sentiments from most sectors
- Flexi will continue experiencing growth relative to the overall workforce, however growth rate is slowing down from past years.
- The penetration rate of flexi workforce among working age population (15 – 59 Yrs) is at 0.8%; while for overall workforce it is at 1.3% in FY25
- Increasing demand in growing sectors and a move to flexi work models are expected to boost headcount, generating an additional INR 68,000 Cr in revenue by FY27

Economic Growth, Industrial Expansion, Seasonal Opportunities - Driving Flexi Workforce growth in next 5 years



KEY REASONS TO FACILITATE FLEXI ADOPTION OVER THE NEXT 5 YEARS

- Rapid industrialization and growth in sectors through government incentivised focus will be creating demand.
- Companies to optimise resources for better productivity

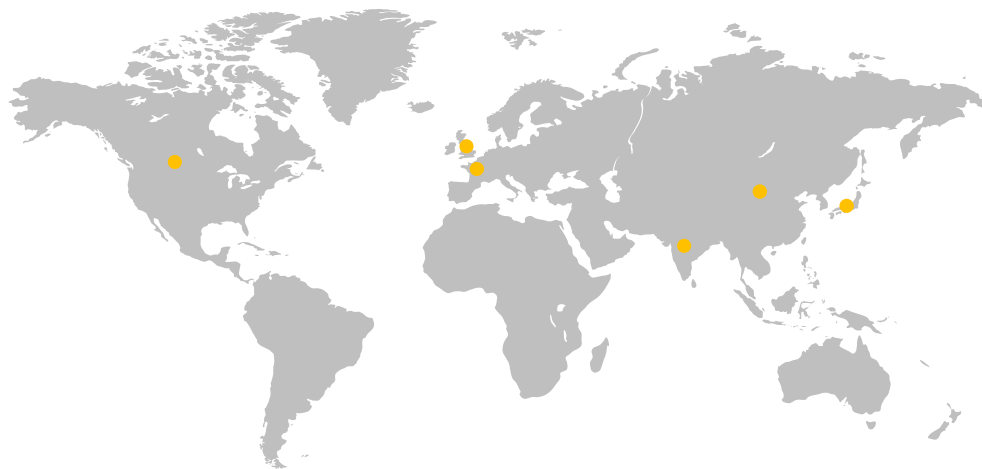


- Industries such as e-commerce, retail, and hospitality have peak seasons where demand surges (e.g., festive sales)
- Companies hire temporary staff to handle short-term projects
- Organized staffing agencies are growing with specific domain focus boosting confidence amongst employers to opt for flexi staffing services

India ranks 3rd globally with 1.3 % penetration ; +0.5% penetration growth will add +2.8 Mn in formal staffing workforce

India recorded a strong growth of 10.2% in tripartite headcount in 2025 compared to 2024, positioning it at 3rd place in terms of headcount

Global average rate of penetration averages at 1.8% ; if India increases +0.5 % penetration rate, +2.8mn additional formal staffing workforce can be added



LEGEND

Rank
In order of Tripartite Headcount



Tripartite headcount (in Mn)



Tripartite revenue (in Bn \$)



Penetration of Tripartite staff (in %)

Note: Headcount data (includes Through Agency Work and Direct Recruitment), Revenue and Penetration data for all countries (except India) has been reported for 2023 based on "Economic Report 2025" by WEC. For India, data has been reported for FY 2024-25.

1 CHINA	22.8 Mn \$ 22 Bn 2.9%
2 USA	12.7 Mn \$ 166 Bn 1.5%
3 INDIA	7.23 Mn \$ 21.64 Bn 1.3%
4 FRANCE	3.1 Mn \$ 22 Bn 2.7%
5 JAPAN	2.7 Mn \$ 74 Bn 2.9%
6 UNITED KINGDOM	1.9 Mn \$ 44 Bn 3.1%

Penetration (For all countries except India): Ratio of full-time equivalent number of agency workers to all working population of 15+ years old (ILO)

Sources

"Economic Report 2025" by WORLD EMPLOYMENT CONFEDERATION

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Flexi staffing penetration grows a sharp 1.03% FY23 to 1.3% in FY25



Trends in Temporary Workforce

Flexi workforce growth in India closely correlates with GDP rise, EPFO net additions, and the expansion of leading staffing firms

The flexi workforce is expanding at a CAGR of 10.2% (FY24-25), significantly increasing its penetration from 1.03% in FY 23 to 1.3% in FY 25.

1

The temporary headcount has exceeded that of permanent positions, achieving an 8.7% CAGR from FY23 to FY25



2

4



3

Fixed term contract segment has seen notable annual growth of 11.3% in FY25, driven by the expansion of tripartite (flexi) arrangements

About Indian Staffing Federation



Indian Staffing Federation, is an apex (industry) body representing the manpower outsourcing industry in India. The federation works towards one common goal - Staffing India's Growth. Founded in 2011, the federation represents companies that are either utilizing services or providing services around manpower outsourcing in tripartite engagement.

Manpower Outsourcing (Staffing), an established form of outsourcing globally, is recognized and adopted as an effective means of running businesses. The Manpower Outsourcing industry is broadly sub-segmented as Temporary/Flexi Staffing, Facility Management or Security Services companies, who provide formal employment to its job seekers. The formal staffing industry provides a platform for recognized employment, work choice, even compensation, annual benefits and health benefits for the temporary workforce that constitutes around 40% of India's total workforce.

The purpose of ISF is to enhance long-term growth of the staffing industry and to ensure its continued ability to make positive contributions to the economy and society. The principal focus of the Federation's activities is to strengthen triangular employment relationships, in which the staffing company is the employer of the temporary worker, who works under the supervision of the user company.

About Kantar



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Indian Staffing Federation

Phone: +91-11-49121670

Email: Suchita@Indianstaffingfederation.org

Website: www.isf.org.in

426, DLF Prime Towers, Okhla Phase 1, New Delhi - 110020