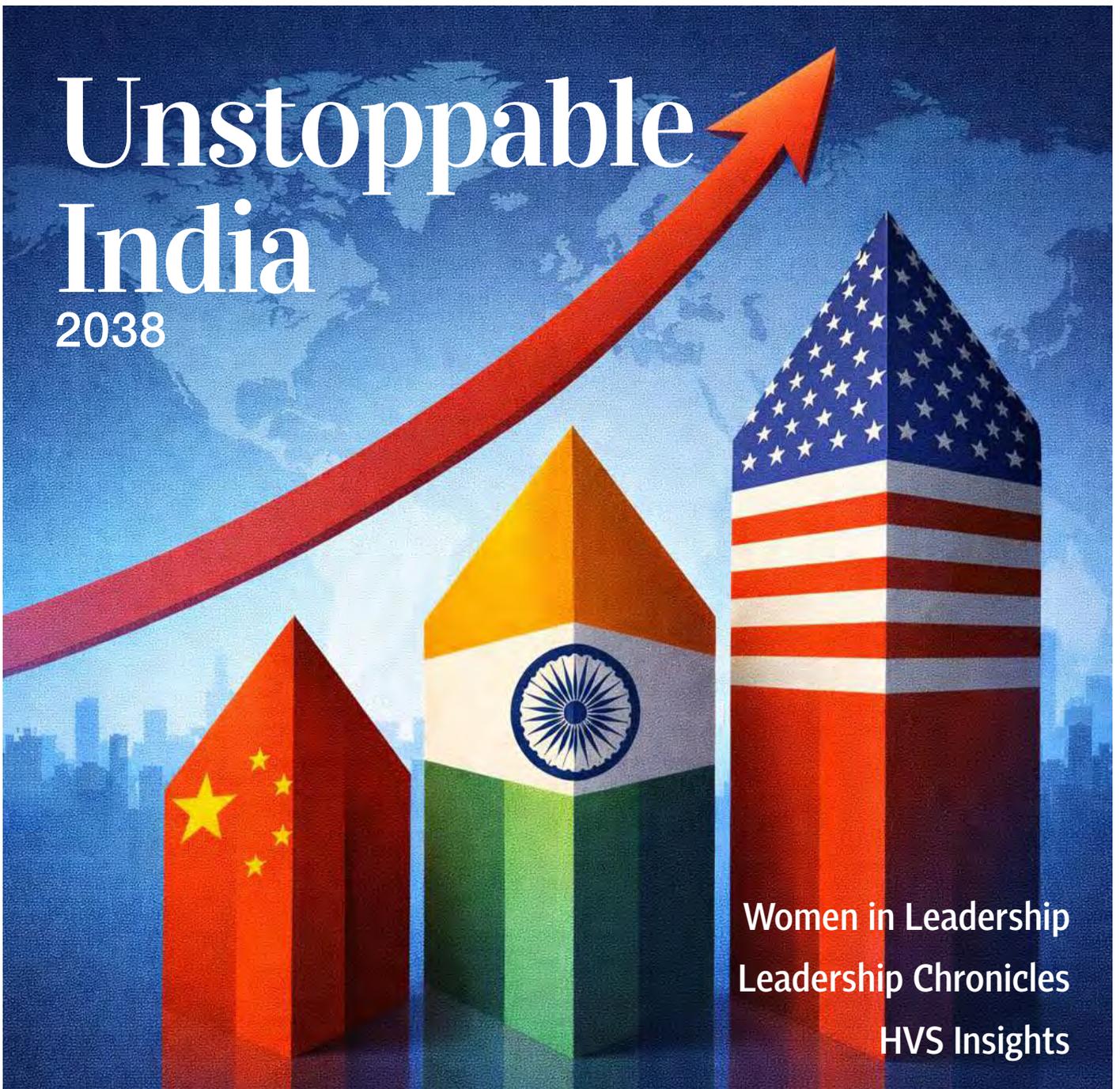


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# Indian Labour Law Reforms

## and What They Really Mean for Hotels



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The Economic Survey 2025–26 notes that travel and tourism supported an estimated 8.46 crore direct and indirect jobs in India, accounting for about 13.3 percent of total employment in the economy in FY 2024. This scale of employment underscores why labour law reform is not a peripheral issue for the hotel industry. It directly affects how hotels budget for and supervise workforces that operate continuously, across shifts and seasons.

In November 2025, the Government of India brought into effect four labour codes, namely the Code on Wages 2019 (“Wages Code”), the Industrial Relations Code 2020 (“IR Code”), the Code on Social Security 2020 (“SS Code”), and the Occupational Safety, Health and Working Conditions Code, 2020 (“OSH Code”) (collectively, the “Labour Codes”). These Labour Codes replace a wide range of earlier central labour statutes and seek to create a more uniform and simplified framework. At the same time, many aspects of implementation continue to be shaped through rules, schemes, and clarifications, making the current period one of transition rather than closure.

For hotel owners and operators, the practical implications of the



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Labour Codes tend to concentrate around three areas. These are: (i) wage structuring and payroll compliance; (ii) the engagement and management of outsourced workforces; and (iii) the operationalisation of safety, working conditions, and grievance handling.

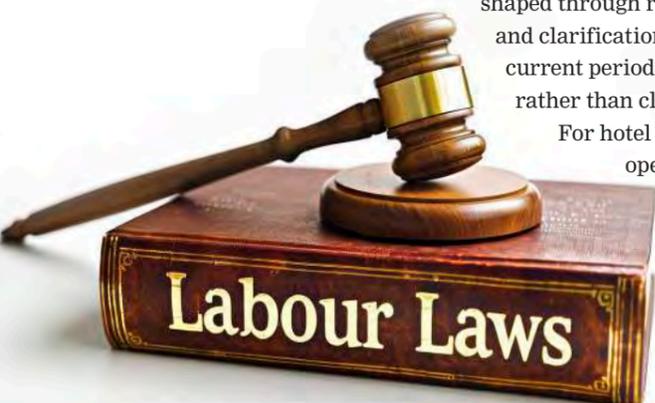
Wage structuring is often where the impact is felt first. The Labour Codes expand coverage across workforce categories and establish a more unified approach to minimum wages and wage-related compliances. In a sector where compensation is frequently structured through multiple components and allowances, this matters because the definition of “wages” becomes relevant for several statutory computations for employees and contract workers under the Wages Code and the SS Code, particularly for computing statutory payments, benefits and contributions like minimum wages, gratuity, maternity, EPF, ESI etc or

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compliance matters like timing for payment of wages or settlement of separation dues. Hotels that have historically designed salary structures around earlier definitions may find that certain components now need to be reconsidered, not only to ensure continued compliance but also to limit the impact on workforce costs. Even where there is no immediate increase in salaries, changes in wage/salary bases can affect the computation of statutory payments, payroll administration, and compliance documentation.

Outsourcing, which has long been a feature of hotel operations, comes under sharper focus under the new framework. The OSH Code prohibits the use of contract labour in core operations, subject to specified exceptions around work being traditionally done through contract labour, sudden increase in the volume of work, and where the activities do not require full time workers. This has particular relevance for hospitality, where outsourced personnel often work alongside direct employees in operational roles.

The Labour Codes do not define “core activity” in hospitality specific terms. In general, core activity is understood as work that is integral to an establishment’s principal business rather than incidental or support functions. For hotels, the principal business is the provision of accommodation and guest services, and for many properties, food and beverage



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services are also central to the offering. Functions such as guest relations, room servicing and guest room housekeeping, kitchen operations, and food and beverage service are closely tied to this core business.

Where workers performing these roles are engaged through contractors/third party manpower agencies but operate under hotel supervision, follow hotel schedules, and work within hotel systems, the distinction between outsourcing and direct employment becomes less clear in substance. Certain services may still be structured as outsourced functions depending on how they are organised. Security, pest control, landscaping, or maintenance may fall outside the core activity category where the contractor provides independent supervision, specialised expertise, and its own operational systems. The determination,

however, is factual. It depends less on contractual labels and more on the degree of control and integration exercised in practice.

Restrictions on engaging contract labour for core activities, therefore, have operational implications. If key guest-facing or service delivery functions are treated as core, hotels may need to reduce reliance on outsourced labour in those roles. This could lead to a shift towards greater direct employment, with corresponding effects



on cost structures, statutory payment contributions, and workforce planning. While the framework allows exceptions in limited circumstances, outcomes are likely to depend on regulatory interpretation and the specifics of each engagement.

The IR Code brings together and reforms key provisions relating to management and interaction with trade unions, renewed grievance redressal and dispute resolution mechanisms, and compliance for worker separations. For hotels, this reinforces the importance of structured internal mechanisms for grievance handling and discipline. Many disputes in hospitality arise from

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routine operational issues such as shifts, leave, workload distribution, workplace altercations, or contractor supervision. Consistent processes and documentation are therefore not only compliance tools, but also part of operational stability.

The OSH Code framework consolidates requirements relating to workplace conditions, safety standards, and welfare. In hotels, this extends to kitchen safety, housekeeping practices, chemical handling, night shift conditions, contractor safety training, and incident reporting. As enforcement mechanisms mature, hotels that embed safety and welfare into daily operations rather than

treating them as periodic audits are likely to be better positioned.

Overall, the Labour Codes do not change the labour-intensive nature of the hotel industry. What they do change is the way labour must be structured, documented, and supervised. For owners and operators working within limited bandwidth, the most effective approach is to focus on wage architecture, outsourced workforce governance (including the core activity question), and the systems that support safety and grievance handling. These are the areas where the new framework is most likely to have tangible operational consequences as it continues to evolve.