

Women in Outsourced Services and GST: The Intersection of Informality, Invisibility, and Systemic Neglect

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Abstract:

This paper examines how informality, gender inequality, and tax law shape the impact of India's Goods and Services Tax (GST) on outsourced women workers, with a focus on low-income personnel employed through manpower supply agencies in Bengaluru, Karnataka. Employed through private agencies across government and private institutions, these workers occupy formal spaces but face informal, unstable employment with limited legal protections, social security, or welfare coverage such as e-Shram.

GST, introduced to remove cascading taxes and simplify the system for businesses, has paradoxically increased burdens. Wages are squeezed at the contract stage and a double tax is extracted from the same base, once at the earning stage through reduced take-home pay and again when spent on household essentials. Women in housekeeping, data entry, attending, gardening, lift operation, and security roles face income and time poverty, juggling long shifts and unpaid care responsibilities while enduring exploitation. Drawing on wage calculations, field interviews, and legal-policy analysis, the study situates Karnataka's case within broader research by NCEUS, ILO, and WIEGO, highlighting the invisibility of informal women workers in India and globally. The paper advocates gender-sensitive fiscal planning for outsourced service workers, mandating payment of at least the prescribed minimum wages and calling for strict enforcement of wage and overtime norms to ensure that taxation policy, labour law, and social equity function in alignment. Further, it emphasises the need for regular policy checks to ensure that input tax credit benefits are not retained by employers or manufacturers but are passed on through better wages, price reductions, and improved affordability for end-users. In an increasingly uncertain global climate, aligning taxation with social justice is more critical than ever.

Keywords: Outsourced workers, Livelihood insecurity, Goods and Services Tax, Informal economy, Gendered labour, Time poverty, Double taxation, Social protection, Administrative neglect

Introduction:

When people speak of manpower supply, it is often women who show up to work. Dressed in uniforms and managing brooms, ID cards, registers, and walkie-talkies, they form a vast outsourced workforce that supports public institutions and private enterprises by guarding school gates, cleaning hospital wards, sweeping offices, and maintaining apartment blocks, yet they remain largely invisible to the very systems they sustain. Outsourced services, also called manpower supply services, refer to the practice where public institutions and private establishments hire workers not directly as their own employees but through

intermediary contractors or agencies. This study focuses on women, who form a significant share of outsourced service workers and whose dual burden of paid and unpaid labour heightens their vulnerability to insecure employment and indirect taxation. By centring on those employed through manpower supply agencies and assessing GST's impact on their earnings and household expenditure, the research extends the debate on informal women workers into a new and underexplored field.

India's Goods and Services Tax (GST), though praised for simplifying taxation, functions as a silent extractor for outsourced women workers. This paper begins with the story of three women employed at a government-approved housing complex in Bengaluru (names have been changed for confidentiality). Their experiences illustrate the everyday realities shaped by GST and precarious contracts.

Case Study: Jayanti, Divya, and Renuka

Jayanti, a security guard, works 12-hour shifts while also caring for her daughter and elderly mother. Like the housekeeping staff at the same premises, she faces precarious employment, delayed wages, arbitrary deductions, and exploitation. Their household responsibilities are further intensified by absent or non-contributing husbands. Jayanti's husband abandoned the family at a time when demonetisation followed by the COVID-19 pandemic made life challenging, leaving her solely responsible for the care and survival of her daughter and mother. Divya and Renuka share similar experiences, with spouses who offer little or no support. When Jayanti requested leave for her eleven-year-old daughter's first menstruation, the agency initially refused, and her 20-day absence almost cost her job. After arguing, she was allowed a replacement, but many workers lose their positions without contesting such decisions. Her new posting is farther from home, her shift reduced to 8 hours instead of 12, her wages cut from ₹24,500 to ₹18,500, and she was additionally charged ₹2,500 for a new uniform. Local women like Jayanti, Divya, and Renuka are often the first to be removed, while migrants willing to work with lower pay and live in cramped accommodation are preferred. Living with the constant fear that their job could any day be handed to someone considered more 'flexible' keeps them in a state of silent insecurity, forcing them to survive by rationing basic necessities at home while enduring exploitative conditions at work. Geopolitical tensions and supply shortages make these vulnerabilities worse.

Jayanti's story shows how informalisation, gendered neglect, and contractual practices together marginalise outsourced women workers, shaping the central research question:

“How does the Goods and Services Tax (GST) affect the earnings and job security of outsourced women workers, whose employment remains informal despite being within formal workplaces?”

To answer this, the study focuses on three main objectives:

- To examine whether outsourced women workers face an effective double GST burden, first indirectly through wage compression via agency billing and then on consumption of goods and services, and to assess its impact on their disposable income and income security compared to other informal workers.
- To analyse how weak labour regulations and inadequate agency oversight render outsourced women workers invisible in social protection and accountability systems.
- To investigate how women workers endure time and income poverty due to long working hours, unpaid domestic responsibilities, and gendered exploitation.

Before addressing the **first objective**, it is important to situate outsourced women workers within India's unorganised economy. Globally, nearly 2 billion people, about 60 per cent of the workforce, are informally employed, accounting for over 90 per cent of total employment in many low-income countries (ILO, 2023, p.15). In India, the unorganised sector employed 92 per cent of the workforce in 2004–05 and currently accounts for around 94 per cent of employment while producing 45 per cent of output (NCEUS, 2007–08;

Kumar, 2024, 2025). In Karnataka, unorganised workers constitute approximately 82 per cent of the workforce, with smart card initiatives underway to improve social security access (Karnataka Labour Minister, 2025). Despite their contribution, this sector remains underrepresented in GDP due to outdated surveys and reliance on organised sector proxies. Shocks such as demonetisation, GST implementation, and COVID-19 have disrupted cash-based businesses, increased compliance costs, and left millions without jobs or social protection. What is more, outsourced manpower personnel work informally within formal private and public organisations, blurring the boundaries between formal and informal economies and deepening their precarity.

A clear distinction exists between the informal sector, which refers to unregistered enterprises, and informal employment, which covers jobs without contracts, pensions, or social security, even when they occur in formally registered enterprises. Madhura Swaminathan (2003) challenges the view that the informal economy is marginal, showing how informal workers sustain formal enterprises through subcontracting, supply chains, and support services such as security and housekeeping. This interdependence highlights the need for poverty reduction strategies that address both sectors together. In India, the private security industry alone employs nearly nine million people, sustaining rural migrants and retired servicemen (Suri, 2024). Yet, despite the Directive Principles of State Policy mandating just work conditions, minimum wages, and maternity relief, India has ratified only a few ILO conventions relevant to informal workers. Key standards such as the Home Work Convention (1996, No. 177) and the Domestic Workers Convention (2011, No. 189) remain unratified. While some progress is visible, for example Kerala's initiative to legislate on domestic workers' welfare, Karnataka's draft bill to establish a welfare board, and a recent Supreme Court directive calling for a national framework, significant gaps persist. Existing laws, including the Minimum Wages Act, the Contract Labour (Regulation and Abolition) Act (1970), and the Maternity Benefit Act (1961), offer only partial coverage, leaving large sections of outsourced and domestic workers without effective protection (NCEUS, 2007, pp. 154–162).

Labour researcher Bhargav Oza (July 2025) notes that, in the aftermath of the pandemic, 12 states extended work hours beyond the ILO norm, resulting in longer hours but wage cuts for many workers. He flags up labour-exclusionary practices that sparked nationwide resistance, culminating on 9 July 2025 when ten trade unions mobilised an estimated 250 million workers against longer hours at stagnant pay. Usha Ramanathan, a legal scholar and human rights expert, in her lecture (January 28, 2024) reminds us that legality does not always equate to justice. Citing Gandhi's Sedition Trial of 1922 and the Dandi March of 1930, a protest against the salt tax imposed by the British, she shows how laws, even when formally applied, can oppress the vulnerable. The history of salt itself illustrates this paradox, having been included under excise in the Central Excises and Salt Act of 1944, formally freed from tax in 1947, and then burdened again through the Salt Cess Act of 1953 until its repeal in 2006. Today the outsourcing practices and GST regulations reveal similar gaps between legality and constitutional values of justice and dignity. Short-term and outsourced jobs, once seen as a remedy for unemployment, have become a permanent feature of India's labour regime, entrenching insecurity rather than stability. Since liberalisation in the 1990s, outsourcing has spread from private BPOs to government services, where manpower agencies supply cleaners, attenders, data entry operators, and security staff on short contracts. Court rulings such as *Karnataka State Private College Stop-Gap Lecturers' Assn. v. State of Karnataka* (1992) and *Umadevi* (2006) enabled departments to avoid regularisation by treating workers as employees of third-party agencies rather than the State. Women in lower-tier roles remain most vulnerable, though courts occasionally intervene, as in June 2025 when the Karnataka High Court ordered regularisation of 16 long-

serving workers at Mangaluru City Corporation.

Post-1991 liberalisation, shaped by IMF and World Bank conditionalities, shifted employment from secure public jobs to outsourced and casualised contracts. Guy Standing (2011, pp. 29–30) observes that such arrangements strip workers of rights and bargaining power, even as insecurity is masked by inflated job titles such as ‘front-office coordinator,’ ‘electronic document specialist,’ ‘media distribution officer’ (paper boy/girl), ‘recycling officer’ (bin emptier), and ‘sanitation consultant’ (lavatory cleaner). In France, cleaning staff are referred to more prestigiously as “techniciennes de surface.” In India, security guards or chowkidars often endure long hours, low wages, and no safety net, with agency-controlled work arrangements creating a dependence that spills over into their personal lives, limiting their autonomy, increasing stress and anxiety, and leaving them unable to plan for the future. Working under manpower supply for low wages, when a job is nearby, reflects a localised monopsony, where family obligations, limited mobility, and lack of alternatives lock workers in. Agencies can easily replace them with migrants, suppress wages, and maintain control, exemplifying the employer dominance described by Guy Standing. These dynamics mirror the credit–labour ties of monopsony debt, trapping workers in enduring poverty, while structural forces strip them of autonomy and compel them to remain in exploitative arrangements under the guise of stability (Davala et al., 2015).

Like many countries, India measures development by GDP, aiming to raise figures to impress the IMF and attract investment. Economists such as Amartya Sen, along with feminist economists Jayati Ghosh and Vibhuti Patel, and scholars with a feminist perspective, including Nandita Mondal and Damayanti Bhattacharya (Patel, Vibhuti 2023), argue that development must go beyond GDP to consider whether individuals can live with dignity and agency. Reinert, Ghosh, and Kattel (2018), through *The Elgar Handbook of Alternative Theories of Economic Development*, emphasise the importance of context-specific systems suited to a country’s social and economic needs. Scholars including Sarath Davala et al. (2015) argue that measures such as minimum wages, social protection, maternity benefits, or basic income can relieve immediate pressures and restore freedom of choice. Karnataka’s five guarantee schemes, Gruha Lakshmi, Gruha Jyothi, Anna Bhagya, Shakti, and Yuva Nidhi, enhance women’s socio-economic empowerment by providing direct cash transfers, free electricity, subsidised rice, free bus travel, and unemployment allowances. Together, they reduce daily financial burdens for low-income women and expand their freedom to pursue better opportunities. Seen through Sen’s capability lens, such policies would enable women to live with dignity, fulfilling constitutional promises of equality, protection from exploitation, and the right to livelihood.

Having established the broader context, we first investigate whether outsourced workers face double GST on both, income and spending and its impact on their disposable income and security relative to other informal workers. GST was introduced to eliminate cascading taxes and to build a fair and transparent system. It is to be noted that while GST originally followed a complex multi-rate structure of 0%, 5%, 12%, 18%, and 28% with additional cesses and frequent notifications, today it has been simplified to just two main rates. Revenue collections have since stabilised above ₹1.6 lakh crore per month, peaking at ₹2.01 lakh crore in May 2025, with the taxpayer base expanding from 65 lakh to over 1.4 crore (PIB India, 2025). Yet outsourced manpower services (SAC 9985), including security guards, remain in the 18% slab. Security services falling under SAC 998529 supplied by non-corporate entities or unregistered suppliers to GST-registered recipients fall under the reverse charge mechanism, whereby the liability to pay GST shifts from the service provider to the service recipient. While Panchayats and Municipalities are exempt from GST on statutory functions such as sanitation, water supply, and street lighting (Notification No.

12/2017; KAAR, 2024), administrative services in the same institutions remain fully taxable at 18% when procured through outsourced manpower supply agencies. Judicial rulings confirm these boundaries. For instance, in Manish Manpower Agency (KAAR, 2024) and M/s A.B. Enterprise (GAAR, 2020), the authorities confirmed that exemptions apply only when services are directly linked to constitutional functions under Articles 243G and 243W.

Physically demanding work, including security, housekeeping, and cleaning, remains fully taxable, unlike the exempted wages of domestic workers, piece-rate garment workers, and subcontracted weavers. This highlights the unequal treatment of outsourced agency staff. Manpower agencies often face delayed payments from government and private organisations, which indirectly reduce workers’ wages and increase financial pressures. Although agencies can claim input tax credits, they frequently offset GST costs by cutting wages or benefits, directly affecting workers. Industry representatives have argued for a reduced 5 percent rate, noting that similar informal workers are not taxed on the supply side (Narendra Kumar, 2024). This results in outsourced workers bearing a double tax on the same base: first at the earning stage, when wages are reduced to cover GST paid by the agency, and again at the spending stage, when the taxed wages are used to purchase goods and avail services. These financial pressures occur alongside insecure employment, delayed payments, and minimal statutory protections, creating a distinctive and compounded burden for these workers. Even minor life events such as illness, family responsibilities, or, in Jayanti’s case, her daughter’s menarche can trigger harsh penalties like sudden job loss, wage cuts, or withheld benefits, despite more than five years of continuous service in this sector under the same agency. As per Karnataka Labour Department draft Notification No. KAE 18 LWA 2022 dated 28-07-2022 (Gazette publication: 29-08-2022), the revised minimum wages covering manpower supply services such as security agencies and office staff are as follows

SCHEDULE

				Part -1		Field Staff					
Sl. No.	Class of Employments	Minimum Rates of Wages									
		Zone.I		Zone.II		Zone.III		Zone.IV			
		Per Day	Per Month	Per Day	Per Month	Per Day	Per Month	Per Day	Per Month		
Highly -Skilled Workers											
1	Security Officer,	Basic	668.6	17385.6	636.84	16557.74	606.5	15769.2	577.6	15018.36	
	Field Officer and other Skilled Work.	VD	85.52	2223.60	722.36	18781.34	85.52	2223.6	85.52	17241.9	
		A	754.2	19609.2			692.0	0	663.1	6	
		Total	0	3			3	17992.8	5		
Skilled Workers											
	Security Supervisor, Security Inspector, Assistant	Basic	617.6	16058.3	588.22	15293.62	560.2	14565.3	533.5	13871.76	
		VD	85.52	2223.60			85.52	2223.6	85.52		
		A			673.74	17517.22		0		16095.3	
		Total	703.1	18281.9			645.7		619.0	6	

2	Security Officer, Intelligence & Fire Fighting and other Skilled Work		5	0			3	16788.95	5	
Semi- Skilled Workers										
3	Security Guard without Arms, Head Guard, Security Searcher, Lift Operator and other Semi Skilled Work.	Basic	605.4	15742.2	576.64	14992.63	549.1	14278.7	523.0	13598.76
		VDA	7	6	85.52	2223.60	8	0	3	2223.60
		Total	690.9	17965.8	662.16	17216.23	85.52	2223.6	85.52	15822.36
			9	6			634.7	0	608.5	
							0	16502.3	5	
Un-Skilled Workers										
4	Peon, Office Boy, Attender, Helper / Assistant Dalayat, Majdur, Sweeper, Cleaner and other Un-Skilled Work.	Basic	571.0	14847.6	543.8	14140.62	517.9	13467.26	493.3	12825.9
		VD	6	5	7	2223.60	7	2223.60	1	6
		Total	656.5	17071.2	629.3	16364.22	85.52	15690.86	85.52	2223.60
			8	5	9		603.4		578.8	15049.5
						9		3	6	
Office staff and Drivers										
Employment Details		Zone.I		Zone.II		Zone.III		Zone.IV		
		Per Day	Per Month	Per Day	Per Month	Per Day	Per Month	Per Day	Per Month	
1	Manager/ Personal officer, Marketing Manager/ office Supervisor and similar post	Basic	702.1	18254.9	668.7	17385.60	636.8	16557.70	606.5	15769.3
		VDA	0	0	0	2223.60	4	2223.60	1	0
		Total	85.52	2223.60	85.52	19609.20	85.52	18781.30	85.52	2223.60
			787.6	20478.5	754.2		722.3		692.0	17992.9
		2	0	2		6		3	0	
2	Assistant Manager/	Basic	668.6	17385.6	636.8	16557.74	606.5	15769.28	577.6	15018.3
		VDA	8	3	4	2223.60	1	2223.60	3	6

	Assistant Personal Manager, Senior Accountant and similar post	Total	85.52 754.20	2223.60 19609.23	85.52 722.36	18781.34	85.52 692.03	17992.88	85.52 663.15	2223.60 17241.96
3	Senior Clerk, Cashier, Judgment writer, Stenographer, Store keeper, Receptionist, and similar post.	Basic VDA Total	617.63 85.52 703.15	16058.30 2223.60 18281.90	588.22 85.52 673.74	15293.62 2223.60 17517.22	560.21 85.52 645.73	14565.35 2223.60 16788.95	533.53 85.52 619.05	13871.76 2223.60 16095.36
4	Clerk, Booking Clerk, Computer Operator, Typist, Telephone Operator, Data Entry Operator and similar post.	Basic VDA Total	605.47 85.52 690.99	15742.26 2223.60 17965.86	576.64 85.52 662.16	14992.63 2223.60 17216.23	549.18 85.52 634.70	14278.70 2223.60 16502.30	523.03 85.52 608.55	13598.76 2223.60 15822.36
5	Heavy Vehicle Driver, Tractor Driver, Multi Axle And Earth Movers Drivers, Crane Vehicle Drivers, Road Roller And Construction Of Road Related Vehicle Drivers	Basic VDA Total	617.63 85.52 703.15	16058.30 2223.60 18281.90	588.22 85.52 673.74	15293.62 2223.60 17517.22	560.21 85.52 645.73	14565.35 2223.60 16788.95	533.53 85.52 619.05	13871.76 2223.60 16095.36
	Car Driver, Jeep Driver,	Basic VDA	605.47 7	15742.26	576.64	14992.63	549.18	14278.70	523.03	13598.76

6	Light Vehicle Drivers, Tom Tom, Three Wheeler Vehicle Drivers	Total	85.52	2223.60	85.52	2223.60	85.52	2223.60	85.52	2223.60
			690.99	17965.86	662.16	17216.23	634.70	16502.30	608.55	15822.36

Zone -1: Notified areas of Bruhat Bengaluru Mahanagara Palike .

Zone - 2: Notified areas of all the Corporations in the State other than the places mentioned in Zone 1.

Zone - 3: All District Head Quarters Other than the places mentioned in Zone - 1 and Zone -2

Zone - 4: All other Places of the State other than the places mentioned in Z -1, Z-2 and Z-3.

(<https://karmikasandana.karnataka.gov.in/58/minimum-wages-rates-for-the-year-2024-25/en>)

The e-procurement mechanism for outsourced workers in government departments, PSUs, and private organisations typically follows a two-stage process comprising technical and financial bidding. First, the technical bid includes credentials, statutory registrations such as GST, PF, ESI, and Labour Licence, a non-blacklisting affidavit, and a deployment plan. Second, the financial bid specifies per-person rates, service charges, and applicable GST. Contracts are awarded either through Quality-Cost Based Selection (QCBS) or to the L1 bidder, i.e., the lowest qualified financial offer. For example, if an organisation requires 20 security guards, 10 housekeeping staff, and 5 data entry operators, the technically qualified bidder offering the lowest total cost would get the contract. The sample quotation could be as follows:

Sl No.	Staff Type	Quantity	Rate/Person (Rs.)	Total
1	Security Guard	20	24,000	4,80,000
2	Housekeeping Staff	10	18,000	1,80,000
3	Data Entry Operators	5	22,000	1,10,000
Subtotal				7,70,000
Service charges (10%)				77,000
Taxable Value				8,47,000
GST (18%)				1,52,460
Grand Total				9,99,460

Agencies provide appointment letters that outline duties, duration, wages, and service terms. For example, a Data Entry Operator’s appointment letter may state a gross salary of ₹18,788, note that the employment is outsourced and temporary, and specify that the worker is not considered a state or organisational employee. The letter also outlines conditions on transfers, absences, and notice periods. Employees must accept these terms in writing, after which wage slips are issued reflecting ESI and EPF deductions. A sample wage slip for a Data Entry Operator would look as follows:

XYZ Co.		
Employee Code:	Client Name	M/s ABC Company/ Name of the Govt.Dept.
Designation-data Entry Operator	Employee Name	

PF Account No:	Date of Joining:	1-1-2025
UAN :	Fixed Gross	18,787.62
Paid Days: 31	Deductions	Amount (Rs.)
Earnings: Earned Amount (Rs.)		
Basic Rs. 16,564.02	EPF	1,800.00
DA Rs. 2,223.60	ESI	140.91
Gross Total Rs, 18,787.62	Deductions Total	Rs. 1,942.00
Net Pay Rs. 16, 847.00(Rupees Sixteen Thousand Eight Hundred And Forty Seven Only		
*This is computer generated payslip and does not require any signature.		

To illustrate the effective double taxation faced by outsourced service workers, the table below shows how a day-shift woman security guard’s wages get compressed within the agency–client billing structure.

Breakdown of Wages and Deductions under GST-

Effective Double Burden on an Outsourced Woman Security Guard:

A. GST-Driven Wage Compression (Billing Stage)

Stage	Amount (₹)	Notes
Total Wages + Statutory Dues	28,000	Base wages + PF/ESI contributions
Agency Service Charge (10%)	2,800	Standard agency margin
Subtotal (Taxable Value)	30,800	Value on which GST is applied
GST @ 18% on Manpower Supply Service	5,544	GST on the service invoice , not on wages
Total Invoice to Client	36,344	Amount payable by the organisation
Client Budget Cap	32,000	Many clients fix this ceiling
Amount Left for Worker’s Wages	25,000	Wage compression due to GST + cap + margin
Deductions (PF, ESI, Uniform)	2,000	Statutory + agency deductions
Final Take-home Pay	23,000	Actual wage received
Loss due to Client–Agency Bargaining	3,000	Wage cut because of billing ceiling
Loss due to Deductions	2,000	Standard deductions
Indirect Loss due to GST-inflated Billing Structure	3,000	Wages reduced because GST is added to the total bill
Total Effective Loss	8,000	Compared to the base wage of ₹28,000

Although GST is not levied on wages themselves, the 18% GST charged on the outsourced service invoice which embeds the worker’s wages reduces the amount available for her salary after client-imposed caps and agency margins. She then pays GST again when she spends her reduced earnings on essential goods, meaning the same income base is indirectly taxed twice, unlike the incomes of domestic workers or piece-rate workers who remain outside the GST-linked procurement chain.

B: GST Burden when she spends her Reduced Wages (Consumption Stage)

This shows how the same income base faces an additional tax load when spent on essentials.

Item Purchased	GST Rate	If ₹100 Spent	Total Effective Tax Load (Service GST burden Plus GST on Consumption)
LPG / Cooking Oil	5%	₹5	Approx. 23% (18% passed through on billing + 5% on consumption)
Toothpaste	18%	₹18	Approx. 36% (18% on billing + 18% on consumption)
Cement (till 21-09-2025)	28%	₹28	Approx. 46% (18% on billing + 28% on consumption)

If she purchases an essential item such as a bag of cement for home repair, nearly 46 percent of that portion of her income is absorbed through GST, once indirectly at the earning stage, where GST on manpower services compresses her wages, and again at the consumption stage, when she pays GST on the commodity itself. This creates an effective double burden, unlike for other citizens whose incomes are affected by GST only at the point of expenditure. Such layering of tax extraction on the same economic base is inconsistent with the principle recognised in *Mafatlal Industries Ltd. v. Union of India* (1997, 5 SCC 536), which discourages cascading or repetitive taxation.

The cascading effect becomes even more regressive because GST is imposed on income that has already been reduced through client-imposed budget caps, agency commissions, and statutory deductions, disproportionately affecting low-income outsourced workers who spend most of their earnings on basic necessities. Gandhiji reminded policymakers that laws must reach and protect “the last person on the ladder,” offering relief rather than hardship. In this spirit, the GST framework—launched with the promise that “the consumer is king,” requires periodic review to assess whether its benefits are actually reaching those at the bottom.

Although manpower agencies describe their levy as “service charges,” it effectively operates as a commission deducted before wages reach workers, inflating contract costs and shrinking take-home pay. Direct wage payment by organisations or departments, bypassing intermediary agencies, would allow the full amount (minus statutory deductions) to reach workers and significantly enhance income security. The continued reliance on agency-based models reflects systemic neglect, prioritising institutional convenience over fair wages, transparency, and distributive justice.

Although contract amounts and GST payments to the government may appear high, workers often lose out through wage cuts and extended hours; for instance, a housekeeper nominally earning ₹18,000 receives only ₹14,500, while a security guard listed at ₹24,000 for eight hours routinely works twelve, resulting in a monthly loss of ₹12,000 (₹1,44,000 annually). GST on the outsourced service invoice further reduces take-home pay, with a Bengaluru security guard potentially saving around ₹4,320 per month (₹51,840 annually) if GST were removed, while personnel in similar roles within Panchayats and Municipalities remain exempt from GST, highlighting inconsistent treatment across public institutions.

Although contract amounts and GST payments may appear high, outsourced workers often lose out through wage cuts and extended hours; for instance, a housekeeper earning ₹18,000 receives only ₹14,500, while a security guard listed at ₹24,000 for eight hours routinely works twelve, resulting in a monthly loss of ₹12,000 (₹1,44,000 annually). While wages are not legally taxed, GST on the service invoice compresses take-home pay, and workers pay GST again on essentials, creating an effective double burden.

In contrast, similar personnel in Panchayats and Municipalities remain exempt, highlighting inconsistent treatment and lower income security for outsourced workers.

The study highlights systemic exploitation arising from weak enforcement of labour laws, aligning with the **second objective** of examining how statutory protections fail outsourced women workers. Field interactions revealed that frequent changes of manpower agencies in residential and institutional settings often left workers unpaid for months, with ESI and EPF contributions uncredited or delayed. Agencies routinely shifted blame to predecessor firms, even when linked to the same managing director, indicating deliberate manipulation to exploit workers. Employees who raised such irregularities were often suspended or terminated under the pretext of disciplinary action. Many workers left without receiving their dues, resulting not only in loss of wages but also interruption of ESI and EPF benefits and exclusion from the e-Shram database. Regaining access to social security and government welfare schemes required independent re-registration. These practices underscore weak monitoring, inadequate grievance redressal, and lack of accountability under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employees' State Insurance Act, 1948, and the Contract Labour (Regulation and Abolition) Act, 1970. Under the ESI Act, 1948, Sections 39 and 40 make the employer directly responsible for depositing both employer's and employee's contributions, while Section 85 prescribes penalties for non-remittance. Under the EPF Act, 1952, Sections 6, 14, 14B, and 7Q impose strict financial and legal consequences including penalties, damages, and interest for failure to deposit contributions. All remain in books, not in practice. To curb such exploitation, labour authorities must proactively flag cases of non-remittance, conduct timely inspections, and enforce recovery and penalties from defaulting agencies and principal employers.

This study engaged around 50 women from six manpower agencies in urban Bengaluru, although fear of supervisor scrutiny often limited openness. The survey explored perceptions of what constituted a liveable income for low-income workers and their access to social security benefits (ESI and EPF). Most sole earners expected ₹30,000–₹35,000 per month, while housekeeping staff considered ₹20,000–₹25,000 sufficient. Two women earning ₹14,550 monthly felt they could not expect more for “menial” work, illustrating Guy Standing's concept of a ‘scarcity mindset’ (Sarath Davala et al., 2015, p. 48), where workers accept low pay simply to retain employment. Similarly, Amartya Sen's concept of adaptive preferences (Sen, 2000) explains how workers lower expectations to cope with hardship. Post-Covid, many manpower supply workers prioritized job security over fair or dignified wages, often receiving little financial support from spouses and compelled to take any available work. Many participants had over three years of experience, with some exceeding seven years in the same premises. Responses to one of the study question, “Do you know whether GST is charged on the manpower service for which you are paid wages?” showed that around 75% of workers were either unaware or unsure that their wages are linked to GST, reflecting limited understanding of wage fixation between agencies and employers. However, 78.8% were aware of EPF and ESI deductions, yet 42.3% reported not receiving SMS alerts, and 3.8% received alerts only from ESI, often due to agency non-registration.

The **third objective** examines how outsourced women workers experience both time and money poverty. Time poverty results from long paid shifts combined with unpaid domestic duties, leaving little rest or scope for personal development. Money poverty arises from low wages, underpaid or denied overtime, and delayed salaries. While 57.7 percent of respondents, many of them effectively the sole earners with minimal support from their spouses, reported that their income is entirely absorbed by household expenses, only 7.7 percent felt that their present wages were sufficient for a decent living. Despite working as long as they can, these women face old age without pensions or social protection, revealing the paradox of being

indispensable to households and the economy while systematically denied dignity, recognition, and security. These hardships reflect broader social and economic injustices, with women experiencing overlapping forms of poverty: informational poverty (limited awareness of rights), legal poverty (restricted access to remedies), health and social poverty (unsafe working conditions), political poverty (lack of voice), and aspirational poverty (curtailed hopes for upward mobility).

Key Findings The study finds that GST on manpower services imposes an effective double burden on low-paid women; first indirectly on wages, which reduces earnings and again on essential household purchases, eroding savings. Weak enforcement of statutory protections such as ESI and EPF leaves workers without social security, while long hours and inadequate pay exacerbate both time and income poverty, limiting their capacity to meet basic needs.

Significance and Limitations: By foregrounding the experiences of low-income women workers, this study connects tax policy, labour market structures, and gender inequality, providing evidence to inform reforms that protect workers, enhance social security, and make fiscal policy more equitable. However, as the study is based on qualitative interviews in Bengaluru, Karnataka, the findings are context-specific and may not be generalizable to other informal worker groups.

Conclusion:

Although GST was intended to streamline taxation, it creates an effective double burden for end consumers such as outsourced service staff with stagnant incomes. Without stronger labour enforcement, fair wage practices, and secure statutory benefits, fiscal and labour policies continue to disadvantage informal women workers, leaving them largely invisible despite apparent GDP growth.

Recommendations:

- Exempt wages of women manpower supply workers from GST, applying it only at 5% on agency commissions, with savings used to ensure liveable wages.
- Audit contracts to verify billed amounts match actual wages and statutory contributions, enforcing recovery, penalties, and blacklisting of defaulters.
- Reform procurement and contracts to prioritize fair wages and statutory benefits, include continuity and transition clauses, and implement gender-sensitive monitoring.
- Integrate EPF/ESI with e-Shram, publish disaggregated worker data, strengthen compliance to ensure benefit portability, connect workers to welfare and skill programs, and enable transparent, effective policy planning.
- Introduce cost-of-living safeguards, including periodic wage adjustments, to protect workers from inflationary pressures arising from geopolitical instability and supply disruptions.

Despite recent GST cuts, low-income outsourced women continue to face precarious jobs, suppressed wages, and financial insecurity, revealing a persistent gap between headline GDP growth and the lived realities of workers. Their experiences call for policies inspired by Amartya Sen's ethical and human-centred economic framework that ensure protection, fair pay, expanded capabilities, and dignity. Equally important are regular policy checks to ensure that input tax credit benefits are not retained by employers or manufacturers but are passed on to workers and consumers through fair wages, lower prices, and improved affordability. This ultimately raises a deeper question: can an economic system that taxes the earnings of those who sustain the economy genuinely claim to advance inclusive growth?

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