Title: Women in Informal Labor Market: Evidence from India

Despite the narrowing of male and female labor force participation around the world, female labor force participation in the informal sector continues to be high. Among developing countries, India has one of the lowest female labor force participation in both rural and urban areas primarily owing to withdrawal from workforce for attending school/college, economic mobility, domestic work, and limited market for child care. The trends are disconcerting because women in the workforce are most likely to be found in low wage and informal employment. In this paper, we study female workers with informal sector employment and informal employment; the former takes into account firm or employer characteristics whereas the latter focuses on the terms of employment: whether the worker has access to social security, whether there is a job contract, and so on. Using unit level data from a nationally representative sample comprising half a million individuals, we find that gender based differences are stark in the informal sector. Females are not only less paid less than men but also have low returns to education, experience and training in informal sector. Controlling for self-selection and endogeneity, a pattern of vulnerability of women in informal work emerges. We found that females from socially backward, rural, and poorer households are more likely to work in informal sector. On the contrary, educated, skilled, and females with work experience are less likely to have informal jobs. Furthermore, we conduct a Blinder-Oaxaca wage decomposition that suggests that there is considerable gender discrimination in informal sector. Mean wage earnings of women are almost half of that of men. Our evidence that education and skilling plays a role in formalizing, indicates potential pathways for higher participation of women in the formal sector. Particularly in case of women special training programmes could be instituted with focus on females from socially marginalized groups and rural areas. Our study contributes to an improved understanding of the trend of growing informality in the developing world and the barriers to fostering greater participation of women in formal work.