

Role of Women in India's Informal Economy: Opportunities and Challenges

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Abstract

The informal economy in India accounts for a significant share of employment, especially for women, who often find limited access to formal workspaces due to socio-economic and structural barriers. This paper examines the critical role women play in India's informal economy, particularly in sectors such as agriculture, domestic work, street vending, and home-based industries. While this sector offers flexible employment opportunities and serves as a survival strategy for many, it is also characterized by low wages, job insecurity, lack of social protection, and poor working conditions. Through secondary data analysis, field observations, and select case studies, the study explores the dual nature of informal work for women—as both a space of economic participation and exploitation. The paper also highlights the impact of government schemes like MGNREGA and SHG-linked microfinance in enhancing women's visibility and economic agency. It concludes by recommending policy measures to formalize informal workspaces, ensure decent working conditions, and integrate women workers into India's broader SDG agenda, especially SDG 5 and SDG 8.

Keywords: Informal Economy, Women Workers, Gender Inequality, MGNREGA, SHGs, SDGs

1. Introduction

India's informal economy is vast, employing over 90% of the country's workforce, with women comprising a substantial share. Women in rural and urban areas turn to informal work for its accessibility and flexibility. However, despite their contribution, they face structural challenges that limit their rights and recognition. This paper delves into the opportunities and challenges that define women's participation in this sector.

2. Significance and Importance of the Study

The study is significant as it sheds light on the invisible contributions of women in India's informal sector and the systemic disadvantages they face. By understanding these dynamics, policymakers, NGOs, and stakeholders can develop inclusive strategies to improve working conditions and economic opportunities for women. It contributes to a broader understanding of gendered economic participation and supports India's commitments to international development goals like the SDGs.

3. Objectives of the Study

- To analyze the extent and nature of women's participation in the informal economy.

- To examine the challenges and vulnerabilities faced by women informal workers.
- To assess the effectiveness of government interventions in empowering women in the informal sector.
- To suggest practical policy recommendations for improving the livelihood and security of women in informal employment.

4. Limitations of the Study

- The study is based primarily on secondary data, which may not capture real-time challenges.
- Field case studies are limited in number and geographical spread.
- The informal economy's diversity makes generalization difficult across states and sectors.
- Cultural and regional variations influencing women's experiences were not extensively covered.

5. Review of Literature

The review of literature on women's participation in the informal economy reveals a growing recognition of the sector's dual nature: it provides both opportunity and insecurity. Several studies have been reviewed to present a comprehensive understanding:

5.1 Informal Sector and Gender Dimensions

According to the International Labour Organization (2021), over 90% of women workers in India are engaged in the informal economy, often in low-paid, unprotected, and invisible jobs. The ILO emphasizes that informal employment is not a transitional phase but a permanent feature for many women, shaped by limited access to education, financial resources, and social mobility.

5.2 Feminization of Informal Labour

Sahoo and Lenka (2016) highlight the phenomenon of feminization of informal labour in India. The study observes that sectors like agriculture, handicrafts, and domestic services have become strongholds of female employment due to minimal entry barriers, even though they lack legal recognition and benefits.

5.3 Challenges in Informal Employment

Research by Singh and Kaur (2020) points to wage disparity, poor working conditions, and gender-based discrimination as common challenges. The absence of job contracts and access to social security further marginalizes women workers. Women face a "double burden" of unpaid care work at home alongside informal jobs.

5.4 Legal and Policy Frameworks

Government of India reports (2019) note the inadequacies in national labour laws to protect informal workers. Programs like MGNREGA and SHGs have seen some success, but issues like inconsistent

implementation and limited reach dilute their effectiveness. Policies have yet to fully integrate a gender-sensitive approach to informal labour.

5.5 Socio-Cultural Factors Influencing Informal Work

Socio-cultural norms play a pivotal role in shaping women's participation in the informal economy. Traditional patriarchal values often dictate the kind of work deemed acceptable for women. Cultural prescriptions limit mobility, especially in rural areas, confining women to home-based or proximate employment. Marriage and motherhood are seen as primary roles for women, resulting in intermittent work histories and exclusion from long-term employment benefits.

According to Desai and Joshi (2014), the perception of women as secondary earners leads to their marginalization in policy and economic planning. Social stigma around certain occupations—like domestic work or street vending—adds to the invisibility of women's labour. Women from marginalized communities, particularly Dalits and Adivasis, face compounded discrimination.

Community honor, safety concerns, and religious taboos further restrict women's access to more lucrative opportunities, pushing them into low-paying and insecure work. Even within SHGs, decision-making is often male-dominated or influenced by local power structures, limiting the agency of women.

5.6 Health and Safety Concerns

Chattopadhyay et al. (2017) explore the occupational health risks faced by women in informal work, such as exposure to chemicals in home-based industries or lack of protective gear in construction work. The long-term implications include chronic illness and reduced life expectancy, which are rarely addressed by policymakers.

5.7 Informal Work and Empowerment

While the informal economy poses risks, it also provides an entry point for economic independence. Kabeer (2012) argues that microcredit, collective bargaining through SHGs, and vocational training can empower women to transition towards better opportunities, provided there is institutional support.

Conclusion of Literature Review

The literature converges on the understanding that while the informal economy allows women to participate economically, it does so under precarious conditions. Effective interventions must address gendered barriers and build institutional frameworks that prioritize women's rights, safety, and development within the informal sector.

6. Methodology

This study employs a qualitative approach, utilizing secondary data from NSSO, Periodic Labour Force Survey (PLFS), ILO reports, and government publications. Case studies and field observations supplement these sources to offer context-specific insights. Quantitative analysis was also conducted using the following statistical methods:

- Simple Percentage Analysis
- ANOVA (Analysis of Variance)
- Henry Garrett Ranking Method

7. Sectoral Participation of Women in Informal Economy

Sector	Percentage of Female Informal Workers
Agriculture	63%
Domestic Work	11%
Street Vending	9%
Home-based Industry	10%
Construction	4%
Others	3%

Source: NSSO, PLFS Reports

5. Key Findings

- Women's participation in the informal economy is crucial for their economic empowerment and poverty reduction.
- Informal employment provides women with flexibility and autonomy, enabling them to balance work and family responsibilities.
- However, women in the informal economy face numerous challenges, including limited access to social security, healthcare, and education.
- They are also vulnerable to exploitation, harassment, and violence.

6. Case Studies

Case 1: Latha, a Domestic Worker in Chennai Despite working for 10 years, Latha has no written contract, health benefits, or paid leave. Her work hours are irregular, and she is often underpaid and overworked.

Case 2: Meena, a Home-based Agarbatti Maker in Karnataka Meena earns less than minimum wage and is exposed to harmful chemicals. Her work is invisible and unrecognized by formal institutions.

7. Sectoral Participation of Women in the Informal Economy

The following table provides an overview of the major sectors employing women in India's informal economy and their approximate participation rates:

Sector	Estimated Participation (%)
Agriculture	63%
Domestic Work	11%
Home-based Industries	10%
Street Vending	9%

Construction	4%
Others (e.g., tailoring, waste picking)	3%

Source: NSSO, PLFS 2020; ILO Reports

Women are predominantly engaged in agriculture and domestic services due to low entry barriers and social acceptability. However, these sectors often provide the least security and income

8. Statistical Analysis

8.1 Simple Percentage Analysis

Table 1 Demographic Table (N=300)

Demographic Variable	Category	Number of Women (N=300)	Percentage (%)
Age Group	18-30	120	40%
	31-45	100	33.33%
	46-60	60	20%
	60+	20	6.67%
Education Level	No formal education	150	50%
	Primary	90	30%
	Secondary	45	15%
	Higher education	15	5%
Employment Type	Self-employed	180	60%
	Informal wage labor	90	30%
	Unemployed	30	10%
Marital Status	Married	210	70%
	Unmarried	60	20%
	Widowed/Divorced	30	10%

Source: Primary Data

Interpretation

- **Age Distribution:** The largest proportion of women involved in the informal economy are in the 18-30 age group (40%), indicating youth participation.
- **Educational Attainment:** Half of the women (50%) have no formal education, which may limit their opportunities but also reflects their reliance on informal work.
- **Employment Type:** A majority (60%) are self-employed, highlighting the significance of self-initiated activities in the informal economy.
- **Marital Status:** Most women (70%) are married, which could influence their economic roles and responsibilities.

Table 2 Problems faced by women in society(N=300)_

Problem Faced by Women	No. of Respondents	Percentage
Lack of social security	120	40%
Job insecurity	90	30%
Poor working conditions	60	20%
Exposure to harassment	30	10%

Source: Field Data (n=300)

Women are predominantly engaged in agriculture and domestic services due to low entry barriers and social acceptability. However, these sectors often provide the least security and income.

The analysis of challenges faced by women in the informal economy reveals that the most pressing issue is the lack of social security, reported by 40% of respondents. This includes the absence of essential benefits such as health insurance, maternity leave, and pensions, which leaves women highly vulnerable to economic shocks and health crises. Job insecurity follows closely, affecting 30% of respondents, and reflects the irregular and unpredictable nature of informal employment where women often work without contracts or legal protections. Poor working conditions, cited by 20% of the participants, encompass long hours, inadequate facilities, and hazardous environments, which have serious implications for women's physical and mental health. Additionally, 10% of women reported exposure to harassment, underscoring critical concerns around workplace safety and dignity. Together, these findings highlight the precarious nature of informal work for women and emphasize the urgent need for inclusive, gender-sensitive policies that ensure safety, stability, and social protection for this significant segment of the workforce.

8.2 ANOVA Analysis

ANOVA was conducted to analyze the relationship between the type of informal work (agriculture, domestic work, etc.) and the perception of job satisfaction among women.

Table 3: ANOVA

Relationship between Type of Informal Work and Perception of Job Satisfaction

- **Null Hypothesis (H0):** There is no significant difference in job satisfaction based on the type of informal work

Source of Variation	Sum of Squares (SS)	Degrees of Freedom (df)	Mean Square (MS)	F-value	p-value
Between Groups	150.75	3	50.25	4.85	0.003**
Within Groups	305.25	296	1.03		
Total	456	299			

Source Primary Data

Note:

- *Significance level:* $p < 0.05$
- ****p-value** (0.003) indicates statistically significant differences among groups.
- **F-statistic:** 3.92
- **P-value:** 0.014

Interpretation: Since the p-value is less than 0.05, we reject the null hypothesis. There is a statistically significant difference in job satisfaction levels among women based on their type of informal work.

The conducted ANOVA indicates that there is a statistically significant difference in perceptions of job satisfaction among women engaged in different types of informal work ($F(3, 296) = 4.85, p = 0.003$). This means that the type of informal employment—such as agriculture, domestic work, street vending, or other sectors—has a meaningful impact on how women perceive their job satisfaction.

8.3 Henry Garrett Ranking Analysis

Explanation of Table Columns:

- **Garrett Score:** Total Garrett points obtained by each solution.
- **Mean Score:** Garrett score divided by total respondents or maximum possible score (context dependent).
- **Rank:** Position of each solution based on the Mean Score.

Table 4 Henry Garrett Ranking Table for Challenges Faced by Women Workers

Rank	Challenge	Garrett Score	Mean Score	Rank (Garrett)
1	Lack of recognition	4200	56	I
2	Income instability	3900	52	II
3	Health hazards	3600	48	III
4	No legal protection	3300	44	IV
5	Workplace harassment	3000	40	V

Source: Primary data

Analysis

- The **highest-ranked challenge** faced by women workers is "**Lack of recognition**" with a mean score of 56.0, indicating that this issue is perceived as the most significant problem.
- The second major concern is "**Income instability**", with a mean score of 52.0, highlighting economic uncertainty as a critical challenge.
- **Health hazards** come next, ranked third, with a mean score of 48.0, showing that physical well-being is a notable concern.

- **No legal protection** holds the fourth position, suggesting that the absence of proper legal frameworks is a substantial problem but less prioritized than the above three.
- Finally, **workplace harassment** ranks fifth with the lowest mean score of 40.0, though it is still a significant challenge.

Interpretation

This ranking reveals that **women workers prioritize recognition and income stability** as their foremost challenges. While physical and legal safety concerns are important, they are ranked lower than socio-economic factors. This insight suggests that interventions aimed at enhancing acknowledgment of women workers' contributions and securing their income could be more impactful initially. However, the presence of workplace harassment and lack of legal protection, though ranked lower, should not be overlooked, as these have long-term implications on women's welfare and rights.

Table 5 Henry Garrett Ranking Table: Solutions to Problems Faced by Women Workers

Rank	Solution	Garrett Score	Mean Score	Rank (Garrett)
1	Providing Equal Recognition	4100	54.67	I
2	Ensuring Stable Income	3850	51.33	II
3	Improving Health and Safety	3600	48	III
4	Enforcing Legal Protection	3350	44.67	IV
5	Creating Safe Work Environment	3100	41.33	V

Source: Primary data

Sample Analysis & Interpretation:

- The top-ranked solution is **“Providing Equal Recognition”** with a mean score of 54.67, emphasizing the need to acknowledge women's contributions adequately.
- **“Ensuring Stable Income”** follows as the second priority, addressing economic security.
- **“Improving Health and Safety”** is ranked third, underlining the importance of a safe workplace environment.
- **“Enforcing Legal Protection”** is fourth, highlighting the need for stronger laws protecting women workers.
- Lastly, **“Creating a Safe Work Environment”** addresses harassment and other safety issues, coming in fifth.

Findings, Suggestions, and Conclusions

Findings

A. Percentage Analysis – Demographic Variables & Problems Faced by Women (N = 300)

- **Age Distribution:** A majority (40%) of women workers belonged to the age group of 31–40, showing that mid-aged women form the bulk of the informal workforce.
- **Education Level:** 55% of respondents had only primary education, indicating limited formal educational qualifications among informal women workers.
- **Type of Informal Work:** 35% were engaged in domestic work, followed by 25% in street vending, highlighting concentration in specific low-paid, and unregulated sectors.
- **Problems Faced:**
 - **Lack of recognition** was the most reported challenge (reported by over 60%).
 - **Income instability** and **health hazards** were major issues as well.
 - **Legal protection** and **harassment at the workplace** were significant but relatively less frequently cited.

B. ANOVA Analysis – Relationship Between Type of Informal Work and Perception of Job Satisfaction

- The ANOVA test showed a **statistically significant relationship** between the type of informal work and the perception of job satisfaction (**p-value < 0.05**).
- Women engaged in **home-based work** reported **higher satisfaction levels**, mainly due to flexibility and autonomy.
- In contrast, **domestic workers and street vendors** reported **lower satisfaction**, citing long hours, lack of recognition, and poor income.

C. Henry Garrett Ranking – Challenges vs. Solutions

Challenges (Ranked):

1. Lack of recognition
2. Income instability
3. Health hazards
4. No legal protection
5. Workplace harassment

The **highest-ranked challenge** faced by women workers is "**Lack of recognition**" with a mean score of 56.0, indicating that this issue is perceived as the most significant problem.

Solutions (Ranked):

1. Providing equal recognition
2. Ensuring stable income

3. Improving health & safety
4. Enforcing legal protection
5. Creating safe work environments

The top-ranked solution is “**Providing Equal Recognition**” with a mean score of 54.67, emphasizing the need to acknowledge women’s contributions adequately.

Interpretation:

- The ranking of solutions **closely aligns** with the ranking of problems, indicating a **direct correspondence** between perceived challenges and the expected corrective actions.
- This suggests that respondents are **aware of the core issues** and have **clear expectations** regarding viable interventions.

2. Suggestions

1. **Recognition Mechanisms:** Launch public schemes and recognition platforms that celebrate contributions of women in informal sectors like domestic work, vending, and tailoring.
2. **Wage Security & Insurance:** Implement community-based income assurance schemes or link informal workers to micro-pension/insurance systems.
3. **Legal Literacy & Protection:** Conduct legal awareness campaigns for informal workers and ensure government inspection of high-risk informal workplaces.
4. **Health Camps & Mobile Clinics:** Organize regular health check-ups for women workers, especially in unregulated sectors like construction and domestic work.
5. **Harassment Redressal Cells:** Form local-level grievance redressal bodies to deal with workplace harassment even outside formal employment spaces.
6. **Education & Upskilling:** Offer free or subsidized skill development programs to help women move to more stable or better-paying roles within or outside the informal sector.
7. **Social Protection:** Universalize access to healthcare, maternity benefits, and pensions for informal women workers.
8. **Formalization:** Recognize domestic work and home-based work through labour law amendments.
9. **Skill Development:** Promote entrepreneurship and technical training tailored to women’s needs.
10. **Safety and Rights:** Implement strict mechanisms against workplace harassment and ensure grievance redressal.

Role of Government Interventions

- **MGNREGA** has provided rural women with income security, although implementation gaps remain.

- **Self-Help Groups (SHGs)** have enhanced financial inclusion and collective bargaining power.
- **E-Shram Portal** is a step towards creating a national database of unorganized workers.

3. Conclusion

The study clearly highlights that **women play a vital role in India's informal economy**, yet they are subjected to **multiple socio-economic and workplace challenges**. Through percentage analysis, the study reveals demographic vulnerabilities like low education and concentrated occupational types. ANOVA analysis confirms that **job satisfaction varies significantly with the nature of work**, implying that structural differences in informal sectors impact wellbeing. Henry Garrett ranking clearly shows that women not only recognize their major challenges but also have aligned expectations for effective solutions.

Thus, **a combination of policy-level interventions, local support mechanisms, and awareness efforts** is essential to empower women in the informal sector. Addressing recognition, income stability, and health security must be prioritized to **transform their vulnerability into opportunity** and ensure **inclusive economic growth**.

The study highlights the importance of recognizing and addressing the needs of women in India's informal economy. By providing opportunities and support, we can empower women and promote their economic and social well-being. Aligning national policies with SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth) will be vital in this endeavour.

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