

A Study on the Socio-Economic Status of Women Workers in Informal Sector

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Abstract

The informal sector is a significant, yet often overlooked, component of economies worldwide, particularly in developing nations. It encompasses a wide array of economic activities that are unregistered, unregulated, and largely untaxed, ranging from street vending and domestic work to home-based production and small-scale services. Within this vast and diverse sector, women constitute a substantial and often marginalized workforce. Their socio-economic status is a complex interplay of systemic vulnerabilities, economic contributions, and the ongoing struggle for recognition and rights. The informal sector is characterized by a lack of formal contracts, social security benefits, and legal protections. For women, this often translates into precarious employment, low wages, and exploitative working conditions. Often working long hours for meager pay, with no holidays or social security. They are particularly susceptible to exploitation and abuse due to the private nature of their workplaces. The absence of minimum wage regulations and collective bargaining power leads to abysmally low wages, often below the poverty line. Income is often irregular, making it difficult to meet basic needs and plan for the future. Informal women workers typically lack access to social security schemes such as health insurance, maternity benefits, pensions, and unemployment benefits. This leaves them vulnerable to economic shocks, illness, and old-age poverty.

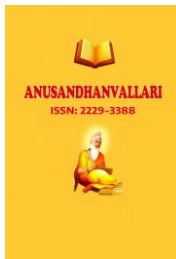
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Introduction

Women workers in the informal sector often face significant income insecurity, a pervasive issue with far-reaching consequences for their well-being, their families, and broader economic development. This insecurity stems from a confluence of factors unique to the informal economy and exacerbated by gender-specific vulnerabilities. (Bambang, 2020)

One of the primary drivers of income insecurity for women in the informal sector is the lack of formal employment protections and social safety nets. Unlike their counterparts in the formal sector, informal women workers typically do not have written contracts, guaranteed minimum wages, health insurance, or pension benefits. This leaves them exposed to arbitrary wage cuts, unpredictable work availability, and no recourse in times of illness, old age, or economic downturns. For instance, a street vendor's daily earnings are entirely dependent on customer footfall, weather conditions, and even local regulations, with no guaranteed income floor.

Furthermore, gender-based discrimination and societal norms often push women into the most precarious and lowest-paying segments of the informal economy. Many women are concentrated in home-based work, domestic service, or small-scale vending, which are often characterized by long hours, poor working conditions, and very low remuneration. These roles are often seen as extensions of their domestic responsibilities, leading to their economic contributions being undervalued and underpaid. The "double burden" of paid work and unpaid care



work further limits their ability to seek more stable or higher-paying opportunities, perpetuating their income insecurity.

The informal nature of their work also makes women particularly vulnerable to economic shocks and crises. During periods of inflation, recessions, or events like the COVID-19 pandemic, informal women workers are often the first to lose their livelihoods and the last to receive assistance. Their lack of formal recognition means they are often excluded from government relief programs and social protection schemes designed for formal sector employees. This was starkly evident during the pandemic when many informal women workers, such as daily wage earners and domestic workers, found themselves without any income or support. (Armansyah, 2021)

Moreover, limited access to finance, training, and market information further entrenches income insecurity. Many informal women entrepreneurs struggle to secure loans from formal financial institutions due to a lack of collateral or formal business records. This restricts their ability to invest in their businesses, expand their operations, or diversify their income sources. Similarly, the lack of access to skills training and market networks limits their ability to move into higher-value activities or negotiate better terms for their labor.

Finally, the absence of collective bargaining power leaves individual women workers isolated and unable to advocate for better wages or working conditions. While some informal worker organizations exist, their reach and influence are often limited, leaving the vast majority of women workers without a voice or representation. This power imbalance makes them susceptible to exploitation and perpetuates a cycle of low wages and poor working conditions.

Women in the informal sector often face discrimination based on their gender, leading to lower pay than men for similar work, limited opportunities for advancement, and sexual harassment. Cultural norms and patriarchal structures further perpetuate their subordinate position.

Without formal employment, women struggle to access formal credit, business loans, or training programs, hindering their ability to upgrade skills or expand their enterprises. The unorganized nature of the informal sector makes it difficult for women workers to form unions or advocate for their rights. Their voices are often unheard in policy-making processes.

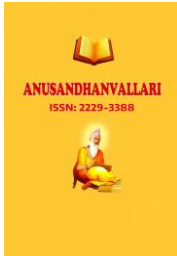
Many women in the informal sector are also primary caregivers, juggling income-generating activities with domestic responsibilities and childcare. This "double burden" limits their availability for work, training, and rest, impacting their productivity and well-being. (Singh, 2021)

Literature Review

Banerjee et al. (2020): Informal workers are highly susceptible to economic downturns, natural disasters, and health crises, as they lack the safety nets that formal sector workers might have. The COVID-19 pandemic, for example, disproportionately affected informal women workers, leading to widespread job losses and increased poverty.

Gupta et al. (2021): Many informal women workers display remarkable entrepreneurial spirit, adapting to changing market demands and finding innovative ways to generate income. They often form informal networks and support groups, offering mutual aid and collective strength in challenging circumstances. Although often unmeasured, the collective economic output of the informal sector, driven significantly by women, contributes substantially to national GDP.

Deepika et al. (2021): Income insecurity for women workers in the informal sector is a complex and multifaceted problem rooted in a lack of formal protections, gender discrimination, vulnerability to economic shocks, limited



access to resources, and an absence of collective bargaining power. Addressing this issue requires a holistic approach that includes extending social protection, promoting gender equality, facilitating access to finance and training, and strengthening the organizational capacity of informal women workers. Recognizing and valuing the immense contributions of these women is crucial not only for their individual empowerment but also for fostering more inclusive and resilient economies.

Kalpana et al. (2021): One of the primary reasons for this deficit in social protection stems from the very nature of the informal sector itself. Characterized by a lack of formal recognition, irregular employment, small-scale operations, and often cash-based transactions, it falls outside the purview of traditional labor laws and regulations. This "invisibility" makes it challenging for governments to extend social security benefits, such as health insurance, maternity leave, pensions, and unemployment benefits, to these workers.

Methodology

For the current research work, a total 200 respondents were chosen by using Random Sampling.

Statistical tool

Regression analysis tool was used for the current research work.

Data collection and analysis

Table 1 Respondents

Gender	Frequency	%
Male	126	63%
Female	74	37%

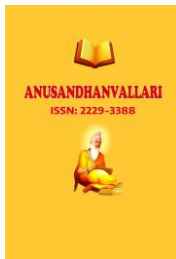
Source: Primary Source

It can be observed from table 1 that out of 200 respondents, there were 63% male and 37% female respondents.

Table 2

Age of Respondents

Age	Frequency	%
20-23	49	24.5
24-30	56	28
31-40	49	24.5
41-50	37	18.5
Above 50	9	4.5



It can be observed from Table 2 that there were 49 respondents of age group 20-23 and 56 respondents were of age group 24-30 while 49 were in the age-group 31-40. 37 respondents belonged to the age-group 41-50 while 9 respondents had the age more than 50 years.

Table: 3 Regression Analysis

	Informal	Informal
R ²	0.393	0.396
F	33.405*	37.839*
Constant	0.289	0.301
Income Insecurity	0.198*	0.008
Social Protection	0.006	0.296*
Gender-Based Discrimination	0.290*	0.196***

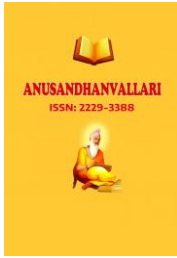
Table 3 shows that the Income Insecurity, Social Protection and Gender-Based Discrimination variables explain 44.2% and 43.1% variance.

Results and Discussion

The lack of social protection for women workers in the informal sector is a pressing issue with profound implications for their well-being, economic security, and overall societal development. Addressing this challenge requires a concerted effort from governments, civil society organizations, and international bodies, focusing on inclusive policies, empowerment initiatives, and a fundamental recognition of the rights and contributions of these often invisible workers. Only then can we ensure a more equitable and just future for all, where no worker is left behind.

The nature of work available to women in the informal sector often exposes them to significant health and safety risks. Many are engaged in hazardous occupations, such as waste picking, construction, or manufacturing in cramped and unsanitary environments. They may handle dangerous chemicals without protective gear, operate unsafe machinery, or lift heavy loads, leading to a myriad of occupational diseases and injuries. The lack of access to proper sanitation facilities, especially for women working in public spaces or remote areas, also poses a significant health hazard, contributing to urinary tract infections and other hygiene-related ailments.

Beyond the physical risks, women informal workers also face considerable social and economic exploitation. They are often subjected to discrimination, harassment, and even violence, both from employers and clients. The absence of formal grievance mechanisms or collective bargaining power makes it exceedingly difficult for them to voice their concerns or seek redress. Moreover, the pervasive gender wage gap is often amplified in the informal sector, with women earning significantly less than men for comparable work, further entrenching their economic disempowerment. The burden of unpaid care work, which disproportionately falls on women, further exacerbates their working conditions, as they often juggle demanding informal jobs with extensive domestic responsibilities, leading to chronic fatigue and stress.



The systemic factors contributing to these poor working conditions are complex and deeply entrenched. Gender inequality, patriarchal norms, and discriminatory social structures often relegate women to the least desirable and lowest-paying jobs in the informal sector. Limited access to education, skills training, and financial resources further restricts their opportunities for upward mobility. Additionally, the increasing casualization of labor and the globalization of supply chains have created a vast informal workforce, where businesses often outsource production to minimize costs, leading to a race to the bottom in terms of labor standards.

Addressing the poor working conditions of women workers in the informal sector requires a multi-pronged approach. Governments must extend legal and social protection to informal workers, including minimum wage laws, occupational safety regulations, and access to social security schemes. Strengthening labor inspections and providing avenues for grievance redressal are also crucial. Civil society organizations and trade unions have a vital role to play in organizing and empowering women informal workers, enabling them to collectively bargain for better terms and conditions. Moreover, investing in education, skills development, and entrepreneurship programs can help women transition to more secure and remunerative work. Finally, a broader societal shift towards gender equality and the recognition of women's economic contributions is essential to dismantle the systemic barriers that perpetuate their vulnerability.

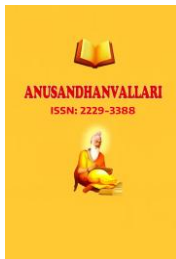
The poor working conditions of women workers in the informal sector represent a grave violation of human dignity and a significant impediment to sustainable development. The intertwined challenges of legal exclusion, health risks, economic exploitation, and social discrimination demand urgent and concerted action. By implementing comprehensive policies, fostering collective action, and challenging ingrained inequalities, societies can work towards a future where all women, regardless of their employment status, can enjoy safe, fair, and dignified work.

Women in the informal sector frequently encounter sexual harassment and violence in their workplaces. Given the unregulated nature of the sector and the power imbalances, they are at a higher risk of exploitation and abuse by employers, supervisors, or even co-workers. The fear of losing their jobs or social stigma often prevents them from reporting such incidents, creating a culture of silence and impunity. This not only impacts their physical and psychological well-being but also limits their mobility and participation in economic activities.

The lack of recognition and voice also contributes to their discrimination. Women in the informal sector are often invisible in policy discussions and labor statistics. Their contributions are frequently overlooked, and their specific needs and challenges are rarely addressed in labor laws or development programs. This marginalization prevents them from collectively bargaining for better wages, working conditions, or advocating for their rights. The absence of formal representation mechanisms further exacerbates their vulnerability.

Addressing gender-based discrimination in the informal sector requires a multi-pronged approach. Firstly, there is a need for recognition and formalization of informal work, at least in a phased manner. This could involve simplified registration processes, access to social security schemes, and basic labor law protections tailored to the informal sector's realities. Secondly, awareness campaigns and legal literacy programs are crucial to inform women workers about their rights and available redressal mechanisms. Supporting the formation of women's collectives and trade unions in the informal sector can empower them to negotiate for better terms and conditions and collectively address discrimination.

Moreover, gender-sensitive policy making is essential. This includes developing policies that specifically address the wage gap, provide access to childcare facilities, and ensure safe working environments. Implementing and enforcing stricter penalties for sexual harassment in the workplace, irrespective of the sector, is also critical. Finally, investing in skill development and financial inclusion programs can enhance women's economic agency and open up opportunities for them to transition to more secure livelihoods.



Furthermore, many informal women workers are self-employed, engaged in home-based production, street vending, domestic work, or agricultural labor, further complicating their inclusion in formal social protection schemes designed for wage employees.

The consequences of this lack of social protection are dire and far-reaching for women workers. Without access to health insurance, even minor illnesses can lead to catastrophic out-of-pocket expenses, pushing families deeper into poverty. The absence of maternity benefits forces many women to choose between their livelihoods and their health, often returning to work too soon after childbirth, jeopardizing both their well-being and that of their infants. Furthermore, the lack of old-age pensions leaves them vulnerable in their later years, dependent on often meager family support or forced to continue working well beyond their physical capabilities. In the event of disability or unemployment, there are no safety nets to cushion the blow, leading to increased economic insecurity and hardship.

Gender-specific vulnerabilities further exacerbate this situation. Women in the informal sector often face a "triple burden" of productive work, reproductive work (household chores and childcare), and community work. This unpaid care work limits their time and energy, making it difficult to participate in collective bargaining or advocacy for their rights. They may also face discrimination in wages, working conditions, and access to resources, further marginalizing them within the informal economy. The precariousness of their employment often means they lack the leverage to demand better conditions or benefits.

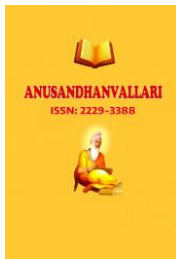
Addressing this complex issue requires a multi-pronged approach. Firstly, there is a need for policy innovation to adapt social protection schemes to the unique characteristics of the informal sector. This could involve exploring contributory and non-contributory models, micro-insurance schemes, and community-based initiatives. Simplified registration processes and flexible contribution mechanisms are crucial to encourage participation. Secondly, governments must recognize and value the economic contributions of informal women workers. This includes data collection and research to better understand their needs and vulnerabilities, which can inform evidence-based policymaking.

Thirdly, empowering women workers themselves is paramount. Supporting the formation of self-help groups, cooperatives, and informal worker associations can enhance their collective voice and bargaining power. Providing training on financial literacy, business skills, and their rights can also improve their economic resilience. Fourthly, integrating informal sector workers into broader national social protection frameworks, even if incrementally, should be a long-term goal. This could involve gradual formalization pathways or linking informal workers to existing social security programs through innovative mechanisms. Finally, public awareness campaigns are vital to highlight the importance of social protection for informal workers and to challenge societal norms that perpetuate their marginalization.

Gender-based discrimination is a pervasive and deeply rooted issue affecting women workers in India's informal sector. From wage disparities and precarious working conditions to lack of social security and vulnerability to violence, the challenges are multifaceted and interconnected. Recognizing their invaluable contributions and actively working towards their empowerment through policy reforms, social protection, and collective action is not only a matter of social justice but also an imperative for inclusive and sustainable development. Only by dismantling these discriminatory structures can women in the informal sector truly achieve economic independence, dignity, and equality.

Conclusion

Women workers in the informal sector are a cornerstone of many economies, yet their socio-economic status remains largely precarious. They face a myriad of challenges, including low wages, lack of social protection, and



gender-based discrimination. However, their resilience, entrepreneurial spirit, and vital contributions to household and national economies cannot be overstated. Improving their socio-economic status is not merely a matter of social justice but a critical imperative for sustainable development, poverty reduction, and achieving gender equality. By recognizing their value, extending social protection, and creating an enabling environment, societies can unlock the full potential of this vital workforce and build more inclusive and equitable economies.

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