

# Invisible Yet Indispensable: Women Trapped in the Informal Workforce

*Striyon ki sthiti wahi sadan hai, jo jal bina nayya ki hoti hai. — Mahadevi Verma*

Women in India's informal economy are like a boat stranded on dry land—overburdened, unrecognized, and stagnant. Despite being a vital part of the workforce, their contributions are undervalued, their earnings minimal, and their struggles largely invisible. Engaged in diverse roles such as domestic work, street vending, home-based production, and construction labor, they form the backbone of several industries. However, despite working towards becoming self-sufficient they remain unprotected, underpaid, and weighed down by unpaid care responsibilities. The dual burden of unstable employment and domestic duties reinforced by deep-rooted gender biases traps them in a cycle of economic vulnerability that limits opportunities for progress.

## Systemic Factors Contributing to Vulnerability

The COVID-19 pandemic highlighted the precariousness of informal employment and underscored the need for comprehensive social protection measures, it also brought to the fore the existing vulnerabilities and deep rooted gender biases. Women faced the brunt of the impact due to lockdowns and reduced economic activity. They faced disproportionate job losses and an increased burden of unpaid domestic work. While the absolute number of job losses was higher for men, the percentage decline in employment was 37.1% for women, compared to 27.7% for men. During the second wave in April 2021, a total of 7.4 million jobs were lost, out of which 5.4 million (73%) were women.

### 1. Educational Disparities

Limited access to quality education restricts women's opportunities for skill development, confining them to low-paying, unskilled jobs within the informal sector. Educational attainment is a critical determinant of employment quality, and the gender gap in education perpetuates occupational segregation. Efforts to enhance educational access for girls are essential to break this cycle.

## 2. **Social Norms and Patriarchy**

Deep-seated patriarchal values often dictate the types of work deemed acceptable for women, restricting them to roles that are extensions of domestic duties. These societal norms limit women's participation in diverse economic activities and hinder their professional growth. Challenging and transforming these cultural perceptions is crucial for expanding women's employment opportunities.

## 3. **Legal and Policy Gaps**

While there are laws intended to protect workers' rights, their enforcement in the informal sector is often weak or nonexistent. The lack of legal recognition for informal workers means they cannot claim the same rights and protections as formal employees. Strengthening legal frameworks and ensuring their implementation is vital to safeguard the interests of informal women workers.

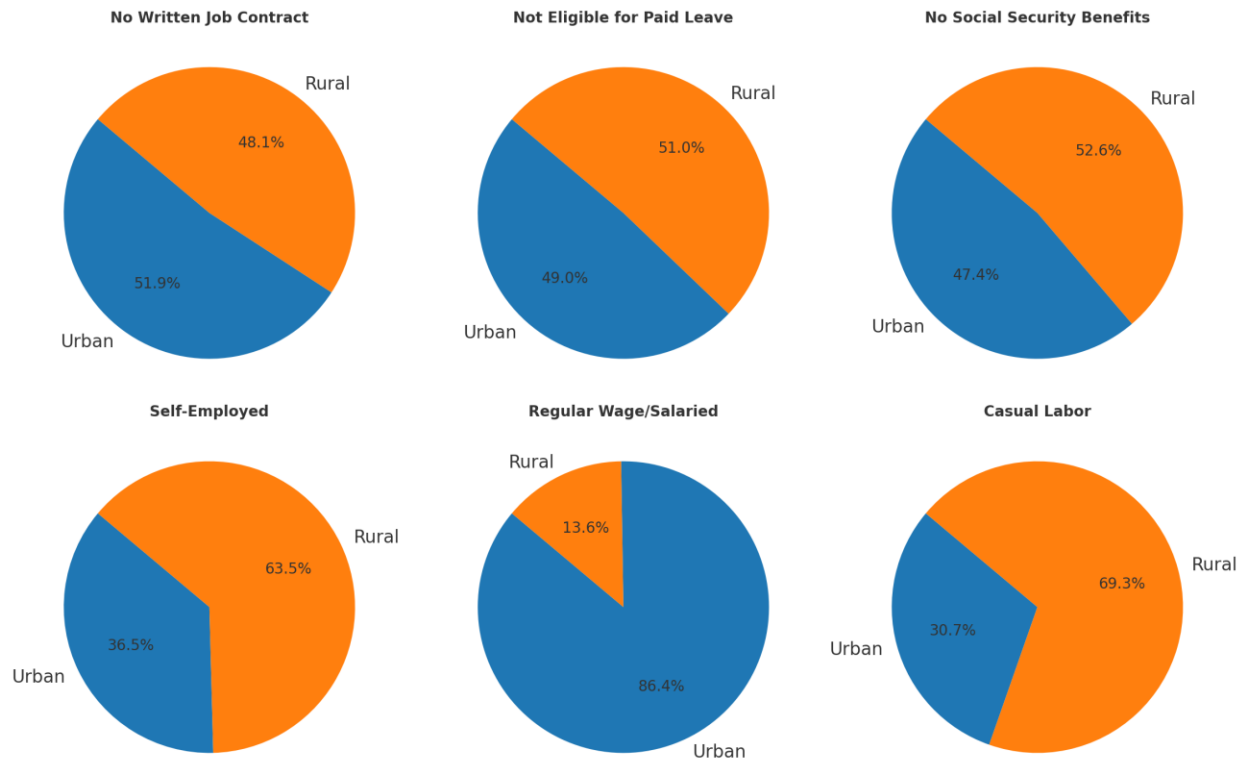
## **The Challenges of Informal Work**

The informal sector in India encompasses a wide array of occupations, including domestic work, street vending, agricultural labor, and home-based manufacturing. Estimates suggest that approximately 61% of women workers in the non-agricultural sector are employed in informal enterprises.

Despite their significant numbers, these women often remain invisible in official labor statistics, leading to a lack of targeted policies and protections. The charts below highlight the key employment challenges faced by women in India, including lack of job security, social protections, and stable income opportunities. A significant percentage of women work without written job contracts, making their employment informal and precarious. Many are not entitled to paid leave, limiting their financial stability during personal or medical emergencies. Additionally, a large portion of women lack access to social security benefits, leaving them vulnerable to economic hardships. Self-employment dominates among women workers, while salaried jobs remain limited, and casual labor continues to be a reality for many. These challenges underscore the urgent need for stronger labor protections and policies that support women's economic

security. The absence of formal employment contracts further exacerbates their vulnerability, leaving them without access to benefits such as health insurance, maternity leave, or retirement pensions.

### Employment Realities for Women in India



Source: PLFS Annual Report for the year 2022-2023

#### 1. Economic Insecurity

Women in the informal economy typically earn significantly lower wages than their male counterparts and those in formal employment. According to the latest PLFS data (2022-23), self-employed women earn only ₹5,000 per month on average, compared to ₹14,000 for men, while female casual laborers in rural areas earn ₹287 per day versus ₹416 for men. In urban settings, the gap widens further, with men earning ₹515 daily compared to ₹333 for women. Women in salaried jobs in rural areas earn between ₹11,000 to ₹12,000 per month, while men earn approximately ₹18,000 per month. This gender pay disparity is

exacerbated by women's concentration in lower-paying roles, including unpaid family work, and fewer working hours. The lack of job security further limits women's financial stability, making it essential to implement policies that ensure equal pay and access to quality employment opportunities.

## 2. **Lack of Social Protection**

Workers engaged in informal employment, lack access to essential social security benefits such as health insurance, paid sick leave, and retirement pensions. This exclusion leaves them vulnerable during health crises and old age, perpetuating cycles of poverty and insecurity. Recognizing this, the government has initiated efforts to extend social protection to informal sector workers. Notably, the launch of the e-Shram portal aims to provide a unified platform for over 300 million unorganized workers, facilitating their access to various welfare schemes. Despite these initiatives, the vast majority of informal workers, including women, remain outside the purview of comprehensive social security coverage. This exclusion perpetuates a cycle of poverty and vulnerability.

## 3. **Occupational Hazards and Unsafe Working Conditions**

Many informal sector jobs in India expose workers, especially women, to hazardous conditions without adequate protective measures. Female sanitation workers, for instance, often lack proper PPE, with studies showing that 5% have no access to protective gear, and 45% face usability challenges due to poor fit and discomfort. Workers in construction, weaving, and processing industries also suffer from respiratory issues, musculoskeletal disorders, and skin conditions due to unsafe environments. Weak regulatory oversight further exacerbates risks, leaving employers unaccountable and workers vulnerable to health hazards and financial instability.

## 4. **Gender-Based Violence and Harassment**

According to a study conducted by the [Wall Street Journal](#), women in informal employment are particularly susceptible to various forms of violence and harassment, both in public spaces and within their workplaces. Despite the enactment of the Sexual Harassment of Women at Workplace (Prevention,

Prohibition and Redressal) Act in 2013, which mandates the formation of Local Committees to address complaints in the informal sector, implementation remains inadequate. Reports indicate that only 29% of districts have constituted these committees, and a mere 15.9% of informal sector workers are aware of their existence. This lack of awareness and infrastructure leaves many women with limited avenues for redress, often compelling them to endure mistreatment silently. The pervasive issue of violence and harassment not only affects women's mental and physical well-being but also restricts their mobility and economic opportunities. Fear of such incidents leads many women to opt for jobs closer to home or to leave the workforce entirely, thereby limiting their economic potential and reinforcing cycles of poverty and vulnerability.

#### **5. Balancing Unpaid Care Work**

Women bear the primary responsibility for household chores and caregiving, limiting their economic opportunities. According to the National Statistical Office's Time Use Survey (2019), over 92% of women aged 15-59 participate in unpaid domestic services for household members, compared to 29% of men. On average, women spend about 299 minutes per day on these tasks, while men spend approximately 97 minutes. This disparity indicates that women dedicate over three times more hours to unpaid domestic work than men. The dual burden of paid and unpaid work leads to physical and emotional exhaustion, further hindering women's ability to improve their socio-economic status. The economic value of women's unpaid care and domestic work in India is estimated to be nearly 15% of the GDP. Addressing this imbalance is crucial for enhancing women's economic participation and overall well-being.

### **Pathways to Empowerment - Formalization of Employment**

#### **1. Formalization of Employment**

Transitioning informal jobs into the formal economy can provide women with access to legal protections, fair wages, and social security benefits. This process involves recognizing and registering informal enterprises, simplifying compliance procedures, and offering incentives for formalization. The Indian government has

implemented several initiatives aimed at promoting the formalization of women's employment. These initiatives aim to bridge the gender gap in the workforce and empower women economically.

- **Pradhan Mantri Mudra Yojana (PMMY):** This scheme provides financial support to women entrepreneurs, enabling them to establish formal enterprises.
- **Stand-Up India:** Launched to facilitate bank loans between ₹10 lakh and ₹1 crore to women and marginalized groups for setting up greenfield enterprises, thereby encouraging formal business ventures.
- **Prime Minister's Employment Generation Programme (PMEGP):** Aims to generate self-employment opportunities through the establishment of micro-enterprises in the non-farm sector, with a special focus on assisting women in formalizing their businesses.

## 2. Strengthening Social Protection Schemes

Expanding social security programs to include informal workers is essential. Initiatives such as contributory pension schemes, affordable health insurance, and paid maternity leave can provide a safety net for women. Tailoring these programs to the needs of informal workers and ensuring their accessibility can mitigate the risks associated with informal employment. Recognizing the challenges faced by informal workers, the government has introduced several schemes aimed at providing social security and financial assistance:

- **e-Shram Portal**

Launched in 2021 by the Ministry of Labour and Employment, the e-Shram portal aims to create a national database of unorganized workers, including those in the informal sector. Registered workers receive a unique identification number, facilitating access to various social security schemes. As of March 2024, approximately 295 million workers had registered on the portal. Initially, e-Shram cardholders were entitled to an accidental insurance benefit of ₹2 lakh in case of death and ₹1 lakh for permanent disability. The [Union Budget 2025-26](#) expanded benefits to

include healthcare coverage under the Pradhan Mantri Jan Arogya Yojana (PM-JAY), providing up to ₹5 lakh per family per year for secondary and tertiary hospitalization.

- **Pradhan Mantri Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi)**

Introduced in 2020, PM SVANidhi provides collateral-free working capital loans to street vendors, a significant number of whom are women. By January 2025, the scheme had benefited around 68 lakh street vendors, offering them relief from high-interest informal sector loans. The Union Budget 2025-26 proposed an expansion of this scheme, increasing the loan amount and extending the repayment period to support vendors in sustaining their livelihoods.

### 3. Skill Development and Education

Investing in vocational training and education can equip women with skills that are in demand, enabling them to secure better-paying jobs or start their own enterprises. Programs that offer flexible learning schedules and childcare support can make it easier for women to participate. Empowering women through education fosters economic independence and contributes to broader societal development.

- **Pradhan Mantri Kaushal Vikas Yojana (PMKVY):** This flagship program offers short-term skill training, with women comprising approximately 50% of the 4.8 million candidates trained as of November 2021.
- **National Skill Training Institutes for Women (NSTIs-W):** Established to provide advanced vocational training, there are currently 11 operational NSTIs-W, with plans to set up eight more across various states.
- **Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY):** Aims to enhance the employability of rural youth, including women, by providing demand-driven skill training and job placement support.

#### 4. Legal Reforms and Enforcement

Strengthening labor laws to recognize and protect informal workers is crucial. Establishing and enforcing regulations that ensure fair wages, safe working conditions, and protection against harassment can significantly improve the livelihoods of women in the informal sector. Approximately 81% of the workforce is employed in the informal sector, with women constituting a significant portion. To address this, the Indian government has implemented several initiatives.

- **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:** This act mandates the formation of Local Committees to address complaints from women in the informal sector. However, implementation challenges persist, with many women unaware of these provisions.
- **Mission Shakti:** Launched in July 2022, this umbrella scheme aims to enhance the safety, security, and empowerment of women. It includes components like working women's hostels, crèche facilities, and integrated support services to facilitate women's workforce participation.

A holistic approach is essential to uplift India's informal women workers to ensure they receive fair wages, social security, and safe working conditions. While government initiatives like PMKVY, e-Shram, and Stand-Up India are steps targeted towards enhancing skill development, financial inclusion, and labor protection, challenges such as wage disparity, lack of formal contracts, and workplace harassment persist. Strengthening the enforcement of labor laws, expanding social security coverage, and fostering gender-sensitive policies are essential for meaningful change. Prioritizing the formalization of women's employment and addressing systemic barriers will enable India to unlock the full economic potential of demographic dividend and thus drive inclusive and sustainable growth. As Kofi Anan observed, "When women thrive, all of society benefits, and succeeding generations are given a better start in life".