



Contextualizing the Difference between the Rural and Urban Informal Sector in India: An Empirical Exploration

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Accepted: 4 January 2025

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Abstract

The Indian economy has been classified as a dual economy, being bifurcated into the formal and the informal sectors. It has been observed that the informal economy is a way of life of the people living in the South-Asia, touching the life of every person either directly or indirectly. Empirical evidence has been validating the positive returns accruing to the Indian informal sector in general. The Indian informal economy can be bifurcated into rural and urban fractions. The present study is an effort to empirically differentiate and analyze the rural and urban informal sector in India. The findings of the study establish the differentiated characteristics of these two sub-sectors answering the reasons behind the dichotomy. Validated by these findings, separate policy recommendations are forwarded in order to strengthen the aggregate outcomes of the Indian informal sector in particular and the South Asian informal sector in general.

Keywords India · Informal Sector · Technical Efficiency · Rural · Urban

JEL Classification E26 · R12