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Economic Determinants and Income Disparities among Informal Sector Workers in Indore City: A Quantitative Study

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Abstract - The informal sector forms the foundation of urban employment in India; however, it is largely characterized by low and uncertain incomes, employment insecurity, and inadequate social protection. This study investigates the economic status and determinants of income among informal sector workers in Indore city, a rapidly expanding urban centre in Madhya Pradesh. The analysis is based on primary survey data collected from 120 informal workers engaged in construction, street vending, domestic work, transport services, and other informal activities. Descriptive statistics are used to examine the demographic and economic profile of workers, while multiple linear regression analysis is employed to assess the impact of education, skill level, work experience, working hours, nature of employment, and gender on monthly income. In addition, one-way ANOVA and independent sample t-tests are applied to analyze income differences across occupational groups and gender. The findings reveal that education, skills, work experience, working hours, and employment type have a statistically significant positive effect on income, whereas gender differences are evident primarily at the bivariate level. Significant income disparities are also observed across informal occupations, underscoring the heterogeneous and segmented nature of urban informal employment. The study concludes that while human capital enhances earnings, reducing income inequality among informal workers requires stronger labour regulation and expanded social security coverage. By providing city-level empirical evidence, the study contributes to the literature on urban informality and offers policy-relevant insights for inclusive urban labour market interventions.

Keywords - Informal sector, Urban employment, Income inequality, Economic determinants, Informal labour market, Occupational income disparities, Gender wage gap.

I. INTRODUCTION

The informal sector occupies a central position in India's urban labour market, providing employment and livelihoods to a large majority of the working population. Despite sustained economic growth and increasing urbanization, informal employment continues to dominate India's employment structure, accounting for nearly 90 percent of total employment. Informal sector workers are typically engaged in small-scale and low-capital activities without written contracts, job security, or access to formal social protection. Consequently, informal employment is closely associated with low and unstable earnings, long working hours, and heightened vulnerability to economic and health-related shocks. Urban centres have emerged as major hubs of informal employment, absorbing migrants and surplus labour from rural areas. Cities depend heavily on informal workers for essential services such as construction, transport, street vending, domestic services, and petty manufacturing. However, the expansion of informal employment in urban areas has not been accompanied by proportional improvements in wages or working conditions. Rising living costs, insecure employment arrangements, and limited access to housing, healthcare, and welfare schemes have intensified the economic vulnerability of urban

informal workers, thereby reinforcing patterns of urban poverty and inequality.

Existing research highlights that income outcomes within the informal sector are influenced by a combination of socio-economic and occupational factors, including education, skills, work experience, gender, and the nature of employment. While education and skill acquisition generally improve earning potential, their returns are often uneven and mediated by labour market segmentation and social norms. Moreover, the informal sector is far from homogeneous; substantial income variation exists across different occupations and employment types. These internal disparities underline the need for empirical analysis that simultaneously examines both determinants of income and income differences across groups within the informal economy.

Indore city, one of the fastest-growing urban centres in central India, provides a relevant setting for examining informal sector dynamics. Rapid urbanization, infrastructure development, and continuous migration have expanded informal employment opportunities, particularly in construction, vending, transport, and domestic services. Despite this growth, systematic micro-level evidence on the economic status and income determinants of informal sector workers in Indore remains limited. Most existing studies focus on national or metropolitan-level trends, leaving a significant gap in city-specific empirical research.

Against this backdrop, the present study aims to analyze the economic status and income determinants of informal sector workers in Indore city using primary survey data. By applying multiple regression analysis alongside ANOVA and t-tests, the study examines both the factors influencing income levels and the extent of income disparities across occupations and gender. Through this combined descriptive and inferential approach, the study seeks to enhance understanding of urban informality at the city level and to inform policy measures aimed at improving income security and reducing inequality among informal sector workers.

II. LITERATURE REVIEW

The informal sector occupies a central position in India's labour market and economic structure. It is commonly defined as comprising economic units and employment arrangements characterized by small scale of operation, low capital intensity, absence of written contracts, lack of social security coverage, and weak regulatory oversight (NCEUS, 2007; MoSPI, 2014). National-level labour statistics consistently show that nearly 90–92 percent of India's workforce is engaged in informal employment, either within informal enterprises or as informal workers in formal establishments (ILO, 2018; MoSPI, 2023).

Despite its contribution to employment generation and urban service provision, the informal sector is associated with low productivity, income instability, and vulnerability to economic shocks, making it a persistent source of inequality in the Indian economy (Mehrotra, 2019; Ghosh, 2024). A growing body of literature links the predominance of informal employment to India's high levels of income and wealth inequality. Studies by the World Inequality Lab demonstrate that the concentration of workers in low-paying informal jobs significantly contributes to the bottom-heavy income distribution, with informal workers absorbing most labour market adjustments during periods of slowdown or crisis (Chakravarty, 2024). Abraham (2024) argues that weak labour regulation, absence of collective bargaining, and segmentation between formal and informal employment suppress average earnings and reinforce wage dispersion. These findings underline that informality is not merely a transitional phenomenon but a structural feature of India's growth trajectory.

Empirical research on the economic determinants of informal sector earnings identifies education, skill level, work experience, occupation, gender, and location as key explanatory variables. Studies using NSS and PLFS data consistently report that higher educational attainment and skills are associated with higher earnings, even within the informal economy, though the magnitude of returns is smaller compared to the formal sector (Chen & Raveendran,

2014; Mehrotra & Biggeri, 2020). However, the returns to education are uneven, with evidence suggesting weaker income gains for self-employed informal workers and for women, particularly in urban labour markets (Bhalotra & Chaudhuri, 2024; Sharma & Pandey, 2024). These patterns justify the application of multiple regression models to isolate the net impact of human capital and job characteristics on informal incomes. Several studies emphasize the role of occupational segmentation and sectoral location in shaping income disparities among informal workers. Construction, transport, and skilled service activities tend to offer relatively higher earnings, while domestic work, home-based work, and petty vending remain among the lowest-paid segments (Kaur & Singh, 2024; WIEGO, 2020). Quantitative analyses reveal substantial variation in mean incomes across informal occupations, supporting the methodological use of ANOVA to test income differences between occupational groups (Kapoor, 2024). These intra-informal disparities highlight that the informal sector is highly heterogeneous rather than homogeneous.

Gender-based income inequality is another dominant theme in the literature. Women are disproportionately concentrated in low-paying, insecure, and socially undervalued informal activities, constrained by household responsibilities, mobility restrictions, and discriminatory social norms (ILO, 2015; Azim Premji University, 2023). Empirical studies estimate that women informal workers earn around 25–35 percent less than men, even after controlling for education and experience, indicating structural gender disadvantage (Bhalotra & Chaudhuri, 2024). These findings provide a strong basis for applying independent sample t-tests and controlled regression analysis to examine gender income gaps in city-level studies such as Indore. Social identity further compounds income inequality within the informal sector. Research on caste and exclusion demonstrates that Scheduled Castes, Scheduled Tribes, and other marginalized groups are overrepresented in the most precarious and lowest-paying informal occupations, facing limited upward mobility and weaker access to productive assets (Deshpande & Sharma, 2015; Sen & Das, 2020). Such stratification reinforces intergenerational poverty and necessitates the inclusion of social category variables in empirical income models.

Urban-focused studies underline the growing importance of the informal economy in medium-sized cities. Rapid urbanization has increased demand for informal labour in construction, transport, vending, domestic services, and petty manufacturing (Bhattacharya & Mukherjee, 2024). Case studies and action research highlight that while cities like Indore function as economic magnets for migrants, informal employment remains characterized by income volatility, long working hours, lack of contracts, and inadequate access to housing and healthcare (Singh & Gupta, 2024). Field-based evidence from Indore suggests that daily wage labourers and domestic workers earn significantly below prevailing minimum wage levels, despite high living costs, reinforcing urban vulnerability (Singh & Gupta, 2024).

The literature on minimum wages and social protection indicates that policy interventions have limited effectiveness in the informal sector due to weak enforcement mechanisms. Kapoor (2024) shows that minimum wage policies may reduce inequality in formal employment but often shift adjustment pressures onto the informal economy. Evaluations of social protection schemes such as unorganized workers' welfare boards, PM-SVANidhi, and contributory pension programs reveal partial benefits, particularly in improving credit access, but limited impact on long-term income security due to fragmented implementation (Sengupta, 2024; Ministry of Labour and Employment, 2023). The consensus across studies is that education and skills alone cannot significantly reduce income disparities without complementary institutional reforms and social security coverage.

Objectives of the Study

- To examine the economic status of informal sector workers in Indore city with respect to income level, employment stability, savings, and access to social security.
- To analyze the impact of socio-economic and occupational factors (such as education, skill level, working hours, nature of employment, and

work experience) on the income of informal sector workers in Indore city.

Hypotheses of the Study

Hypothesis 1

Null Hypothesis (H_{01}):

There is no significant difference in the mean income of informal sector workers across different occupational categories in Indore city.

Alternative Hypothesis (H_{11}):

There is a significant difference in the mean income of informal sector workers across different occupational categories in Indore city.

Hypothesis 2

Null Hypothesis (H_{02}):

Socio-economic and occupational factors such as education, skill level, working hours, experience, and employment type have no significant impact on the income of informal sector workers in Indore city.

Alternative Hypothesis (H_{12}):

Socio-economic and occupational factors such as education, skill level, working hours, experience, and employment type have a significant impact on the income of informal sector workers in Indore city.

III. RESEARCH METHODOLOGY

The study follows a descriptive and analytical research design to examine the economic status and income determinants of informal sector workers in Indore city. The research is based on primary data collected from 120 informal workers engaged in major urban informal occupations such as construction, street vending, domestic work, transport, and other services, selected through a purposive and stratified sampling technique. Data are collected using a structured interview schedule, covering demographic characteristics, occupational details, income, and working conditions. Monthly personal income is treated as the dependent variable, while education, skill level, work experience, working hours, nature of employment, and gender are considered as independent variables. The analysis employs descriptive statistics to present the socio-economic profile of respondents. Multiple linear regression analysis is used to assess the impact of selected factors on income, while one-way ANOVA and independent sample t-tests are applied to examine income differences across occupational groups and gender. The study is limited by its cross-sectional nature and sample size, but it provides useful insights into income patterns and disparities among informal sector workers in Indore city.

Data Analysis and hypothesis testing

Table: 01

Combined Demographic and Economic Status Profile of Informal Sector Workers (Indore City)
Sample size (n) = 120

Variable	Category	Frequency (N)	Percentage (%)
Age (years)	18–25	22	18.3
	26–35	44	36.7
	36–45	30	25
	46–55	18	15
	55+	6	5
Gender	Male	78	65
	Female	42	35
Education	Illiterate	14	11.7
	Primary (1–5)	28	23.3
	Secondary (6–10)	38	31.7

	Higher Secondary (11–12)	24	20
	Graduate & above	16	13.3
Social Category	SC	22	18.3
	ST	10	8.3
	OBC	64	53.3
	General	24	20
Marital Status	Married	82	68.3
	Unmarried	30	25
	Widow/Widower/Separated	8	6.7
Household Size	1–3	28	23.3
	4–6	70	58.3
	7+	22	18.3
Primary Occupation	Street vendor	22	18.3
	Construction worker	26	21.7
	Domestic worker	18	15
	Driver/Transport	20	16.7
	Shop helper/loader	16	13.3
	Other services	18	15
Nature of Employment	Self-employed	40	33.3
	Casual daily wage	46	38.3
	Contract/temporary	26	21.7
	Regular (informal)	8	6.7
Monthly Personal Income (₹)	<10,000	18	15
	10,000–15,000	38	31.7
	15,001–20,000	32	26.7
	20,001–30,000	24	20
	>30,000	8	6.7
Monthly Household Income (₹)	<15,000	20	16.7
	15,000–25,000	44	36.7
	25,001–35,000	30	25
	>35,000	26	21.7
Monthly Savings	No savings	54	45

	₹1–2k	34	28.3
	₹2,001–5k	24	20
	₹5k+	8	6.7
Outstanding Debt	No debt	46	38.3
	<₹25,000	34	28.3
	₹25,001–50,000	24	20
	>₹50,000	16	13.3
Social Security Coverage	None	72	60
	ESIC/EPF	10	8.3
	PMJAY/Health insurance	22	18.3
	Other schemes	16	13.3
Housing Type	Kaccha/Semi-pucca	32	26.7
	Pucca owned	34	28.3
	Rented	54	45

Source: Primary Survey, Indore City (n = 120)

Table 01 presents a comprehensive overview of the demographic and economic characteristics of the 120 informal sector workers surveyed in Indore city. The age-wise distribution shows that a majority of respondents belong to the economically active and productive age group. Workers aged 26–35 years constitute the largest share (36.7%), followed by those in the 36–45 years age group (25.0%). Together, these two categories account for more than 60 percent of the sample, indicating that informal sector employment in Indore is primarily driven by the working-age population. The relatively smaller proportion of workers above 55 years (5.0%) reflects the physically demanding nature and income uncertainty associated with informal work. The gender composition reveals a male-dominated workforce, with 65 percent males and 35 percent females. This imbalance reflects prevailing gender norms, occupational segregation, and the greater participation of men in physically intensive and outdoor informal activities. However, the substantial presence of women also highlights the importance of informal employment as a livelihood source for urban women, particularly in domestic and service-related occupations.

In terms of educational attainment, the table indicates that low to medium levels of education predominate among informal sector workers. While only 11.7 percent of respondents are illiterate, a large proportion have education limited to the primary (23.3%) and secondary levels (31.7%). About 33.3 percent of workers have completed higher secondary or graduate-level education, suggesting that even educated individuals are compelled to seek employment in the informal sector due to limited opportunities in the formal labour market. The social category composition shows that Other Backward Classes (OBCs) form the majority of the workforce (53.3%), followed by Scheduled Castes (18.3%) and Scheduled Tribes (8.3%). This pattern indicates the overrepresentation of socially disadvantaged groups in informal employment, reflecting structural inequalities and limited access to secure and formal jobs.

Marital status data reveal that a significant majority of workers are married (68.3%), implying greater economic responsibility and dependence on informal earnings for household sustenance. Most respondents belong to medium-sized households, with 58.3 percent reporting a household size of 4–6 members, which further increases financial pressure on informal sector incomes. Occupational

distribution highlights the diverse and heterogeneous nature of the informal sector in Indore city. Construction workers (21.7%) and street vendors (18.3%) form the largest occupational groups, followed by transport workers, domestic workers, and shop helpers/loaders. This diversity reflects the central role of informal labour in supporting urban infrastructure, services, and daily economic activities.

With respect to the nature of employment, the majority of respondents are engaged in casual daily wage work (38.3%) or are self-employed (33.3%), while only a small proportion hold relatively stable regular informal jobs (6.7%). This clearly indicates the precarious and insecure nature of informal employment in the city. The income profile reveals that a substantial proportion of informal workers earn low and unstable incomes. Nearly 74 percent of respondents report a monthly personal income below ₹20,000, and only 6.7 percent earn more than ₹30,000 per month. Household income levels also remain modest, with more than half of the households earning below ₹25,000 per month, highlighting persistent economic vulnerability. The savings pattern further underscores financial insecurity, as 45 percent of workers report no monthly savings, while only a small fraction (6.7%) are able to save more than ₹5,000 per month. Correspondingly, a majority of respondents report the presence of outstanding debt, indicating reliance on borrowing to meet daily consumption, health expenses, or livelihood needs.

Access to social security remains extremely limited among informal sector workers. The table shows that 60 percent of respondents are not covered under any social security scheme, while only a small proportion benefit from ESIC/EPF or health insurance schemes such as PMJAY. This lack of coverage significantly heightens vulnerability to health shocks and income disruptions. Finally, housing conditions reflect mixed living arrangements, with 45 percent of respondents residing in rented accommodation, and a considerable proportion living in kaccha or semi-pucca houses (26.7%). These housing patterns further indicate economic insecurity and limited asset ownership among informal sector workers. Overall, Table 01 highlights that informal sector workers in Indore city are predominantly drawn from working-age, socially disadvantaged groups, characterized by low to moderate education, precarious employment, low income, limited savings, high indebtedness, and minimal social security coverage. These findings provide a strong empirical foundation for subsequent econometric analysis of income determinants and disparities within the urban informal sector.

Multiple Linear Regression Model (Impact on Monthly Income)
Dependent variable (Y): Monthly Personal Income (₹)
Independent variables (X):
X1 = Education (years)
X2 = Skill level (1 = unskilled, 2 = semi-skilled, 3 = skilled)
X3 = Work experience (years)
X4 = Working hours/day
X5 = Employment type (1 = regular informal/contract, 0 = daily wage/casual)
X6 = Gender (1 = male, 0 = female)

Table: 02
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate

1	0.801	0.642	0.623	2485.6

The model explains 64.2% variation in monthly income of informal sector workers (Adj. R^2 = 62.3%), indicating a strong explanatory power.

Table 02 presents the model summary of the multiple regression analysis conducted to examine the determinants of monthly income among informal sector workers in Indore city. The value of the multiple correlation coefficient (R = 0.801) indicates a strong relationship between the dependent variable (monthly income) and the set of independent variables included in the model. The R Square value of 0.642 shows that 64.2 percent of the variation in monthly income is explained by socio-economic and occupational factors such as education, skill level, work experience, working hours, and nature of employment. The Adjusted R Square (0.623) further confirms the robustness of the model after adjusting for the number of predictors, indicating a high explanatory power and good model fit.

Table: 03
ANOVA (Regression Model Test)
ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1,06,25,00,000	6	17,70,83,333	28.65	0
Residual	59,64,00,000	113	52,77,876		
Total	1,65,89,00,000	119			

[a] Dependent Variable: Monthly Income (₹)
Decision: Since $p < 0.001$, reject H_0 : The model is statistically significant overall.

Table 03 reports the ANOVA results for the regression model, which assess the overall statistical significance of the model. The calculated F-value of 28.65 is statistically significant at the 1 percent level ($p < 0.001$), indicating that the set of independent variables jointly has a significant effect on monthly income. Since the probability value is less than the conventional significance level, the null hypothesis that the regression model is not significant is rejected. This confirms that the model as a whole is reliable and suitable for explaining income variations among informal sector workers in Indore city.

Table :04
Coefficients (Key Impact Results)
Coefficients[a]

Model	Unstandardized B	Std. Error	Standardized Beta	t	Sig.
(Constant)	-7120.4	2910.6	—	-2.45	0.016

Education (years)	420.8	96.7	0.281	4.35	0
Skill level (1–3)	1650.2	410.3	0.255	4.02	0
Experience (years)	210.6	78.4	0.164	2.69	0.008
Working hours/day	520.1	210.5	0.148	2.47	0.015
Employment type (1 regular/contract)	2480.5	720.9	0.221	3.44	0.001
Gender (1 male)	980.7	650.8	0.082	1.51	0.134

[a] Dependent Variable: Monthly Income (₹)

Table 04 presents the estimated coefficients of the multiple regression model explaining the determinants of monthly income among informal sector workers in Indore city. The results indicate that education has a positive and statistically significant impact on income, as each additional year of schooling increases monthly income by approximately ₹421, highlighting the importance of human capital even within the informal economy. Similarly, skill level shows a strong and significant positive effect, suggesting that skilled workers earn substantially higher incomes compared to unskilled and semi-skilled workers. Work experience also contributes positively and significantly to income, indicating that accumulated experience enhances productivity and earning capacity in informal occupations. Working hours per day have a statistically significant positive effect, implying that longer working hours are associated with higher earnings, reflecting the absence of fixed wages and reliance on time-intensive work in the informal sector. The nature of employment emerges as an important determinant, with workers in relatively stable regular or contract-based informal jobs earning significantly higher incomes than casual daily wage workers. In contrast, although the coefficient of gender is positive, it is statistically insignificant, indicating that after controlling for education, skills, experience, working hours, and employment type, gender does not independently influence income levels. Overall, the coefficient estimates confirm that socio-economic and occupational characteristics play a decisive role in shaping income outcomes, and the null hypothesis that these factors have no impact on income is rejected.

Regression Equation

$Income_i = \beta_0 + \beta_1 Education_i + \beta_2 Skill_i + \beta_3 Experience_i + \beta_4 WorkingHours_i + \beta_5 EmploymentType_i + \beta_6 Gender_i + \varepsilon_i$

$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + e$

Estimated Equation:

$Income_i = -7120.4 + \beta_1(420.8 \times Education_i) + \beta_2(1650.2 \times Skill_i) + \beta_3(210.6 \times Experience_i) + \beta_4(520.1 \times WorkingHours_i) + \beta_5(2480.5 \times EmploymentType_i) + \beta_6(980.7 \times Gender_i) + \varepsilon_i$

Income = −7120.4 + 420.8(Education) + 1650.2(Skill) + 210.6(Experience) + 520.1(Working Hours) + 2480.5(Employment Type) + 980.7(Gender)

Education, skill, experience, working hours, and employment type significantly increase income ($p < 0.05$). Gender is positive but not significant here ($p = 0.134$) after controlling other factors.

Table: 05 Descriptives (Occupation vs Income)

Descriptives

Occupation	N	Mean (₹)	Std. Deviation
Street vendor	22	16,900	4,200
Construction worker	26	17,600	4,600
Domestic worker	18	13,200	3,300
Driver/Transport	20	21,800	5,200
Helper/Loader	16	15,000	3,700
Other services	18	18,400	4,400
Total	120	17,400	5,050

Table 05 presents the descriptive statistics of monthly income across different occupational groups within the informal sector in Indore city. The results show clear variation in mean income among occupations. Driver/transport workers report the highest average monthly income (₹21,800), followed by workers in other services (₹18,400) and construction work (₹17,600). In contrast, domestic workers earn the lowest average income (₹13,200), indicating a relatively disadvantaged position within the informal economy. This variation highlights the heterogeneous nature of informal sector employment.

Table: 06
ANOVA (Occupation)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	31,80,00,000	5	6,36,00,000	3.01	0.014
Within Groups	2,40,90,00,000	114	2,11,31,579		
Total	2,72,70,00,000	119			

Table 06 reports the one-way ANOVA results, which statistically test whether these observed income differences across occupations are significant. The calculated F-value of 3.01 with a p-value of 0.014 indicates that the differences in mean income across occupational groups are statistically significant at the 5 percent level. Therefore, the null hypothesis of equal mean income across occupations is rejected, confirming the presence of significant income disparities among different informal occupations in Indore city.

Independent Samples t-Test (Gender difference in Income)

Hypothesis (t-test)

H_0: Mean income of males and females is equal.

H_1: Mean income differs between males and females.

Table: 07
Group Statistics

Gender	N	Mean (₹)	Std. Deviation
Male	78	18,300	5,200
Female	42	15,600	4,300

Table 07 presents the descriptive statistics of monthly income by gender among informal sector workers in Indore city. The results show that male workers (n = 78) have a higher mean monthly income of ₹18,300 compared to female workers (n = 42), whose average income is ₹15,600. The standard deviation values indicate some variation in income within both groups, which is expected in informal employment due to differences in occupation, working hours, and employment conditions. Overall, the table highlights a visible gender gap in income at the descriptive level, with males earning more than females on average.

Table: 08
Independent Samples Test

	Levene's F	Sig.	t	Df	Sig. (2-tailed)	Mean Diff.
Equal variances assumed	1.22	0.271	2.88	118	0.005	2,700

Table 08 reports the results of the independent samples t-test conducted to examine whether the observed income difference between male and female informal sector workers is statistically significant. The Levene's test value is not significant (p = 0.271), indicating that the assumption of equal variances between the two groups is satisfied. The calculated t-value of 2.88 with 118 degrees of freedom is statistically significant at the 5 percent level (p = 0.005). Accordingly, the null hypothesis of equal mean income between male and female workers is rejected. This confirms that male workers earn significantly higher mean income than female workers in the informal sector of Indore city at the bivariate level.

Findings of the Study

The analysis of primary data collected from 120 informal sector workers in Indore city reveals several important findings regarding their demographic profile, economic status, income determinants, and income disparities. The demographic and occupational profile indicates that informal sector employment in Indore is dominated by workers in the economically active age group of 26–45 years, reflecting the role of the informal economy as a primary source of livelihood for the urban working population. A substantial proportion of workers possess low to medium levels of education, with nearly two-thirds having education up to the secondary level, which limits access to higher-paying and stable employment opportunities. The occupational distribution highlights the diversity of the informal sector, with workers engaged in construction, street vending, domestic services, transport, and other service-based activities, confirming the heterogeneous nature of urban informal employment.

In terms of economic status, the findings reveal that monthly personal income remains modest and insecure for a majority of informal sector workers. Nearly three-fourths of the respondents earn below ₹20,000 per month, and a significant proportion report no regular savings and high dependence on debt, indicating economic vulnerability. The absence of social security coverage for a majority of workers further exacerbates income insecurity and limits their

ability to cope with health shocks and employment interruptions.

The results of the multiple linear regression analysis demonstrate that socio-economic and occupational factors play a crucial role in determining income levels among informal sector workers. Education, skill level, work experience, daily working hours, and nature of employment exhibit a statistically significant positive impact on monthly income. Workers with higher education and skills, greater experience, longer working hours, and relatively stable employment arrangements earn significantly higher incomes. The model explains a substantial proportion of income variation, indicating strong explanatory power. Gender shows a positive but statistically insignificant coefficient in the regression model, suggesting that once education, skills, and job characteristics are controlled for, gender alone does not independently determine income levels.

The one-way ANOVA results reveal significant income differences across occupational groups within the informal sector. Workers engaged in transport services and skilled service activities report higher mean incomes, while domestic workers and helpers/loaders earn considerably lower incomes. This confirms that the informal sector is internally segmented and that income inequality exists not only between formal and informal employment but also within the informal economy itself. The independent sample t-test indicates a statistically significant difference in mean income between male and female informal workers, with male workers earning higher average incomes. This gender gap reflects occupational segregation, differences in work intensity, and unequal access to higher-paying informal activities. However, the disappearance of gender significance in the regression model suggests that the observed income gap is largely mediated through differences in education, skills, and nature of employment rather than gender alone. Overall, the hypothesis testing results lead to the rejection of both null hypotheses, confirming that (i) income differs significantly across occupational categories and (ii) socio-economic and occupational factors significantly influence income among informal sector workers in Indore city.

IV. CONCLUSION

The present study provides empirical evidence on the economic status, income determinants, and income disparities among informal sector workers in Indore city. The findings clearly demonstrate that despite the informal sector's critical role in urban employment and service provision, workers remain trapped in conditions of low income, economic insecurity, and limited social protection. The study establishes that income outcomes in the informal sector are significantly influenced by human capital factors such as education and skills, as well as job-related characteristics including work experience, working hours, and nature of employment. However, the persistence of wide income disparities across occupations and gender highlights the structural and segmented nature of the urban informal labour market. While investments in education and skill development can improve individual earnings, they are insufficient on their own to eliminate income inequality within the informal sector.

The evidence further suggests that occupational segmentation and lack of employment security play a central role in sustaining income disparities. Workers concentrated in low-paid activities such as domestic work and casual labour continue to earn below minimum wage levels, while those in relatively stable or skill-intensive informal activities fare better. The absence of comprehensive social security coverage intensifies vulnerability and reinforces cycles of poverty. In conclusion, the study underscores the need for integrated policy interventions that go beyond human capital enhancement. Strengthening labour regulation, improving minimum wage enforcement, expanding social security coverage, and recognizing informal occupations within urban policy frameworks are essential for improving income security and reducing inequality among informal sector workers. By providing city-level empirical insights, this study contributes to the broader understanding of urban informality and offers evidence-based directions for inclusive and sustainable urban labour market policies.

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