Decomposition of Gender Income Gap in Rural Informal Micro-enterprises: An Unconditional Quantile Approach in the Handloom Industry

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There exists a noteworthy gender income gap in the micro-entrepreneurial activities and typically the females earn lower than the males. While such gender income gap in wage employment is well-documented, well-documented, the aspect needs attention in the context of the micro-entrepreneurship, particularly in the informal sector. It is important to analyze how differently the gender difference in endowments affect the income of the male and the female micro-entrepreneurs. The present study, based on primary data, analyses gender income gap and its compositions throughout the income distribution of the handloom micro-entrepreneurs in Assam. On an average, the female micro-entrepreneurs earn 51 percent lesser than their male counterpart. The unconditional quantile decomposition reveals that the gender income gap increases along the income distribution. The differences in the productive characteristics (endowment effects) explain much of the income gap at the median level and beyond than the heterogeneous returns to such characteristics (discriminatory effects). The endowment effects related to education, financial literacy, risk attitude, SHGs membership, and technology adoption are found in favor of the male micro-entrepreneurs. The results suggest that poor management of entrepreneurial activities of the female results in wider gender gap throughout the income distribution. The study urges for policy prescriptions towards dissemination of technological, financial, and managerial know-how to make the females more organized towards addressing the gender income gap.

Keywords: Micro-entrepreneurs, Handloom, Gender, Income gap, Unconditional quantile regression