

Trade and informality – A literature Review

Chandrawati

ABSTRACT

The thesis contributes to the literature in multiple ways. It explores the link between trade liberalization and the informal sector. Trade liberalization plays a significant role in the development of an economy as all countries have insufficient resources and depend on trade to grow and prosper. The key objective of this study is to explore theoretical the relationship between trade and informality in multiple dimensions such as the impact on wage and employment, labor market flexibility matter, productivity and wage inequality in the Indian context. The study then discusses the evidence on the effects of trade liberalization on a series of outcomes that include: (1) the informal labor market (2) firm's productivity, costs and markup (3) gender inequality. Additionally, a note on the impact of the COVID-19 pandemic on the informal market. Furthermore, the study offers conclusions and implications drawn from the themes formulated from these key issues. the study points to areas and opportunities for further research and draws lessons from the past to apply to future studies. It could help develop a sound understanding of the impact of trade and labor market policies in the informal market.

Keywords: Informal market, Informal employment, Literature Review, International Trade