Digital Finance and Gendered Labor Reallocation*

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Abstract

This study examines how the expansion of digital financial services (DFS) affects labor reallocation for men and women in India. Using nationally representative datasets and a two-stage least squares approach, we find distinct shifts in employment. For men, DFS enables a transition from self-employment, particularly in agriculture, to wage employment. For women, DFS promotes entry into regular wage work, reducing unpaid labor. Both genders experience increased time in paid work and earnings, with declines in unpaid activities. DFS also improves women's financial autonomy through greater use of banking services, mobile money, and the Internet. These findings highlight the role of DFS in reshaping labor markets and advancing gender equity.

JEL classifications: G21, J16, J22, O33, O16
Keywords: Digital payments, Gender, Technology, Labor, Time-use

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1 Introduction

In 2023, the global digital payments market has reached an estimated $8 49 trillion and is projected to exceed $15 trillion by 2027, driven by the rapid adoption of mobile payments, digital banking and fintech innovations, particularly in developing countries (Statista, 2023; Insights, 2023). This surge in Digital Financial Services (DFS) has significantly transformed economic transactions by lowering transaction costs, expanding financial inclusion, and enhancing access to credit and consumption. Such developments have proven pivotal in driving economic growth and alleviating poverty across diverse global contexts (Jack and Suri, 2014; Suri and Jack, 2016; Demirguc-Kunt et al., 2018; Higgins, 2019; De Mel et al., 2022; D'Andrea and Limodio, 2024; Cong, Giesecke, and Kuhnen, 2024; Shapiro and Mandelman, 2021; Agarwal et al., 2024). Although the macroeconomic impacts of DFS, such as boosting GDP and reducing economic disparities, are well documented, their microeconomic implications, particularly concerning labor market dynamics through a gender-focused lens, require further exploration. This study examines how DFS facilitate transitions from informal to formal employment and influence the allocation of time between labor and non-labor activities, with a focus on gender disparities.

This research investigates the impact of DFS on employment patterns in India, a country where the rapid expansion of DFS, coupled with challenges in labor market transitions and pronounced gender disparities, offers a distinct, yet broadly applicable context for analysis relevant to other major developing economies.

We first evaluate whether DFS can trigger a structural shift from informal subsistence activities to formal employment sectors. We investigate whether the mechanisms through which DFS affect labor market outcomes are differentiated by gender, a critical consideration in regions marked by pronounced gender inequalities (Kundu, 2020; Jayachandran, 2015; Bertrand et al., 2021; Field et al., 2021). We investigate DFS's impact at the intensive margins, i.e., on time spent on unpaid and paid work. Further, as potential demand-side mechanisms, we examine how the regional expansion of DFS influences individuals' access to banking, the Internet, and mobile money, specifically women's financial autonomy.

We hypothesize that the proliferation of DFS facilitates an economic transformation, with different mechanisms that affect men and women. Increased access to DFS is expected to reduce agricultural employment for both genders, a transition supported by structural change theories, which posit that as economies modernize, labor shifts from subsistence agriculture to more productive sectors, including nonagricultural self-employment and wage

labor (Lewis et al., 1954; Boppart and Krusell, 2020). DFS, by reducing transaction costs and broadening access to credit, is likely to accelerate this transition by enabling more individuals to access formal credit markets and improving labor productivity in non-agricultural sectors (Suri and Jack, 2016).

For women, DFS presents particularly transformative opportunities. Structural barriers, including unpaid domestic responsibilities and limited access to financial resources, have historically restricted women's participation in formal labor markets (Duflo, 2012; Dupas and Robinson, 2013; Barth, Kerr, and Olivetti, 2021; Exley and Kessler, 2022). By providing access to essential financial services, DFS can dismantle these barriers, opening new pathways into paid and formal employment. This shift is anticipated to significantly enhance women's participation in the formal economy, helping them transition away from unpaid and unrecognized labor, thereby reshaping traditional gender roles. However, the magnitude of this shift might be constrained by the deep-rooted structural challenges that women face in entering formal labor markets (Anderson and Eswaran, 2009; Duflo, 2012; Bertrand et al., 2021).

To substantiate these hypotheses, the study employs nationally representative data from the Periodic Labor Force Survey (PLFS), Indian Time Use Survey (ITUS), and the National Family Health Survey (NFHS). These datasets provide insights into labor market participation, time-use patterns, and financial tool utilization, disaggregated by gender, which allows for an exploration of both the demand- and supply-side effects of DFS on labor markets. The empirical strategy incorporates a two-stage least squares (2SLS) methodology to control for potential endogeneity in DFS adoption, using district-level exposure to 'currency chest' infrastructure as an instrument, following methodologies outlined by Chodorow-Reich et al. (2020), Crouzet, Gupta, and Mezzanotti (2023), and Das et al. (2023). This approach helps to isolate the exogenous variation in DFS access driven by historical banking infrastructure rather than by current economic conditions.

Our findings at the extensive margins offer insights into how DFS influence both the structure of employment and the allocation of labor across genders. For men, we observe a statistically significant increase in aggregate employment, primarily driven by a reduction in agricultural self-employment, while non-agricultural employment (both self-employment and regular wage/salary employment) increases. For women, the effects are distinct; we do not find a reduction in aggregate self-employment, but do observe a notable increase in regular wage/salary employment, majorly driven by a shift away from unpaid self-employment and casual employment. This suggests that DFS promote a shift from low-productivity

agricultural work to higher productivity non-agricultural employment for men, securing wage-based jobs, and for women, a transition from unpaid roles to formal, wage-earning employment.

At the intensive margin, DFS significantly increased the time men allocate to both self-employment and regular wage/salary employment. For women, the impact of DFS is more pronounced in regular wage/salary employment than in self-employment, reflecting similar trends observed at the extensive margin. This dual effect indicates that while DFS facilitate deeper integration into formal labor markets, they also lead to greater involvement in paid labor market activities. Importantly, the increase in time spent on employment for both men and women is largely driven by a reduction in time allocated to unpaid care work and self-care activities, suggesting a shift towards more economically productive endeavors. Moreover, our analysis reveals significant wage gains across both self-employed and regularly employed individuals. Crucially, the absence of statistically significant differences in wages between genders suggests that DFS promote wage growth in an equitable manner, contributing to narrowing the relative gender wage gaps.

Furthermore, the socio-economic transformations induced by DFS are profound, affecting individual-level outcomes particularly in terms of financial inclusion and autonomy. DFS significantly increase the ownership of bank accounts, mobile phones, and internet usage, facilitating greater engagement in the digital economy across genders. For women, in particular, these technologies have led to a marked increase in financial autonomy—greater control over financial resources and decision-making within households. This empowerment of individuals—especially women—represents a broader reallocation of economic power, wherein DFS not only reshape employment dynamics but also reduce gender disparities in financial access and decision-making authority.

Disaggregated by gender, age, education and marital status, our results show marked differences in employment engagement. Younger, more educated individuals, particularly those adaptable to digital integration, show increased likelihood of paid employment, underscoring the role of digital literacy in harnessing DFS benefits. Unmarried individuals and those from more privileged social categories also exhibit stronger responses to DFS, highlighting socio-economic factors as significant mediators of DFS effects. In urban settings, DFS enhanced regular wage employment for both men and women, demonstrating more effective integration of digital services in urban compared to rural areas. Regarding social categories, DFS impacts vary. Notably, there is a decrease in self-employment among men from Scheduled Tribes and Scheduled Castes, indicating shifts from traditional livelihoods.

The robustness of our findings is ensured through various empirical tests. First, we compare Instrumental Variable (IV) estimates with Ordinary Least Squares (OLS) results to affirm the direction of the observed effects of DFS on employment. Second, we control for district level characteristics that significantly affect the instrumental variable. Third, we use alternative specifications of DFS exposure—using both transaction (a) counts and (b) growth of DFS from 2018 to 2019—are tested to confirm the stability of our results.

2 Literature Review

The rapid growth of DFS has become a pivotal area of economic research, particularly for its potential to enhance financial inclusion, lower transaction costs, and stimulate economic development in developing nations. Foundational studies by Suri and Jack (2016), Mbiti and Weil (2015), and Jack and Suri (2014) demonstrate how mobile money platforms such as M-Pesa have significantly aided economic growth by providing financial services to unbanked populations, easing credit constraints, and enabling consumption smoothing. These contributions highlight DFS's role in poverty alleviation and economic empowerment. Expanding on this, Demirguc-Kunt et al. (2018) and Shapiro and Mandelman (2021) explore DFS's potential to mitigate poverty, hunger, and gender inequality and to induce sectoral labor market shifts globally.

Further, randomized controlled trials (RCTs) provide detailed insights into the demand-side effects of DFS on financial inclusion. Studies by Dupas and Robinson (2013) and Field et al. (2021) highlight how access to savings accounts substantially increases women's financial autonomy and labor market participation in Kenya and India, respectively. Riley (2018) illustrates that mobile money enhances risk-sharing and aids in consumption smoothing during economic shocks in Tanzania, with pronounced benefits for women. De Mel et al. (2022) and Cole, Joshi, and Schoar (2024) show that mobile-linked accounts and targeted business advice significantly improve savings behaviors and entrepreneurial outcomes. While these RCTs emphasize the benefits of DFS, they tend to have limited geographical scope and often overlook important factors like time use and labor reallocation.

Prior research has examined the broader impacts of DFS on various economic outcomes. Studies have addressed savings and insurance (De Mel et al., 2022), liquidity and consumption smoothing (Agarwal et al., 2024), risk-sharing (Carli and Uras, 2024), migration responses and resilience to economic shocks (Chen and Zhao, 2021; Riley, 2018; Suri, Bharadwaj, and Jack, 2021; Londoño-Vélez and Querubin, 2022; Batista and Vicente, 2023),

intergenerational mobility (Yang et al., 2024), agricultural growth (Aker, 2010; Aggarwal, Brailovskaya, and Robinson, 2023), remittances (Pazarbasioglu et al., 2020; Moorena et al., 2020), technology adoption (Crouzet, Gupta, and Mezzanotti, 2023), entrepreneurship and economic development (Dubey and Purnanandam, 2023; Beck et al., 2018; Cole, Joshi, and Schoar, 2024), and tax returns (Das et al., 2023). However, these studies largely overlook the micro-level, causal implications for labor markets, particularly in gender-unequal settings.

Our study seeks to fill these gaps by providing a micro-level analysis of the gender-differentiated impacts of DFS on labor supply. We examine how DFS reshape labor allocation within households, leading to structural shifts from informal to formal employment, which is particularly significant in gender-unequal economies. For instance, while Agarwal et al. (2024) focus on the effects of India's 2016 demonetization on accelerating digital payments, our research extends this analysis by exploring how DFS facilitate formal employment entry across genders, contributing to the creation of higher-paying job opportunities. We also build on Shapiro and Mandelman (2021)'s findings that firm-level digital adoption reduces self-employment by facilitating transitions into salaried jobs. We highlight a key distinction: this reduction primarily reflects a shift from low-productivity agricultural work to more productive non-agricultural activities, offering a deeper understanding of how DFS promote productivity-enhancing labor reallocations. By addressing both the extensive and intensive margins of employment and focusing on intra-household labor dynamics, our analysis provides new insights into how DFS drive inclusive economic growth and mitigate gender disparities in labor markets.

3 Data

We use five datasets for our analysis: (i) UPI usage data from Phonepe, (ii) Indian Time Use Survey (ITUS), (iii) National Family Health Survey (NFHS), (iv) Periodic Labor Force Survey (PLFS) and (v) RBI data on Currency Chests. The details of the datasets are discussed below.

3.1 UPI usage data from Phonepe

We extract the district-level UPI usage data from Phonepe, which is one of India's largest UPI platforms founded in 2015. In September 2021, Phonepe launched 'Phonepe Pulse', which is an online repository of the digital transaction data from Phonepe users, available for each quarter from the year 2018. We used the data API available on Pulse webpage and

scraped the data. Our district-level treatment variable is the average of the total amount of digital transactions over the years of 2018 and 2019. To add additional layers of robustness, we use the total count of DFS averaged over the same period, and the growth of DFS between 2018 and 2019 as an alternative treatment variable. We observe wide variations in UPI usage, as shown in Table A7. Additionally, in Figure A1, we observe the rapid growth in UPI usage in between 2018 and 2019.

3.2 Indian Time Use Survey (ITUS)

Time-use surveys offer a framework for gauging how much time people spend on various activities, whether they are paid or unpaid activities. During January-December 2019, National Statistical Office (NSO) conducted the first pan-India Time Use Survey. ITUS covered 1,38,799 households, among which 82,897 were from rural areas and 55,902 were from urban areas. Time use patterns of each household member aged 6 and above were collected, which aggregated to a total of 4,47,250 individuals. The survey, conducted through personal interviews, recorded information on time use for a period of 24 hours, beginning the day before the interview at 4:00 A.M. and ending at 4:00 A.M. on the day of the interview.

The gender-disaggregated data on time use patterns in ITUS allow us to study time spent on employment activities by men and women separately. We analyze time spent on all employment activities, regular employment, self-employment and casual employment, alongside unpaid activities, learning and socializing activities and self-care. Our sample is restricted to individuals above age 14. In Table A1, we present a detailed summary statistics of the intensive margin (conditional on positive time spent in the said activity) of time use variables, for both Men and Women. In Table A7, we present another set of time use statistics, which we use for additional results and robustness checks.

3.3 National Family Health Survey (NFHS)

NFHS is a nationally representative household survey that captures a wide range of topics on health and empowerment. For our analysis, we focus on the fifth round of NFHS, which was conducted in two rounds in between 2019 and 2021. From the Pre COVID-19 round, we draw the following individual-level information for men and women separately: (a) Do they own a bank account? (b) Do they own a mobile phone? (c) Do they use their mobile phones for financial transactions? (d) Do they use the internet? and (e) Do they have access to money that they can use as they wish? The last piece of information is only there for women, but not for men. The data for women is drawn from the eligible women dataset

of NFHS, where the sample is restricted to women in between the age group of 15-49. To make our results consistent and comparable with women's data, we restrict our sample to 15-49 age group for men's data as well.

3.4 Periodic Labor Force Survey (PLFS)

PLFS provides data on the employment and unemployment situation in India. The survey is being conducted annually by the National Statistical Office (NSO) since 2017. For our analysis, we use the 2019-20 wave of PLFS, which was conducted between July 2019 and June 2020. The pan-India survey covered 6,913 villages and 5,656 urban blocks, including a total of 4,18,297 individuals (2,40,231 in rural areas and 1,78,066 in urban areas). We use the gender-disaggregated data on the extensive margin of employment activities from PLFS 2019-20, including self-employment (disaggregated by agricultural and non-agricultural employment), unpaid self-employment (which is not a part of the aggregate self-employment), regular wage/salary employment and casual employment. We also use the information on individual wages in regular employment and self-employment.[1] To make our analysis consistent with ITUS, we restrict the PLFS sample to individuals over age 14. In Table A1, we present the summary statistics of the variables we use from PLFS.

3.5 RBI data on Currency Chests

A few scheduled banks have been given permission by the Reserve Bank to set up currency chests in order to make it easier to distribute rupee coins and banknotes. These are repositories where the Reserve Bank stocks rupee coins and banknotes for distribution to bank branches within their service region. We obtain the district-level data on the number of currency chests in 2016, curated by Crouzet, Gupta, and Mezzanotti (2023), which was originally sourced from RBI. This data is available for 512 districts, excluding districts from northeastern states and union territories. For the purpose of our analysis, we merged this district-level data with ITUS, PLFS and NFHS separately.

4 Identification Strategy

To analyze the impact of DFS on gendered time-use patterns, addressing potential endogeneity is crucial. Endogeneity may arise from self-selection, where individuals, especially women, in economically prosperous regions adopt online payment systems and use their

[1] It is worth noting that the data for overall wages/earnings from employment are not available in PLFS.

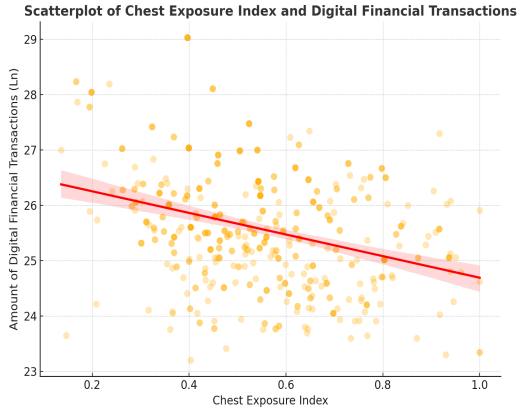
time more efficiently due to existing economic advantages. Additionally, reverse causality may occur if individuals engaged in employment activities seek out digital transactions to save time. To mitigate these concerns, we employ an IV approach. We instrument district-level DFS using the currency chest exposure index, Chest_d, for each district. This choice is inspired by Chodorow-Reich et al. (2020) and Crouzet, Gupta, and Mezzanotti (2023), followed by Aggarwal, Kulkarni, and Ritadhi (2023) and Das et al. (2023), who leveraged historical variations in currency chest as an exogenous source of variation.[2] The chest exposure index, Chest_d, derived from Crouzet et al. (2024), measures the proportion of total deposits in a district held by banks operating currency chests. This index reflects the significance of these banks in each district, derived from detailed deposit and branch data. The relationship is given by:

$$\text{Chest}_d = \frac{\sum_{b \in C_d} \omega_j D_{jbd}}{\sum_{b \in B_d} \omega_j D_{jbd}},$$

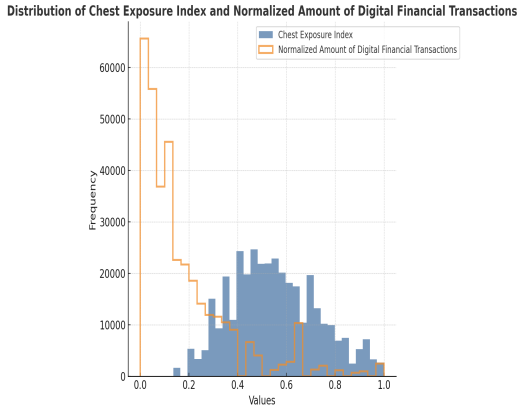
where C_d is the set of banks operating currency chests in district d, B_d is the set of all banks in the district, ω_j is a weighting factor for each bank, and D_{jbd} represents the deposits in bank b of type j in district d.[3] Chest_d captures variations in cash availability across districts, with higher scores indicating easier access to cash, reducing reliance on digital transactions. The validity of an IV relies on satisfying two primary conditions: relevance and exclusion restriction. The relevance condition is met as Chest_d significantly influences the availability and adoption of digital payment systems. Historical data indicates that the distribution of chest banks significantly affects the local financial infrastructure's capability to support digital transactions (Crouzet, Gupta, and Mezzanotti, 2023). Chest banks play a crucial role in ensuring liquidity and cash management, thereby facilitating the adoption of digital payments. Empirical evidence supports this claim, showing that a higher number of chest banks in a district implies greater access to cash and a lower likelihood of cash shortages, thus enhancing the adoption of digital payments (Aggarwal, Kulkarni, and Ritadhi, 2023). Therefore, Chest_d is a strong predictor of digital financial transaction volumes. To substantiate this assertion within the context of our dataset, we present a two-way scatterplot with a linear fit in Panel (a) of Figure 1. The inverse relationship between the chest expo-

[2] As of November 2016, there were approximately 4,000 chests distributed throughout the country, receiving newly printed notes either directly from one of the 19 Reserve Bank of India (RBI) issue offices or via around 600 hub chests (Chodorow-Reich et al., 2020).

[3] To weighting factor, ω_j is determined based on factors such as the size of the bank, the volume of cash transactions it handles, and its operational scope in managing currency chests. For instance, banks with larger networks and higher volumes of cash handling may be assigned a higher ω_j, reflecting their greater impact on cash availability in the district. This method allows the measure Chest_d to account for not just the presence of banks with currency chests, but also their operational significance in the local cash economy.



(a) Scatterplot of Chest Exposure and Amount of DFS (Log)



(b) Distribution of Chest Exposure and Normalized DFS

Figure 1: Panel (a): Correlation between the *Chest Exposure Index* and the *Amount of Digital Financial Transactions* (log-transformed), trimmed at 1%. The scatterplot presents individual data points along with a fitted trend line and 95% confidence intervals (shaded). The negative slope indicates a moderate negative correlation with a coefficient of -0.30, suggesting that higher chest exposure is associated with lower digital financial transaction volumes. **Panel (b): Distribution of the *Chest Exposure Index* (blue) and the *Normalized Amount of Digital Financial Transactions* (orange)**. The normalized transaction amounts are scaled between 0 and 1 for comparability. Both variables are displayed using 30 bins, and the distinct shapes of the distributions indicate that the Chest Exposure Index is concentrated at lower values, while the digital financial transactions are more widely spread.

sure index and our principal treatment variable (log of the amount transacted) is evident, reflecting a negative correlation coefficient of -0.30.

The overlapping histogram in Panel (b) of Figure 1 highlights the distinct distributions of the chest exposure index (blue) and the normalized amount of DFS (orange). The chest exposure index is concentrated at lower values, representing limited regional access to the infrastructure, while the broader distribution of DFS reflects significant variation across regions. This separation reinforces the validity of using chest exposure as an IV. The concentrated distribution of chest exposure indicates its exogeneity, as regional access to currency chests is unlikely to correlate with unobserved factors directly influencing transaction volumes. Meanwhile, the broader, dispersed distribution of digital transactions points to multiple underlying determinants, suggesting that chest exposure affects transaction volumes indirectly through its role in expanding access to financial infrastructure. The lack of overlap between the distributions supports the exclusion restriction.

The placement of chest banks, determined by the Reserve Bank of India (RBI) based on historical and logistical factors, is unrelated to current time-use patterns or economic behaviors at the household level (Crouzet, Gupta, and Mezzanotti, 2023). Complementarities in

the adoption of digital financial services plays a key role in the validity of our instrument. Complementarities arise when the benefits of adopting digital financial services increase with the number of users. These dynamics further justify using district-level exposure to banking infrastructure as an IV, capturing spatially exogenous variations in the availability and promotion of DFS.

The first stage regression estimates the relationship between the chest exposure index and the amount of DFS (log), controlling for individual and district-level characteristics. The second stage regression is:

$$Y_{ids} = \beta D_{ds} + X'_{ids} + Z'_{ds}\gamma + \alpha_s + \epsilon_{ids}, \tag{1}$$

where Y_{ids} is the outcome variable of interest for individual i residing in district d. The other variables are as defined in the first stage. In this stage, the main coefficient of interest (β) captures the causal impact of DFS on the outcome variables. To ensure the robustness of our results, we conduct alternative specifications test by using the growth and count of DFS as the treatment variable.

5 Empirical Analysis

We start with estimating the gender-disaggregated impact of digital payments on the likelihood (extensive margin) of employment by occupation and gender.

5.1 Extensive Margin: DFS and Likelihood of Employment

Our findings on *aggregate employment*,[4] presented in Figure 2, and in Table A2, indicate that a 1% increase in district-level DFS leads to a 1.2 percentage point (pp) increase in *aggregate employment* for men, while the corresponding effect for women is a 0.6 pp increase, though not statistically significant. Notably, the difference in these estimates is not statistically significant (see Table A1), suggesting that while the effect for women is smaller, it nonetheless trends in a positive direction.

Estimates on the impact of DFS on employment structures reveal gender-specific transitions. For men, a 1% increase in district-level DFS leads to a significant decline in *self-employment* (by 2.7 pp), *casual employment* (by 0.9 pp), and *unpaid self-employment* (1.2 pp), while a

[4]For our extensive margin results, the comparison group of an employed individual is unemployed and out of labor force individuals.

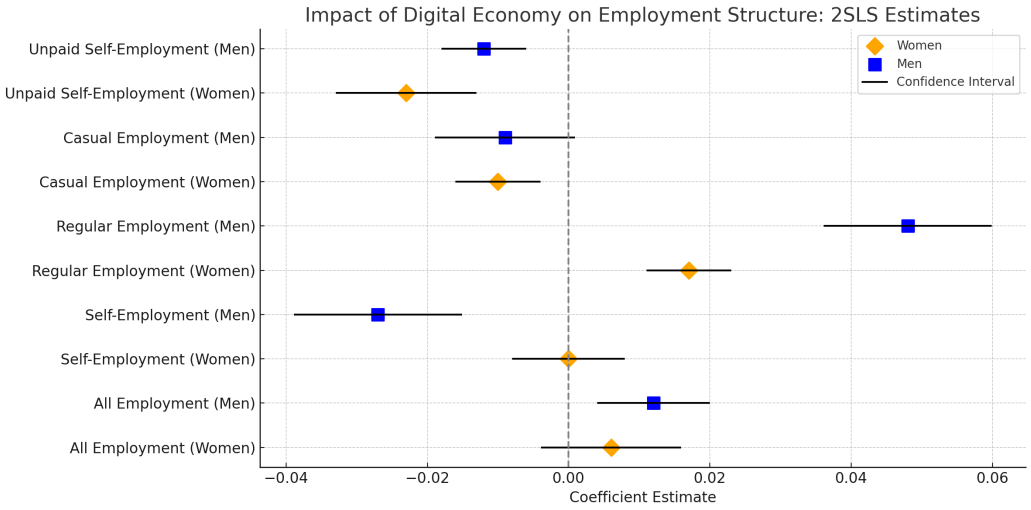


Figure 2: Impact of Digital Economy on Employment Structure: 2SLS Estimates. *Notes:* The figure presents 2SLS estimates of the impact of digital transactions on various employment categories, differentiated by gender. Coefficient estimates and 95% confidence intervals are shown. Square markers represent estimates for men, while diamond markers represent estimates for women. The vertical dashed line at zero indicates the reference point for no effect. Y-axis shows likelihood of employment in aggregate employment, self-employment, regular wage/salary employment, and causal employment. The X-axis represents the local average treatment effects in percentage points. Data: PLFS, 2019-2020, RBI Chest Exposure, 2016 and Phone Pay, UPI, 2018–2019.

corresponding increase of 4.8 pp is observed for *regular wage employment*. This indicates a stronger movement from self-employment to more formal wage-based roles.

In contrast, for women, the effect of DFS is characterized by a significant shift from *unpaid self-employment* and *casual employment* to *regular wage employment*, while there is no change in *self-employment (paid)*. *Unpaid self-employment* declined more strongly for women (by 2.3 pp), *casual employment* decreased (by 1.0 pp), while regular wage employment rose (by 1.7 pp). Unlike men, women's transition is from unpaid and casual-insecure work to more stable wage employment, underscoring a different pathway toward formalization in the labor market. These findings suggest that DFS promotes formal employment for both genders but through distinct transitions—self-employment to regular employment for men, and unpaid to regular employment for women.

To examine the underlying mechanism of this shift towards formal employment, we decompose employment into its sectoral components. More specifically, we focus on employment in agricultural and non-agricultural sectors. The estimated coefficients using 2SLS are presented in Figure 3 (and Table A3). The rise in *aggregate employment* for men (Figure 2), is driven by a decline in *agricultural employment* (by 6.3 pp) with a more than propor-

tionate rise in *non-agricultural employment* (by 7.5 pp). A similar pattern is observed in self-employment, where the decline in *agricultural self-employment* (by 5.2 pp) is bigger than the gains in non-*agricultural self-employment* (by 2.5 pp), leading to a decline in aggregate *self-employment* (by 2.7 pp, Figure 2). This is a case of structural change, where a shift from subsistence agriculture to a more productive sector is observed.

For women, we observe a shift towards non-agricultural sector, albeit to a lesser extent as compared to men. We see a reduction in *agricultural employment* (by 1.4 pp) and an increase in *non-agricultural employment* (by 2.0 pp). Although the increase in the latter is higher, it is not large enough, as reflected in the statistically insignificant increase in *aggregate employment* (Figure 2). Additionally, the muted impacts on *agricultural self-employment* (decrease by 0.5 pp) and *non-agricultural self-employment* (increase by 0.5 pp) is consistent with null impact on aggregate *self-employment* (Figure 2).

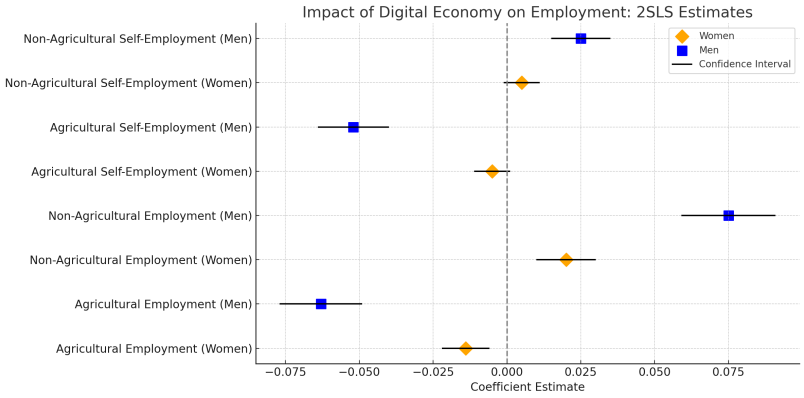


Figure 3: Impact of Digital Economy on Employment and Self-Employment: 2SLS Estimates. *Notes:* This figure presents the results from 2SLS models analyzing the impact of digital transactions on employment categories in the agricultural and non-agricultural sectors. The coefficient estimates and 95% confidence intervals are displayed. Squares represent Men estimates, and diamonds represent Women estimates. The vertical dashed line indicates the reference point for no effect. Y-axis shows likelihood of employment. The X-axis represents the local average treatment effects in percentage points. Data: PLFS, 2019-2020, RBI Chest Exposure, 2016 and Phone Pay, UPI, 2018–2019.

5.2 Intensive Margin: DFS and Time-use in Paid and Unpaid Activities

In this section, we examine the intensive margins of employment (time spent in paid and unpaid activities, conditional on being employed) using the ITUS, 2019.

The results presented in Panel (a) of Figure 4 (Table A4) show that men, who are in *any employment*, spent 6.7 minutes more on paid activities with 1% increase in DFS (1.63% rise over the sample mean). The gains for men in self-employment is 8.7 minutes (2.2% over the

sample mean).[5] Additionally, there is a 4.5 minute gain in *regular-wage employment*, which is a 1% increase relative to the sample mean. The overall increase in employment time, as shown in Panel (a) of Figure 4, is accompanied by reductions in time-spent on *unpaid activities* (caregiving and home production) by 3.8 minutes, *self-care* (sleeping and related activities) by 5.8 minutes (Panel (b)), and *casual employment* by 4.2 minutes, though the latter is not statistically significant.

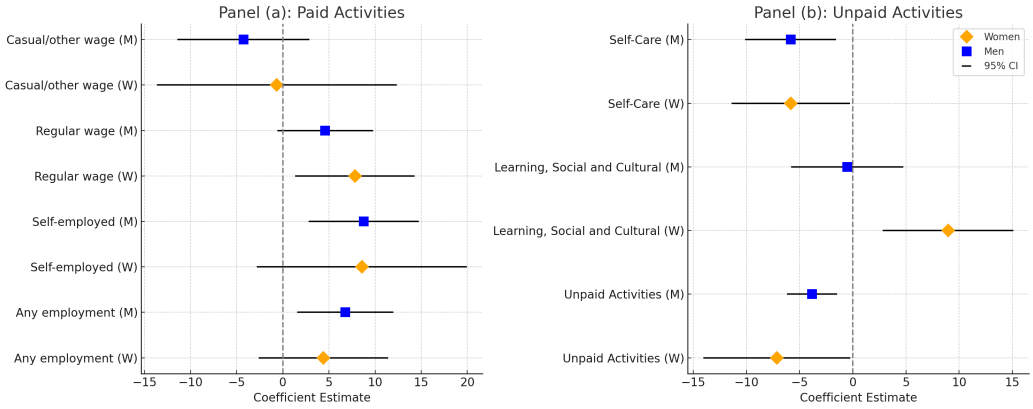


Figure 4: Impact of Digital Transactions on Time Spent on Paid and Unpaid Activities (minutes per day): 2SLS Estimates. *Notes:* The figure presents 2SLS estimates of the impact of digital transactions on time allocation to paid and unpaid activities. Square markers represent men's estimates, and diamond markers represent women's estimates. Coefficient estimates and 95% confidence intervals are displayed. The vertical dashed line indicates no effect. Y-axis shows variables for paid (Panel (a)) and unpaid (Panel (b)) activities, for Men (M) and Women (W). The X-axis represents the local average treatment effects in minutes. Data: ITUS, 2019, RBI Chest Exposure, 2016 and Phone Pay, UPI, 2018–2019.

For women, the intensive margin results, on aggregate, are largely similar to those for men (z-score for statistical difference is insignificant (Table A4)). However, the point estimates for *any employment* and *self-employment*, while positive, are not statistically significant. With regards to *regular wage employment*, we observe a significant increase of 7.8 minutes (not statistically different to men); however, this represents a 2.1% rise over the sample mean, which is notably higher than the 1% increase observed for men.

As shown in Panel (b) of Figure 4, the increase in time spent on paid activities for women, like men, is driven by a reduction in *unpaid activities* (by 7.1 minutes), equivalent to a 3.1% decrease over the sample mean, and in *self-care* (by 5.8 minutes), representing a 0.9% reduction over the sample mean. However, unlike men, for whom no significant effect on time

[5] At the extensive margin, we observe a decline in *self-employment* (Figure 2), suggesting that some men are moving out of *self-employment*. However, at the intensive margin, those who remain self-employed are spending more time on *self-employment* activities, indicating deeper labor market engagement.

spent in *learning, socializing, and cultural activities* was found, women exhibit a significant increase in this category (by 8.9 minutes), a 5.5% rise over the sample mean. This shift for women could be linked to greater use of digital technologies, such as mobile phones and the internet, as discussed in the next section. These findings suggest a potential reallocation of women's time to self-development activities, which may support skill acquisition and long-term employment opportunities.

Building on the analysis of time allocation in employment, which demonstrates an equitable increase across genders, we examined the impact of DFS on total annual earnings from *self-employment* and *regular wage employment*.[6] As shown in Table A5, while the absolute gains in earnings are higher for men (INR 1,120 for self-employment and INR 1,074 for regular employment) compared to women (INR 693 and INR 1,125), the percentage increased are more pronounced for women (13% and 16%) than for men (10% and 13%). However, insignificant z-scores for statistical differences across genders, indicate equitable growth in earnings which is commensurate with the increase in time spent on paid activities.

5.3 DFS and Enablers of Digital Economy

So far, we have studied the impacts of DFS on the supply side shifts in employment patterns. However, for a more holistic understanding of the impacts of DFS, we explore how the proliferation of DFS affects the demand for enables of digital economy: access to banks, mobile phones and the internet. Additionally, we analyze the changes in digital transactions at an individual level, and the overall impact on women's financial autonomy.

Using the NFHS data, in Figure 5 (Table A6), we show that a 1% increase in DFS led to a 3 pp and 2.1 pp increase in *ownership of bank accounts* for men and women, respectively (statistically indifferent across genders). *Mobile phone ownership* increased for women by 7.4 pp, which is significantly higher than the increase for men (by 1.1 pp). This underscores the higher increase in *learning, social and cultural activities* found in Panel (b) of Figure 4. We observe a 8.2 pp increase in the *use of internet* for women, compared to the 6.9 pp increase for men, however, the difference across gender is statistically insignificant. Additionally, in terms of usage of DFS, we observe a 2.8 pp increase in *use of mobile for financial transactions* for women, compared to 3.9 pp increase for men, again there is no statistical difference in the observed effects across genders. Lastly, we examined the impact of DFS on financial autonomy (*money that you can yourself use*) to gauge control over financial resources. This

[6]Sourced from PLFS, which does not provide earnings data for aggregate or casual employment.

variable is only available for women and the results show a significant increase of 4.9 pp.

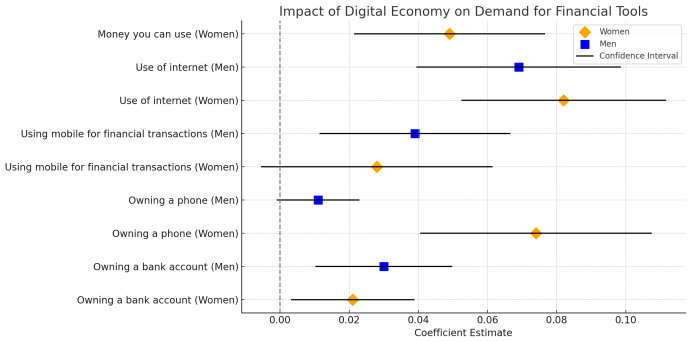


Figure 5: Impact of Digital Transactions on Financial Autonomy Indicators: 2SLS Estimates. *Notes:* This figure shows 2SLS estimates for the impact of digital transactions on NFHS indicators. The indicators include owning a bank account, owning a phone, using a mobile for financial transactions, using the internet, and having money for personal use. Coefficient estimates and 95% confidence intervals are presented. Squares represent Men estimates, while diamonds represent Women estimates. The vertical dashed line at zero indicates no effect. Y-axis shows the likelihood of using financial tools. The X-axis represents the local average treatment effects in percentage points. Data: NFHS, 2019, RBI Chest Exposure, 2016 and Phone Pay, UPI, 2018–2019.

In summary, the expansion of DFS not only restructured employment patterns but also significantly enhanced access to digital enablers, particularly for women. We find substantial increases in mobile phone ownership, internet usage, and financial autonomy for women, complementing their rise in self-development activities. These shifts underscore the role of DFS in promoting equitable access to digital resources and greater financial independence, with broader implications for gender equity in the labor market.

6 Heterogeneity Analysis

We conduct heterogeneity analyses to explore how DFS impacts employment across various socioeconomic groups, accounting for factors like age, education, marital status, caste, and urban versus rural residence.

In Figure A2, we find that transitions to regular employment driven by DFS are evident for men in both rural and urban sectors. For women, however, these effects are predominantly observed in urban settings, aligning with broader access to digital infrastructure in cities. In Figure A3, marginalized caste groups exhibit more pronounced shifts towards regular employment across both genders, indicating a more equitable distribution of DFS benefits among socially disadvantaged groups.

Further analysis, considering age, education, and marital status (Figures A4, A5, A6),

reveals that young and middle-aged and less-educated individuals primarily drive these transitions. This is because DFS reduces financial barriers, increases accessibility, and promotes economic mobility, particularly for those more adaptable to labor market shifts. Among married individuals, we observe shifts from self-employment to regular employment for men, while for women, movements from casual employment to regular wage employment are more frequent. These findings suggest that DFS particularly supports economically vulnerable and marginalized groups, promoting inclusive participation in the labor market.

Additionally, time allocation between goods and services shows gender-specific trends (Table A8). Self-employed men are increasingly shifting toward service-oriented work, reflecting a sectoral reallocation towards services. For women in regular wage employment, we observe an increased engagement in service-related activities with minimal shifts in goods production. These patterns, corroborated by reductions in unpaid labor (Table A9), highlight the potential of DFS to drive structural shifts in labor markets, particularly benefiting women and self-employed men.

6.1 Robustness Checks

6.1.1 Robustness of IV

To further ensure the exogeneity of our IV, we control for any district-level variable that could affect the exposure to chest banks. Here, we examine variables that could potentially affect a district's chest bank exposure, such as (i) share of villages with ATM in the district, (ii) share of villages with bank branch in the district, (iii) population density, (iv) number of illiterate persons, (v) distance to state capital, (vi) credit society to population ratio and (vii) employment rate. In Table A10, we regress these district-specific variables onto our chest exposure index, and find that share of villages with ATM and population density are correlated significantly with chest exposure. Therefore, as a robustness check, we control for these two factors in our main results, presented in Table A11. Our results do not change even after including these district-specific controls.

6.1.2 Other Robustness Checks

Furthermore, we carry out an array of robustness checks to maximize the confidence in our estimates. First, we use OLS to re-estimate our main results. In Table A12, we present the OLS estimates of the extensive margin of types of employment dummies from PLFS. Similarly, in Table A13, we show the OLS estimates of intensive margin (time use) for paid

employment activities, separately for different employment types. Our results using OLS are consistent with the 2SLS estimates.

Secondly, we use the average log count of digital transactions between 2018 and 2019 as an alternative treatment variable, instead of average log amount of digital transactions. The results are produced in Table A14 for extensive margin of employment and in Table A15 for intensive margin of employment, again for four types of employment categories: all employment, regular wage employment, self-employment and casual employment. We find that the results are consistent with our main results.

Thirdly, we use the growth in the amount of digital transactions between 2018 and 2019 as an alternative explanatory variable. Growth is measured as the log difference between amounts transacted in 2018 and 2019. We present the extensive margin results in Table A16 and intensive margin results in Table A17, which are found to be consistent with our original set of results.

7 Conclusion

This study examines the causal effects of DFS on labor market dynamics, emphasizing differential impacts across genders. Our analysis reveals that DFS catalyzes significant shifts in employment structures, particularly transitioning labor from agricultural self-employment towards diversified non-agricultural and regular wage employment. For men, this transition is characterized by a pronounced reduction in agricultural self-employment coupled with increased participation in non-agricultural sectors. For women, the movement away from unpaid self-employment to regular wage employment marks a crucial step towards access to formal labor markets and dismantling of traditional gender roles.

On the intensive margin, the DFS markedly increases labor input across both self-employment and regular wage sectors, yielding significant wage gains for both genders. Importantly, these gains are comparable for women, thereby contributing to narrowing the gender wage gap and enhancing gender equality in labor market outcomes. Moreover, the reallocation of time from unpaid domestic and caregiving activities to productive employment highlights a shift in household labor dynamics that is particularly beneficial for women, reinforcing the role of DFS in promoting gender equity.

Furthermore, DFS bolsters financial autonomy for both men and women by enhancing access to banking services and enabling mobile-based financial transactions. For men, this access

facilitates income diversification, particularly into more productive non-agricultural sectors, fostering broader economic growth. For women, increased access to financial tools—banks, mobile phones, the internet, and DFS—empowers them to engage more actively in wage-based employment and formal financial systems, thereby expanding their economic agency. The adoption of formal financial instruments across genders promotes greater financial independence within households and supports more equitable economic participation.

In summary, this paper illustrates that DFS serves as a potent catalyst for structural changes in the labor market, effectively reshaping traditional gender roles and reducing disparities in labor and financial inclusion. The profound potential of DFS to foster labor market participation and drive substantive social change underscores its capacity to promote gender equity and economic empowerment for women. The enduring impacts of these dynamics suggest that the widespread adoption of DFS is pivotal for achieving gender-equitable and sustainable labor market outcomes.

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Online Appendix

Table A1: Summary Statistics

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
	Men			Women			Difference in Mean	
	N	Mean	SD	N	Mean	SD		
A. PLFS 2019-2020	Extensive Margin							
	127,677	0.633	0.482	125,580	0.162	0.368	0.47	***
- Employed in Agriculture	127,677	0.195	0.396	125,580	0.065	0.246	0.130	***
- Employed in Non-agriculture	127,677	0.439	0.496	125,580	0.097	0.295	0.342	***
Self Employed	127,677	0.303	0.459	125,580	0.057	0.232	0.246	***
- Employed in Agriculture	127,677	0.145	0.352	125,580	0.029	0.169	0.116	***
- Employed in Non-agriculture	127,677	0.158	0.364	125,580	0.029	0.164	0.130	***
Unpaid Self Employed	127,677	0.054	0.227	125,580	0.069	0.253	-0.015	***
Regular Employed	127,677	0.184	0.387	125,580	0.058	0.001	0.126	***
Casual Employed	127,677	0.146	0.353	125,580	0.046	0.209	0.100	***
	Intensive Margin							
Wages for self-employment activities	38,714	10888.1	10043.1	7,186	4844.3	5838.9	6043.8	***
Wages for Regular salary/wage activities	42,204	8980.5	14534.6	13,119	6997.2	13058.5	1983.4	***
B. TUS Data 2019-2020	Intensive Margin							
Time spent on Paid Activities (In minutes)								
Employed	82,444	414.06	112.55	16,535	344.54	116.28	69.52	***
Self Employed	35,763	395.77	126.54	4,465	307.46	127.47	88.31	***
Regular Employed	21,087	442.59	97.80	5,353	365.07	111.99	77.52	***
Casual Employed	25,594	416.10	96.99	6,717	352.83	105.69	63.27	***
Time spent on Other Activities for employed persons (In minutes)								
Unpaid Activities	82,444	45.90	71.97	16,535	227.33	130.99	-181.43	***
Learning, Social & Cultural	82,444	202.57	112.11	16,535	159.39	97.29	43.19	***
Self-Care	82,444	700.81	87.21	16,535	660.70	82.47	40.10	***
C. NFHS								
Own Bank account	45,626	0.854	0.352	53,117	0.775	0.417	0.079	***
Own Mobile	45,626	0.905	0.293	53,117	0.532	0.498	0.372	***
Used Internet	45,626	0.515	0.499	53,117	0.294	0.456	0.221	***
Use mobile for financial transaction	41,296	0.246	0.431	28,284	0.202	0.401	0.045	***
Financial Autonomy				53,117	0.493	0.499		

Notes: This table presents summary statistics for both Men and Women, comparing various employment measures across agricultural and non-agricultural sectors. Columns (1)-(3) report statistics for Men, while columns (4)-(6) correspond to Women. Column (7) highlights the difference in means between Men and Women, with significance levels denoted by *** ($p < 0.01$). Employment measures cover the extensive margin (i.e., whether the individual is employed in agriculture, non-agriculture, self-employment, or unpaid self-employment) and the intensive margin (i.e., wages for employment activities, time spent on paid activities, and time spent on other activities such as unpaid work and self-care). The intensive margin includes data from the Time Use Survey (TUS) 2019-2020, and the extensive margin is derived from the Periodic Labour Force Survey (PLFS) 2019-2020. The last section incorporates financial autonomy measures from the National Family Health Survey (NFHS). Standard deviations (SD) are reported in parentheses, and differences between Men and Women are statistically tested, with significance levels marked as * ($p < 0.10$), ** ($p < 0.05$), and *** ($p < 0.01$).

Table A2: Impact of Digital Economy on Employment Structure (2SLS) using PLFS data: Extensive Margin

	Type of employment dummy (2SLS)				
	(1)	(2)	(3)	(4)	(5)
	All Employment	Self-Employment	Regular Employment	Casual Employment	Unpaid Self-Employment
	Panel A: Men				
Amount (log)	0.012***	-0.027***	0.048***	-0.009*	-0.012***
SE	[0.004]	[0.006]	[0.006]	[0.005]	[0.003]
P-val	[0.001]	[0.000]	[0.000]	[0.065]	[0.000]
N	127677	127677	127677	127677	127677
F-stat from first stage	61.74	61.74	61.74	61.74	61.74
Sample Mean	0.633	0.303	0.183	0.146	0.054
	Panel B: Women				
Amount (log)	0.006	0.000	0.017***	-0.010***	-0.023***
SE	[0.005]	[0.004]	[0.003]	[0.003]	[0.005]
P-val	[0.235]	[0.992]	[0.000]	[0.001]	[0.000]
N	125580	125580	125580	125580	125580
F-stat from first stage	65.907	65.907	65.907	65.907	65.907
Sample Mean	0.161	0.057	0.058	0.046	0.069
Z-Score	0.937	3.744***	4.621***	0.171	1.886**

Notes: (i) These models estimate the impact of digital transactions on the incidence of employment by gender. (ii) The dependant variable in each model is a dummy variable. In column (1), if a person is employed as per the Usual Principal Activity Status, the dummy takes value '1'. It takes value '0' for those who are unpaid self-employed, unemployed or out of labor force. (iii) Self-employment dummy takes value '1' if a person is self-employed (own-account worker or employer), '0' otherwise. Similarly, the regular and casual wage dummies are defined. (iv) The main explanatory variable in all models is the district-level amount transacted via digital platform of Phonepay. It is computed as an average of value of transactions for the years of 2018 and 2019. (v) All models are estimated on the basis of 2SLS model, where the main explanatory variable is instrumented by the district-level exposure to the bank chests. Standard deviations (SD) are reported in parentheses, and differences between Men and Women are statistically tested, with significance levels marked as * ($p < 0.10$), ** ($p < 0.05$), and *** ($p < 0.01$).

Table A3: Impact of Digital Economy on Aggregate Employment and Self-Employment in Agricultural and Non-Agricultural Sector

	(1) Agricultural Employment	(2) Non-agricultural Employment	(3) Agricultural Self-Employment	(4) Non-agricultural Self-Employment
	Panel A: Men			
Amount (log)	-0.063***	0.075***	-0.052***	0.025***
SE	[0.007]	[0.008]	[0.006]	[0.005]
P-val	[0.000]	[0.000]	[0.000]	[0.000]
N	127677	127677	127677	127677
F-stat from first stage	61.74	61.74	61.74	61.74
Sample Mean	0.194	0.438	0.145	0.157
	Panel B: Women			
Amount (log)	-0.014***	0.020***	-0.005	0.005
SE	[0.004]	[0.005]	[0.003]	[0.003]
P-val	[0.001]	[0.000]	[0.153]	[0.114]
N	125580	125580	125580	125580
F-stat from first stage	65.907	65.907	65.907	65.907
Sample Mean	0.064	0.096	0.029	0.027
Z-score	6.078***	5.830***	7.006***	3.430***

Note: This table shows the impact of the digital economy on employment outcomes in agricultural and non-agricultural sectors, with a focus on self-employment. Columns (1) and (2) report the effects on agricultural and non-agricultural employment, while columns (3) and (4) analyze self-employment, differentiating between agricultural and non-agricultural activities. Agricultural self-employment captures activities related to farming and allied sectors, while non-agricultural self-employment covers informal businesses and entrepreneurial activities. Standard errors are clustered and presented in brackets. The Z-score tests for significant gender differences in the coefficients across employment types. Control variables include individual and household characteristics. F-statistics from the first-stage regression are reported for robustness. ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively. The sample is drawn from the PLFS 2019-2020 dataset.

Table A4: Impact of digital transactions on time spent on paid and unpaid activities: Intensive Margin

2SLS and Control Variables						
	(1)	(2)	(3)	(4)	(5)	(6)
	Any employment	Self-employed	Regular wage	Unpaid Activities	Learning, Social and Cultural	Self-Care
	Panel A: Men					
Amount (log)	6.774**	8.774***	4.591*	-3.838***	-0.528	-5.840***
SE	[2.661]	[3.038]	[2.650]	[1.202]	[2.696]	[2.182]
P-value	[0.011]	[0.004]	[0.083]	[0.001]	[0.845]	[0.007]
N	82444	35763	21087	82444	82444	82444
F-stat from first stage	73.767	82.859	37.22	73.767	73.767	73.767
Sample Mean	414	396	443	46	203	701
Controls	Yes	Yes	Yes	Yes	Yes	Yes
	Panel B: Women					
Amount (log)	4.389	8.573	7.808**	-7.142**	8.967***	-5.837**
SE	[3.580]	[5.811]	[3.312]	[3.531]	[3.135]	[2.844]
P-value	[0.220]	[0.140]	[0.018]	[0.043]	[0.004]	[0.040]
N	16535	4465	5353	16535	16535	16535
F-stat from first stage	58.549	74.528	40.382	58.549	58.549	58.549
Sample Mean	345	307	365	227	159	661
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Z-Score	0.535	0.031	0.758	0.886	2.296**	0.000

Notes: (i) These models estimate the impact of digital transactions on time spent on paid (columns 1-3) and unpaid (columns 4-6) activities. (ii) Analysis is conducted separately by gender for those employed in any category, self-employed, regular wage employed, and unpaid activities (including unpaid domestic services, learning, social, and cultural activities, and self-care). (iii) The main explanatory variable is the district-level amount transacted via digital platform (PhonePe), averaged over 2018 and 2019. (iv) All models are estimated using 2SLS with district-level exposure to bank chests as the instrument. (v) Control variables are included in all models. (vi) Robust standard errors are clustered at the district level (in parentheses). (vii) Asterisks *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table A5: Impact on Wages (2SLS) using PLFS: Intensive Margin

	Earnings from self-employment activity		Earnings for Regular Employed	
	(1) Men	(2) Women	(3) Men	(4) Women
Amount (log)	1120.380***	693.508**	1074.966***	1125.994***
SE	[245.749]	[288.406]	[271.260]	[369.764]
P-val	[0.000]	[0.016]	[0.000]	[0.002]
N	38714	7186	42204	13119
F-stat from first stage	65.483	30.526	54.3	42.106
Sample Mean	10888	4844	8981	6997
Z-Score	1.127		0.111	

Notes: (i) These models estimate the impact of digital transactions on the average wage. (ii) The dependent variable in models (1 2) and (34) is gross earning for last 30 days from self-employment activity; and earning during the preceding calendar month for regular salaried/wage activity respectively. (iii) Models 1 2 are estimated for those who are self-employed. Models 3 4 are estimated for those who are working in any type of wage labour. (iv) The main explanatory variable in all models is the district-level amount transacted via digital platform of Phonepay. It is computed as an average of value of transactions for the years of 2018 and 2019. (v) All models are estimated on the basis of 2SLS model, where the main explanatory variable is instrumented by the district level exposure to the bank chests. (vi) Robust standard errors are clustered at the district level and given in the parentheses. (vii) The asterisks *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table A6: Impact of digital transactions on NFHS indicators: 2SLS Estimation

	(1) Owning a bank account	(2) Owning a phone	(3) Using mobile for financial transactions	(4) Use of internet	(5) Money that you can yourself use
	Panel A: Men				
Amount (log)	0.030***	0.011*	0.039***	0.069***	
SE	[0.010]	[0.006]	[0.014]	[0.015]	
P-val	[0.002]	[0.077]	[0.005]	[0.000]	
N	45626	45626	41296	45626	
F-stat from first stage	31.375	31.375	29.794	31.375	
Sample Mean	0.854	0.905	0.246	0.515	
	Panel B: Women				
Amount (log)	0.021**	0.074***	0.028*	0.082***	0.049***
SE	[0.009]	[0.017]	[0.017]	[0.015]	[0.014]
P-val	[0.023]	[0.000]	[0.094]	[0.000]	[0.000]
N	53117	53117	28284	53117	53117
F-stat from first stage	32.766	32.766	20.385	32.766	32.766
Sample Mean	0.775	0.532	0.201	0.293	
Z-Score	0.669	3.495***	0.499	0.613	

Notes: (i) These models estimate the impact of average value of digital transactions on five indicators namely: owning a mobile; owning a phone; using phone for financial transactions; use of internet; and money that the women can herself use. (ii) All these dependant variables are in the form of dummy variables where 'yes; is coded as '1' and 'no' as '0'. (iii) The main explanatory variable in all models is the district-level average amount transacted via digital platform of Phonepay. It is computed as average of value transacted in 2018 and 2019. (iv) All models are estimated using 2SLS model and include control variables. (v) The main explanatory variable (growth in amount) is instrumented by the district level exposure to the bank chests. (vi) Robust standard errors are clustered at the district level and given in the parentheses. (vii) The asterisks *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. (viii) Date source: NFHS and Phonepay.

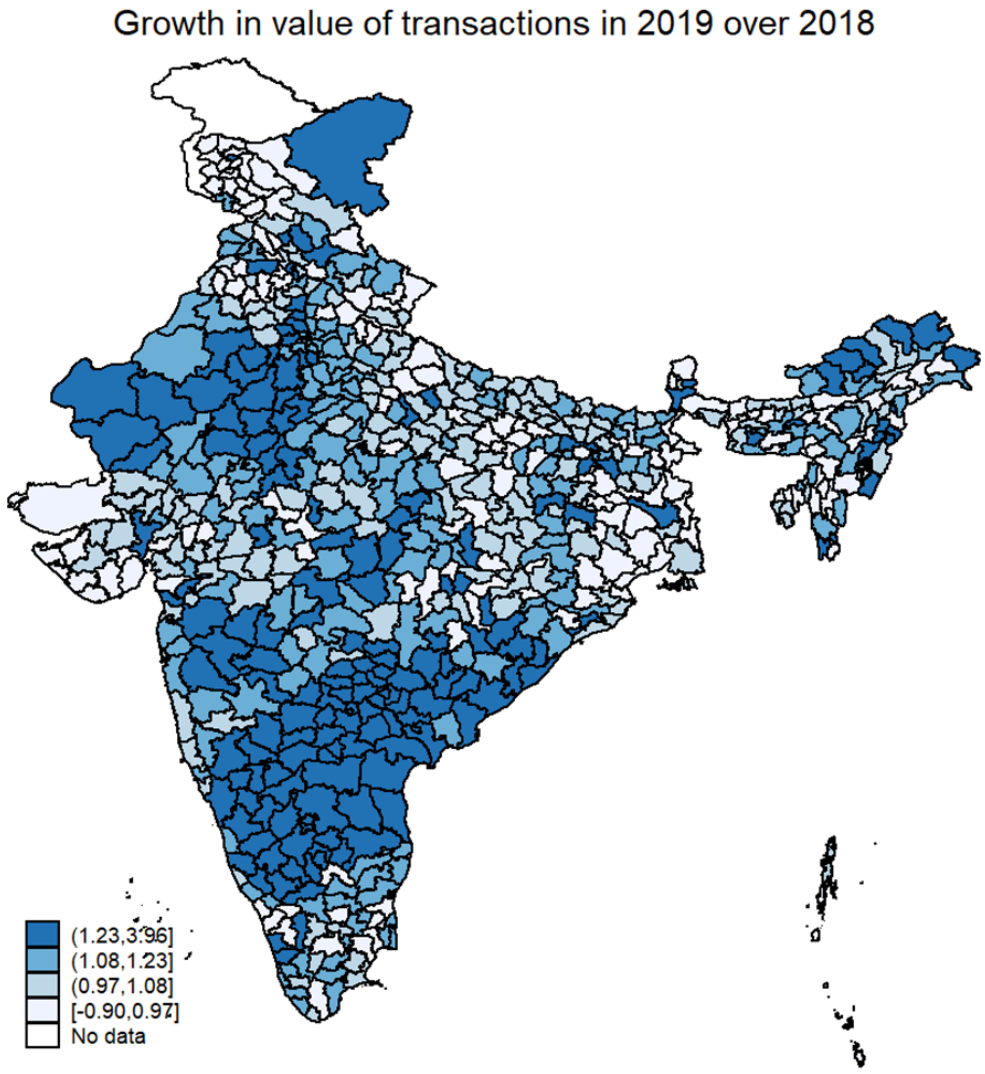


Figure A1: District-level maps of UPI (Digital Financial Services) usage. Growth rates of amount of DFS between 2018 and 2019. Here, -0.90 to 0.97 means the districts for which the range of growth of DFS is between -90% and 97% between 2018 and 2019. Regions covered in darker shades mean higher growth in DFS. growth rate for the darkest shade is between 123% and 396%. Data: Phone Pay Pulse, UPI 2018 and 2019, distrist averages for 512 districts



Figure A2: Impact of DFS on Employment by Sector. This figure presents the effect of digital transactions on employment outcomes, disaggregated by gender and sector (rural/urban), across various employment categories. The y-axis represents the percentage point change in employment outcomes, and the x-axis shows the sector (rural or urban). The blue points indicate the estimated coefficients, while the vertical lines represent 95% confidence intervals. Each panel corresponds to a specific employment category: self-employed, unpaid self-employed, and regular wage employment for both men and women.

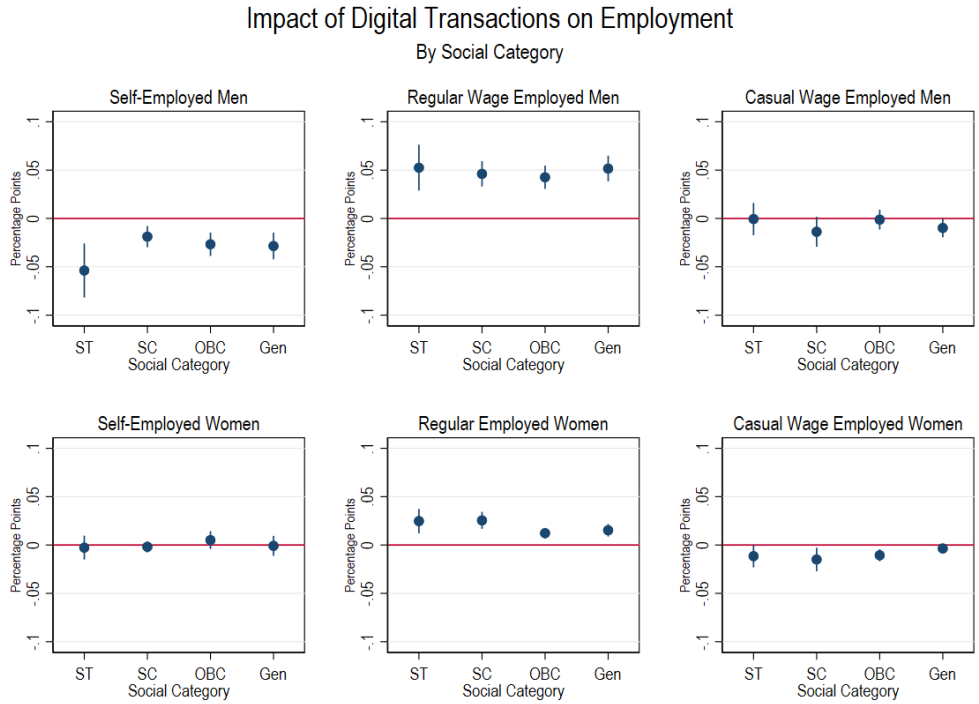


Figure A3: Impact of DFS on Employment by Caste Groups. This figure presents the effect of digital transactions on employment outcomes, disaggregated by gender and caste (SC/ST/OBC/General), across various employment categories. The y-axis represents the percentage point change in employment outcomes, and the x-axis shows the caste (SC/ST/OBC/General). The blue points indicate the estimated coefficients, while the vertical lines represent 95% confidence intervals. Each panel corresponds to a specific employment category: self-employed, unpaid self-employed, and regular wage employment for both men and women.

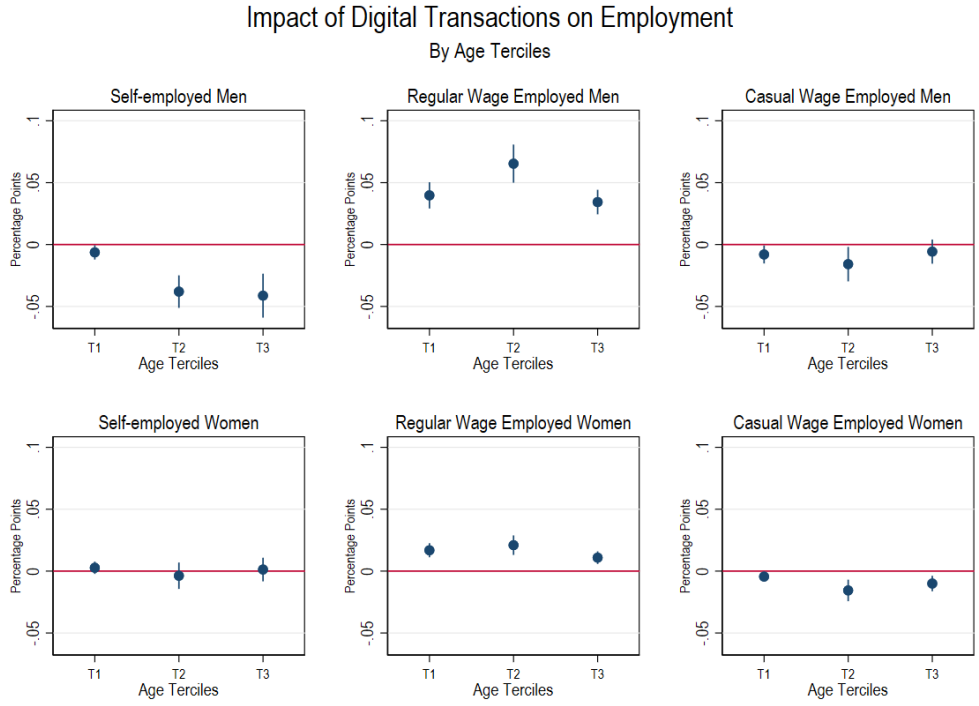


Figure A4: Impact of DFS on Employment by Age terciles. This figure presents the effect of digital transactions on employment outcomes, disaggregated by gender and age terciles, across various employment categories. The y-axis represents the percentage point change in employment outcomes, and the x-axis shows the age terciles. The blue points indicate the estimated coefficients, while the vertical lines represent 95% confidence intervals. Each panel corresponds to a specific employment category: self-employed, unpaid self-employed, and regular wage employment for both men and women. In this figure, we see that the impact of DFS on employment is stronger for young people, especially young women.

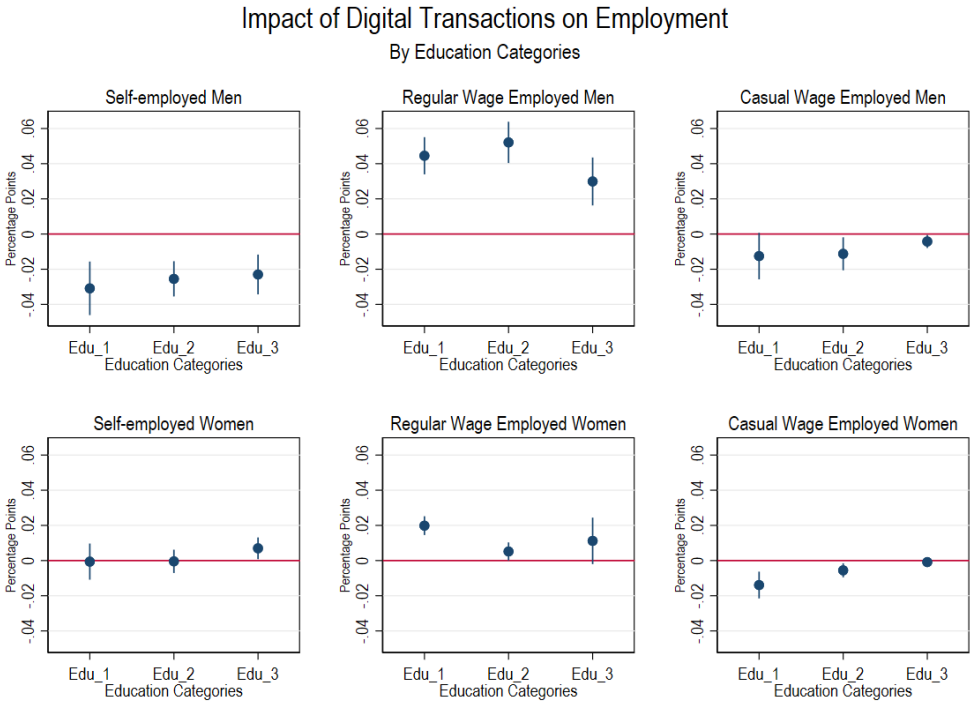


Figure A5: Impact of DFS on Employment by Education Categories. This figure presents the effect of digital transactions on employment outcomes, disaggregated by gender and education categories, across various employment categories. The y-axis represents the percentage point change in employment outcomes, and the x-axis shows the education categories. The blue points indicate the estimated coefficients, while the vertical lines represent 95% confidence intervals. Each panel corresponds to a specific employment category: self-employed, unpaid self-employed, and regular wage employment for both men and women.

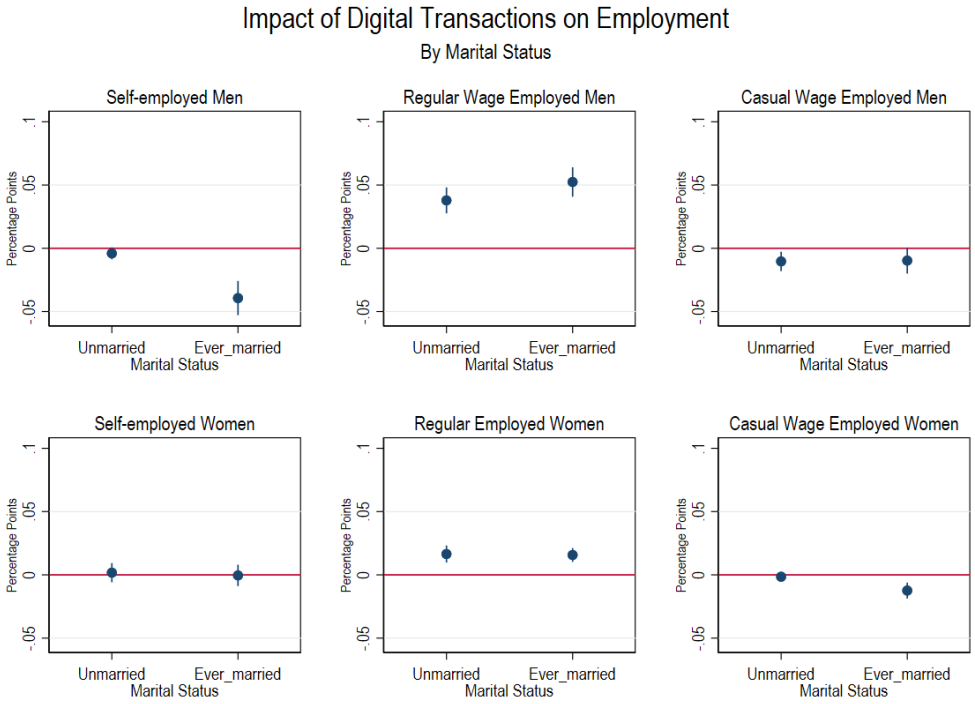


Figure A6: Impact of DFS on Employment by Marital Status (Unmarried/Ever-Married). This figure presents the effect of digital transactions on employment outcomes, disaggregated by gender and marital status, across various employment categories. The y-axis represents the percentage point change in employment outcomes, and the x-axis shows the marital status (unmarried/ever-married). The blue points indicate the estimated coefficients, while the vertical lines represent 95% confidence intervals. Each panel corresponds to a specific employment category: self-employed, unpaid self-employed, and regular wage employment for both men and women.

Table A7: Additional Summary Statistics

Panel A: Additional summary statistics from TUS data								
	Men			Women			Difference in Mean	
	N	Mean	SD	N	Mean	SD		
	Extensive Margin							
Employed	1,51,696	0.703	0.457	1,50,196	0.153	0.359	0.550	***
Self Employed	1,51,696	0.321	0.467	1,50,196	0.045	0.207	0.276	***
Regular Employed	1,51,696	0.170	0.376	1,50,196	0.047	0.211	0.123	***
Casual Employed	1,51,696	0.212	0.409	1,50,196	0.061	0.239	0.151	***
	Intensive Margin							
Production of goods								
Employed	82,444	184.27	197.03	16,535	170.32	180.12	13.95	***
Self Employed	35,763	188.32	188.09	4,465	180.20	162.92	8.12	***
Regular Employed	21,087	66.47	153.35	5,353	41.75	120.68	24.71	***
Casual Employed	25,594	275.68	190.87	6,717	266.22	167.87	9.45	***
Production of Services								
Employed	82,444	132.24	194.20	16,535	76.98	149.83	55.26	***
Self Employed	35,763	166.87	203.77	4,465	104.06	162.60	62.80	***
Regular Employed	21,087	128.07	194.32	5,353	100.67	166.89	27.40	***
Casual Employed	25,594	87.30	169.26	6,717	40.10	114.89	47.20	***

Panel B: Summary Statistics for DFS and Banking at the District Level							
	N	Mean	SD	Min	25th	75th	Max
Amount (log)	512	21.59	1.18	16.45	20.81	22.24	26.53
Count (log)	512	14.16	1.24	8.76	13.37	14.82	19.41
Chest Exposure Index	512	0.569	0.189	0.107	0.44	0.70	1
Growth in amount of transactions	512	1.107	0.29	-0.90	0.98	1.22	2.53
Status ATM	512	0.031	0.07	0	0.004	0.03	0.5
Status Commercial Banks	512	0.08	0.13	0	0.027	0.08	0.85
Density	510	452.2	357.6	2	205	607	2913
Distance to state capital	512	0.216	0.134	0	0.118	0.293	0.787
Credit Societies per 1000 persons	512	0.043	0.089	0	0.007	0.041	1.178
Worker population Ratio	512	0.409	0.068	0.258	0.352	0.463	0.572
Illiterate Persons (log)	512	13.35	0.772	9.18	12.90	13.91	14.93

Notes: Panel A presents additional summary statistics from the Time Use Survey (TUS) 2019-2020 data, disaggregated by gender, focusing on both extensive and intensive margins. The extensive margin reports the proportion of individuals employed, self-employed, and working in regular or casual employment. The intensive margin covers time spent on production of goods and services, highlighting gender differences in hours worked across employment types. Panel B provides summary statistics for outcome and control variables related to financial transactions, including the amount and growth of transactions, as well as the district-level characteristics. Differences in means between Men and Women are tested, with significance levels denoted by * ($p < 0.10$), ** ($p < 0.05$), and *** ($p < 0.01$). All statistics are presented with their corresponding sample sizes (N), means, standard deviations (SD), and range (Min, Max, 25th, 75th percentiles) where applicable.

Table A8: Division of time spent on production of goods and services: 2SLS Model

	(1) Any employment	(2) Self Employed	(3) Regular Wage	(4) Casual Wage
Panel A: Men				
	Dependent Variable: Time spent on production of goods			
Amount (log)	-17.769***	-18.463***	5.492	-12.371*
SE	[4.664]	[5.115]	[4.682]	[6.559]
P-value	[0.000]	[0.000]	[0.241]	[0.059]
N	82444	35763	21087	25594
F-stat from first stage	73.767	82.859	37.22	100.487
Sample Mean	184	188	66	276
Controls	Yes	Yes	Yes	Yes
	Dependent Variable: Time spent on production of services			
Amount (log)	13.302**	21.113***	9.569	5.619
SE	[4.915]	[6.022]	[9.754]	[5.163]
P-value	[0.007]	[0.000]	[0.327]	[0.277]
N	82444	35763	21087	25594
F-stat from first stage	73.767	82.859	37.22	100.487
Sample Mean	132	167	128	87
Controls	Yes	Yes	Yes	Yes
Panel B: Women				
	Dependent Variable: Time spent on production of goods			
Amount (log)	-12.132**	1.119	9.992*	-7.729
SE	[5.929]	[6.728]	[5.170]	[9.832]
P-value	[0.041]	[0.868]	[0.053]	[0.432]
N	16535	4465	5353	6717
F-stat from first stage	58.549	74.528	40.382	45.426
Sample Mean	170	180	42	266
Controls	Yes	Yes	Yes	Yes
	Dependent Variable: Time spent on production of services			
Amount (log)	20.267***	8.67	20.047**	14.817**
SE	[5.026]	[6.227]	[8.905]	[5.953]
P-value	[0.000]	[0.164]	[0.024]	[0.013]
N	16535	4465	5353	6717
F-stat from first stage	58.549	74.528	40.382	45.426
Sample Mean	77	104	101	40
Controls	Yes	Yes	Yes	Yes

Notes: (i) These models estimate the impact of digital transactions on the time spent on production of goods and services. (ii) Analysis is conducted separately for those who are employed in any category, self-employed, regular-wage employed and casual/other-wage employed. (iii) The dependent variable in Section 1 & 2 is time spent on Employment in household enterprises to produce goods; and Employment in household enterprises to provide services respectively. (iv) The main explanatory variable in all models is the district-level amount transacted via digital platform of Phonepay. It is computed as an average of value of transactions for the years of 2018 and 2019. (v) All the models are estimated using 2SLS model and include control variables. (vi) The main explanatory variable (amount) is instrumented by the district-level exposure to the bank chests. (vii) Robust standard errors are clustered at the district level and given in the parentheses. (viii) The asterisks *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table A9: Impact of digital transactions on time spent on other (unpaid) activities (2SLS): By Employment Category

	(1) Unpaid Activities	(2) Learning, Social and Cultural	(3) Self-Care
Panel A1: Self-employed men			
Amount(log)	-5.000**	-0.671	-6.767***
SE	[1.935]	[3.212]	[2.300]
P-value	[0.010]	[0.834]	[0.003]
N	35763	35763	35763
F-stat from first stage	82.859	82.859	82.859
Sample Mean	53	217	708
Panel A2: Regular wage-employed men			
Amount(log)	-1.829	-2.03	-2.847
SE	[1.158]	[3.067]	[2.724]
P-value	[0.114]	[0.508]	[0.296]
N	21087	21087	21087
F-stat from first stage	37.22	37.22	37.22
Sample Mean	35	190	675
Panel B1: Self-employed women			
Amount(log)	-4.244	9.287**	-11.120***
SE	[4.378]	[4.718]	[3.417]
P-value	[0.332]	[0.049]	[0.001]
N	4465	4465	4465
F-stat from first stage	74.528	74.528	74.528
Sample Mean	264	177	670
Panel B2: Regular wage-employed women			
Amount(log)	-11.553***	3.192	1.053
SE	[3.551]	[3.454]	[3.143]
P-value	[0.001]	[0.355]	[0.738]
N	5353	5353	5353
F-stat from first stage	40.382	40.382	40.382
Sample Mean	195	165	648

Notes: This table presents the impact of digital transactions on time spent on unpaid activities, learning/social/cultural activities, and self-care, estimated using a 2SLS model. The analysis is broken down by employment category, including self-employed and regular wage-employed individuals, with results separately reported for men (Panels A1 and A2) and women (Panels B1 and B2). The main independent variable is the log of digital transactions, and the dependent variables reflect the time spent on each activity category (in minutes). Standard errors (SE) are reported in brackets, and p-values indicate the significance of the estimates. Significance levels are denoted by *** ($p < 0.01$), ** ($p < 0.05$), and * ($p < 0.10$). All regressions include individual and household controls, and the F-statistics from the first stage are provided to assess the strength of the instrumental variable. Sample means indicate the average time spent on each activity for the corresponding employment category. The sample sizes (N) reflect the number of observations used in each regression.

Table A10: Chest Exposure and District-specific variables

Dependent Variable: Exposure to Chest Banks			
	Coefficient	SE	P-val
Share of villages with ATM	0.615**	0.209	0.003
Share of villages with Bank Branch	0.045	0.117	0.699
Population Density	-0.0001***	0.00003	0.004
Illiterate Persons (log)	-0.014	0.012	0.240
Distance to State capital	0. 061	.0632	0.337
Credit society to population ratio	-0.100	0.092	0.279
Employment Rate	-0.103	0.153	0.498

Notes: This table presents estimates from an OLS regression of the district-specific characteristics on the chest exposure index. Share of villages with ATM is the ratio of number of villages with at least one ATM to the total number of villages in the district. Share of villages with bank branch is the ratio of number of villages with at least one bank branch to the total number of villages in the district. Density of the population density in the district. Illiterate persons (log) is the logarithm of total number of illiterate persons in the district. Distance to state capital is the total kilometre distance between the district and the state capital. Credit society to population ratio is the number of credit societies per 1000s. Employment rate is the ratio of working population to total population. Significance levels are denoted by *** ($p < 0.01$), ** ($p < 0.05$), and * ($p < 0.10$). Number of observations=510 and Adjusted R-square=0.078.

Table A11: Impact of Digital Economy on Employment Structure (2SLS) using PLFS data: Extensive Margin (Additional controls: share of villages with ATMS and Population Density)

	Type of employment dummy (2SLS)			
	(1)	(2)	(3)	(4)
	All Employment	Self-Employment	Regular Employment	Casual Employment
Panel A: Men				
Amount (log)	0.012**	-0.021***	0.043***	-0.011*
SE	[0.005]	[0.007]	[0.008]	[0.007]
P-val	[0.013]	[0.004]	[0.000]	[0.096]
N	127532	127532	127532	127532
F-stat from first stage	45.898	45.898	45.898	45.898
Sample Mean	0.633	0.303	0.184	0.146
Panel B: Women				
Amount (log)	0.009	0.002	0.014***	-0.007*
SE	[0.007]	[0.006]	[0.004]	[0.004]
P-val	[0.189]	[0.770]	[0.000]	[0.074]
N	125418	125418	125418	125418
F-stat from first stage	47.825	47.825	47.825	47.825
Sample Mean	0.161	0.057	0.058	0.046
Z-score	0.349	2.495**	3.242***	0.496

Notes: (i) These models estimate the impact of digital transactions on the incidence of employment by gender, with additional district-specific controls (Share of villages with ATMS, share of villages with bank branches, population density and education category) (ii) The dependant variable in each model is a dummy variable. In column (1), if a person is employed as per the Usual Principal Activity Status, the dummy takes value '1'. It takes value '0' for those who are unpaid self-employed, unemployed or out of labour force. (iii) Self-employment dummy takes value '1' if a person is self-employed (own-account worker or employer), '0' otherwise. Similarly, the regular and casual wage dummies are defined. (iv) The main explanatory variable in all models is the district-level amount transacted via digital platform of Phonepay. It is computed as an average of value of transactions for the years of 2018 and 2019. (v) All models are estimated on the basis of 2SLS model, where the main explanatory variable is instrumented by the district-level exposure to the bank chests. Standard deviations (SD) are reported in parentheses, and differences between Men and Women are statistically tested, with significance levels marked as * ($p < 0.10$), ** ($p < 0.05$), and *** ($p < 0.01$).

Table A12: Extensive Margin for Types of Employment Dummies, OLS Model (PLFS)

	(1) All employment	(2) Agricultural Employment	(3) Non-agricultural Employment	(4) Self-employment	(5) Agricultural Self-employment	(6) Non-agricultural Self-employment	(7) Unpaid Self-employment	(8) Regular employment	(9) Casual Employment
					Panel A: Men				
Amount(log)	0.009***	-0.049***	0.057***	-0.027***	-0.040***	0.013***	-0.012***	0.047***	-0.012***
SE	[0.002]	[0.004]	[0.004]	[0.003]	[0.003]	[0.002]	[0.001]	[0.004]	[0.003]
P-value	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
N	127677	127677	127677	127677	127677	127677	127677	127677	127677
Sample Mean	0.633	0.194	0.438	0.303	0.145	0.157	0.054	0.183	0.146
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
					Panel B: Women				
Amount(log)	0.004	-0.015***	0.019***	-0.006***	-0.008***	0.003***	-0.018***	0.017***	-0.007***
SE	[0.003]	[0.002]	[0.003]	[0.002]	[0.002]	[0.001]	[0.002]	[0.002]	[0.002]
P-value	[0.172]	[0.000]	[0.000]	[0.002]	[0.000]	[0.010]	[0.000]	[0.000]	[0.000]
N	125580	125580	125580	125580	125580	125580	125580	125580	125580
Sample Mean	0.161	0.064	0.096	0.057	0.029	0.027	0.069	0.058	0.046
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: (i) These models estimate the impact of digital transactions on the incidence of employment by gender. (ii) The dependant variable in each model is a dummy variable. In column (1), if a person is employed as per the Usual Principal Activity Status, the dummy takes value '1'. It takes value '0' for those who are unpaid self-employed, unemployed or out of labour force. (iii) Self-employment dummy takes value '1' if a person is self-employed (own-account worker or employer), '0' otherwise. Similarly, the regular and casual wage dummies are defined. (iv) The main explanatory variable in all models is the district-level amount transacted via digital platform of Phonepay. It is computed as an average of value of transactions for the years of 2018 and 2019. (v) All models are estimated on the basis of 2SLS model, where the main explanatory variable is instrumented by the district level exposure to the bank chests. (vi) Robust standard errors are clustered at the district level and given in the parentheses. (vii) The asterisks *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table A13: Impact of digital transactions on time spent on paid activities: Intensive Margin (OLS Model)

	(1) All employment	(2) Self-employment	(3) Regular employment	(4) Casual employment
Panel A: Men				
Amount (log)	8.585***	9.599***	4.957***	2.727
SE	[1.478]	[1.647]	[1.278]	[1.732]
P-value	[0.000]	[0.000]	[0.000]	[0.116]
N	82444	35763	21087	25594
R-Square	0.052	0.049	0.071	0.059
Sample Mean	414	396	443	416
Controls	Yes	Yes	Yes	Yes
Panel B: Women				
Amount (log)	6.148***	7.266*	11.282***	-1.749
SE	[1.698]	[3.220]	[1.667]	[2.560]
P-value	[0.000]	[0.024]	[0.000]	[0.495]
N	16535	4465	5353	6717
R-Square	0.031	0.034	0.091	0.043
Sample Mean	344	307	365	353
Controls	Yes	Yes	Yes	Yes

Note: This table presents the impact of digital transactions on time spent on paid activities, estimated using an Ordinary Least Squares (OLS) model. The dependent variable is the time spent (in minutes) on different forms of paid employment, including all employment, self-employment, regular employment, and casual employment. The time spent is conditional on individuals spending more than zero minutes on the respective employment type, hence focusing on the intensive margin. Panel A shows results for Men, and Panel B for Women. The main independent variable is the log of digital transactions, and standard errors (SE) are reported in brackets. The table reports p-values for each estimate, with significance levels denoted by *** ($p < 0.01$), ** ($p < 0.05$), and * ($p < 0.10$). Sample means refer to the average time spent on each employment type. All regressions include controls for individual and household characteristics, with sample sizes (N) specified for each employment type.

Table A14: Impact of Digital Economy on Employment Structure (2SLS) at extensive margin (PLFS): Alternative explanatory variable

	(1) All employment	(2) Agricultural Employment	(3) Non-agricultural Employment	(4) Self-employment	(5) Agricultural Self-employment	(6) Non-agricultural Self-employment	(7) Unpaid Self-employment	(8) Regular employment	(9) Casual Employment
Panel A: Men									
Count (log)	0.012***	-0.064***	0.076***	-0.027***	-0.052***	0.025***	-0.012***	0.049***	-0.009*
SE	[0.004]	[0.007]	[0.009]	[0.006]	[0.006]	[0.005]	[0.003]	[0.006]	[0.005]
P-val	[0.001]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.065]
N	127677	127677	127677	127677	127677	127677	127677	127677	127677
F-stat from First Stage	56.745	56.745	56.745	56.745	56.745	56.745	56.745	56.745	56.745
Sample Mean	0.633	0.194	0.438	0.303	0.145	0.157	0.054	0.183	0.146
Panel B: Women									
Count (log)	0.006	-0.014***	0.020***	0	-0.005	0.005	-0.024***	0.017***	-0.010***
SE	[0.005]	[0.004]	[0.005]	[0.004]	[0.003]	[0.003]	[0.005]	[0.003]	[0.003]
P-val	[0.234]	[0.001]	[0.000]	[0.992]	[0.153]	[0.111]	[0.000]	[0.000]	[0.001]
N	125580	125580	125580	125580	125580	125580	125580	125580	125580
F-stat from First Stage	60.472	60.472	60.472	60.472	60.472	60.472	60.472	60.472	60.472
Sample Mean	0.161	0.064	0.096	0.057	0.029	0.027	0.069	0.058	0.046

Notes: (i) These models estimate the impact of digital transactions on the incidence of employment by gender. (ii) The dependant variable in each model is a dummy variable. In column (1), if a person is employed as per the Usual Principal Activity Status, the dummy takes value '1'. It takes value '0' for those who are unpaid self-employed, unemployed or out of labour force. (iii) Self-employment dummy takes value '1' if a person is self-employed (own-account worker or employer), '0' otherwise. Similarly, the regular and casual wage dummies are defined. (iv) The main explanatory variable in all models is the district-level number of transactions via digital platform of Phonepay. It is computed as an average of count of transactions for the years of 2018 and 2019. (v) All models are estimated on the basis of 2SLS model, where the main explanatory variable is instrumented by the district level exposure to the bank chests. (vi) Robust standard errors are clustered at the district level and given in the parentheses. (vii) The asterisks *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table A15: Impact of digital transactions on time spent on paid activities in intensive margin: Alternate explanatory variable

Explanatory variable: Count of digital transactions				
	(1) Any employment	(2) Self Employed	(3) Regular Wage	(4) Casual Wage
	Panel A: Men			
Count (log)	6.736**	8.732***	4.618*	-4.072
SE	[2.659]	[3.024]	[2.684]	[3.498]
P-value	[0.011]	[0.004]	[0.085]	[0.244]
N	82444	35763	21087	25594
F-stat from first stage	69.451	78.817	33.016	102.426
Sample Mean	414	396	443	416
Controls	Yes	Yes	Yes	Yes
	Panel B: Women			
Count (log)	4.322	8.427	7.876**	-0.61
SE	[3.518]	[5.710]	[3.324]	[6.251]
P-value	[0.219]	[0.140]	[0.018]	[0.922]
N	16535	4465	5353	6717
F-stat from first stage	55.804	73.642	35.884	46.973
Sample Mean	345	307	365	353
Controls	Yes	Yes	Yes	Yes

Notes: (i) These models estimate the impact of digital transactions on the time spent on productive activities for Men. (ii) Analysis is conducted separately for those who are employed in any category, self-employed, regular-wage employed and casual-wage employed. (iii) The dependent variable in each model is the sum of time spent on Employment in corporations, government and non-profit institutions; Employment in household enterprises to produce goods; and Employment in household enterprises to provide services. (iv) The main explanatory variable in all models is the district-level number of transactions via digital platform of Phonepay. It is computed as an average of count of transactions for the years of 2018 and 2019. (v) All the models are estimated using 2SLS model and include control variables. (vi) The main explanatory variable (count) is instrumented by the district-level exposure to the bank chests. (vii) Robust standard errors are clustered at the district level and given in the parentheses. (viii) The asterisks *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table A16: Impact of Growth in Digital Economy on Employment Structure (2SLS) at extensive margin (PLFS)

	(1) All employment	(2) Agricultural Employment	(3) Non-agricultural Employment	(4) Self-employment	(5) Agricultural Self-employment	(6) Non-agricultural Self-employment	(7) Unpaid Self-employment	(8) Regular employment	(9) Casual Employment
Panel A: Men									
Growth in Amount	0.055***	-0.297***	0.352***	-0.127***	-0.242***	0.115***	-0.057***	0.226***	-0.044*
SE	[0.018]	[0.053]	[0.063]	[0.035]	[0.045]	[0.026]	[0.016]	[0.043]	[0.024]
P-val	[0.002]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.067]
N	127677	127677	127677	127677	127677	127677	127677	127677	127677
F-stat from First Stage	33.095	33.095	33.095	33.095	33.095	33.095	33.095	33.095	33.095
Sample Mean	0.633	0.194	0.438	0.303	0.145	0.157	0.054	0.183	0.146
Panel B: Women									
Growth in Amount	0.03	-0.067***	0.098***	0	-0.022	0.022	-0.112***	0.079***	-0.049***
SE	[0.026]	[0.023]	[0.026]	[0.021]	[0.016]	[0.015]	[0.031]	[0.018]	[0.017]
P-val	[0.238]	[0.004]	[0.000]	[0.992]	[0.164]	[0.134]	[0.000]	[0.000]	[0.004]
N	125580	125580	125580	125580	125580	125580	125580	125580	125580
F-stat from First Stage	33.388	33.388	33.388	33.388	33.388	33.388	33.388	33.388	33.388
Sample Mean	0.161	0.064	0.096	0.057	0.029	0.027	0.069	0.058	0.046

Notes: (i) These models estimate the impact of digital transactions on the incidence of employment by gender. (ii) The dependant variable in each model is a dummy variable. In column (1), if a person is employed as per the Usual Principal Activity Status, the dummy takes value '1'. It takes value '0' for those who are unpaid self-employed, unemployed or out of labour force. (iii) Self-employment dummy takes value '1' if a person is self-employed (own-account worker or employer), '0' otherwise. Similarly, the regular and casual wage dummies are defined. (iv) The main explanatory variable is growth in amount from 2018 to 2019. (v) All models are estimated on the basis of 2SLS model, where the main explanatory variable is instrumented by the district level exposure to the bank chests. (vi) Robust standard errors are clustered at the district level and given in the parentheses. (vii) The asterisks *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table A17: Impact of growth in amount transacted on time spent on productive activities: 2SLS

Dependent variable: Time spent on productive activities				
	(1) Any employment	(2) Self employed	(3) Regular wage	(4) Casual Wage
Panel A: Men				
Growth in amount (2019 over 2018)	42.336**	56.550**	24.568	-28.18
SE	[19.376]	[22.062]	[15.617]	[24.162]
P-value	[0.029]	[0.010]	[0.116]	[0.243]
N	82444	35763	21087	25594
F-stat from first stage	23.887	23.065	24.639	18.234
Sample Mean	414	396	443	416
Controls	Yes	Yes	Yes	Yes
Panel B: Women				
Growth in amount (2019 over 2018)	30.15	61.764	39.836**	-6.104
SE	[24.934]	[44.504]	[17.154]	[62.607]
P-value	[0.227]	[0.165]	[0.020]	[0.922]
N	16535	4465	5353	6717
F-stat from first stage	26.628	24.247	32.458	13.944
Sample Mean	345	307	365	353
Controls	Yes	Yes	Yes	Yes

Notes: (i) These models estimate the impact of growth in digital transactions on the time spent on productive activities separately for Men (Panel A) and Women (Panel B). (ii) Analysis is conducted separately for those who are in any type of employment, self-employment, regular-wage and casual/other wage employment. (iii) The dependent variable in each model is the sum of time spent on Employment in corporations, government and non-profit institutions; Employment in household enterprises to produce goods; and Employment in household enterprises to provide services. (iv) The main explanatory variable in all models is the growth in district-level amount transacted via digital platform of Phonepay. It is computed as growth in the value of transactions in 2019 over 2018. (vi) All models are estimated using 2SLS model and include control variables. (vii) The main explanatory variable (growth in amount) is instrumented by the district-level exposure to the bank chests. (viii) Robust standard errors are clustered at the district level and given in the parentheses. (ix) The asterisks *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.