

**DIGITAL TRADE AND ITS IMPLICATIONS FOR GENDER GAP IN LABOUR
MARKETS: A CROSS COUNTRY ANALYSIS**

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ABSTRACT

Digital transformation and ICTs are in the process of transforming the framework of international trade. The extent to which digital trade will affect income and wealth inequality is under intense debate. However, evaluating the position of women in the labour markets with changing trade patterns becomes highly significant. By enabling the digital expansion and integration of markets, digital trade creates opportunities for women and bridges the gender gap in the labour markets. Digital trade provides opportunities to women in the services sector, where their comparative advantage lies. The study examines the impact of trade in digitally delivered services on relative female labour force participation rates, using cross-country panel data from 156 countries from 2010-2021. The empirical results suggest that trade in Digitally Delivered Services (DDS) enhances the relative female labour force participation rate, narrowing the gender gap in labour force participation rates. Moreover, the narrowing effect is stronger for high-income countries than for middle-income and low-income countries. This study also addresses the inherent endogeneity bias using an instrumental variable (IV) estimation approach.

Key words: Digital trade, gender inequality, labour force participation, panel data, instrumental variables

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