

A Portable Promise: Reimagining Social Security for the Informal Sector

Dr.M.Sridevi

Assistant Professor,

Dr.B.R.Ambedkar Law College,

Bhaglingampally, Hyderabad.

Abstract

Despite being the backbone of many economies, especially in developing nations, the Informal sector is still mainly left out of the formal social security systems' protective net. The informal labor is frequently left exposed to health crises, economic shocks, and old age insecurity due to its inherent mobility, fragmented employment patterns, and lack of institutional coverage. In order to close this disparity and guarantee inclusive protection for unorganized laborers, this paper examines the idea of social security mobility as a revolutionary instrument. Benefits and entitlements can follow employees across industries, occupations, and even countries thanks to portability, which prevents the loss or fragmentation of their contributions and accumulated rights. Governments can develop systems that adjust to the changing nature of informal work by rethinking social security frameworks via a portable lens. This will promote social inclusion and economic security. The study examines global best practices, like digital identity-linked systems and regional portability agreements, and emphasizes how applicable they are in places like India, where more than 80% of the workforce works informally. Additionally, the article emphasizes how technology plays a key role in operationalizing portable schemes, including digital payment systems, biometric identity, and interoperable databases. However, it also warns against obstacles including bureaucratic red tape, data privacy issues, and the possibility of leaving out the most disadvantaged. According to the analysis, resilient social protection can be achieved by combining portability with inclusive policy design in a rights-based, universal approach. Ultimately, social security portability is not merely an administrative innovation; it is a moral and developmental imperative. By enabling informal workers to carry their entitlements with dignity, societies can uphold the promise of equity, reduce vulnerability, and strengthen the foundations of inclusive growth.

Introduction

A vital tool for guaranteeing equality, dignity, and financial stability, social security is a pillar of the welfare state. In order to safeguard people against life-cycle risks like illness, disability, unemployment, and old age, international human rights instruments acknowledge social security as a fundamental right¹. Despite this acknowledgment, a sizable segment of the world's labor force—especially those working in the unorganized sector—continues to be shut out of formal social security systems. Over 60% of jobs worldwide and over 80% of jobs in nations like India² are in the unorganized sector. Street sellers, gig workers, construction workers, domestic workers, agricultural laborers, and self-employed people are examples of informal workers.

In order to overcome these structural exclusions, this essay examines social security portability as a legal and policy innovation. Social security contributions and benefits are guaranteed to stay linked to the employee rather than the company or workplace thanks to portability. It makes it possible for protection to continue across industries, occupations, and even national boundaries. The paper makes the case that mobility is a rights-based response to changing labor markets rather than just an administrative convenience.

Recognizing the Vulnerabilities of the Informal Sector

What Is Informality?

Informal employment is defined by the International Labour Organization (ILO) as work that does not provide employment benefits or legal or social protection.³ Through contractualization, outsourcing, and platform-based work, informality is increasingly permeating formal enterprises and is not limited to small businesses or self-employment. Both unorganized businesses and informal employees⁴ of legal businesses are included in India's informal sector. These workers continue to be mostly excluded from statutory social security programs like provident funds, pensions, and health insurance, despite making substantial contributions to GDP and service delivery.

Vulnerabilities in Structure: Informal laborers face multiple, overlapping vulnerabilities that expose them to heightened social and economic risks. One of the

¹ Universal Declaration of Human Rights, 1948, Art. 22.

² International Labour Organization, *Women and Men in the Informal Economy* (2018).

³ ILO, *Resolution concerning statistics of work, employment and labour underutilization* (2013).

⁴ National Commission for Enterprises in the Unorganised Sector (NCEUS), *Report on Conditions of Work* (2007).

most significant challenges is economic instability. Informal employment is often characterized by irregular and unpredictable income, the absence of written contracts, and a lack of minimum wage or pay guarantees. As a result, workers are frequently unable to plan for the future or build financial resilience against shocks such as illness, injury, or sudden loss of work. This instability perpetuates cycles of poverty and insecurity, particularly for households that rely entirely on informal earnings.

Health-related risks further compound these vulnerabilities. Informal workers are often employed in hazardous or physically demanding conditions without adequate occupational safety standards. At the same time, they typically lack employer-provided health insurance or access to contributory health schemes. Consequently, illness or workplace injury can lead not only to loss of income but also to catastrophic out-of-pocket health expenditures, pushing workers and their families deeper into poverty. The absence of health protection undermines both the right to health and the right to social security.

Old-age insecurity is another critical concern for informal laborers. Due to limited or nonexistent access to pension schemes, many informal workers are unable to accumulate retirement savings or qualify for old-age benefits. As a result, they face a high risk of poverty in later life, often remaining dependent on family support or continuing to work well beyond their physical capacity. This lack of old-age protection reflects structural exclusion from social security systems that prioritize formal employment.

Mobility also carries significant penalties for informal workers. Changing jobs, shifting between sectors, or migrating—whether within a country or across borders—often results in the loss of any social benefits they may have accrued. The absence of portable benefits discourages labor mobility and reinforces insecurity, particularly for migrant and seasonal workers.

These vulnerabilities were starkly exposed by the COVID-19 pandemic. Lockdowns and economic shutdowns caused millions of informal workers to lose their livelihoods overnight, yet most had no access to social insurance, unemployment benefits, or paid sick leave. The crisis underscored the urgent need for flexible, inclusive, and rights-based social security systems capable of protecting all workers, regardless of employment status.

Social Security as a Human and Legal Right: International human rights law is deeply intertwined with the concept of social security, recognizing it as a cornerstone of human dignity and social justice. Article 22 of the Universal Declaration of Human Rights (UDHR) establishes social security as a fundamental

right of every individual, affirming that all members of society are entitled to protection against life's social and economic risks. This recognition reflects the understanding that without social security, other human rights such as the rights to health, work, and an adequate standard of living cannot be meaningfully realized.

This normative foundation is further strengthened by Article 9 of the International Covenant on Economic, Social and Cultural Rights (ICESCR), which obliges States Parties to ensure the right of everyone to social security, including social insurance. The Committee on Economic, Social and Cultural Rights (CESCR), in its General Comment No. 19, clarifies that this obligation encompasses the availability, accessibility, adequacy, and coverage of social security systems. States must ensure that social protection schemes cover a broad range of social risks, including sickness, unemployment, disability, maternity, old age, and the loss of a family breadwinner, while paying particular attention to marginalized and vulnerable groups.

Complementing these human rights instruments, the International Labour Organization's Social Security (Minimum Standards) Convention, 1952 (No. 102), elaborates the core components of social protection. It sets minimum benchmarks for nine branches of social security, including medical care, sickness benefit, unemployment benefit, old-age benefit, and employment injury benefit. Together, these frameworks form a robust international legal architecture that situates social security not merely as a welfare measure but as a binding legal obligation grounded in human dignity and equality.

However, despite their normative strength, traditional social security systems have been largely modeled on formal employment relationships characterized by stable, long-term contracts and regular wage contributions. This model is increasingly misaligned with contemporary labor markets, particularly in developing economies where informal employment dominates. Informal workers—such as domestic workers, street vendors, platform workers, and migrant laborers—often lack continuous employment relationships and employer-based contributions, rendering them effectively excluded from conventional social insurance schemes.

From a human rights perspective, such exclusion is problematic. The right to social security is universal and cannot be conditioned on formal employment status. A rights-based approach therefore requires states to adapt social protection systems to the lived realities of workers, rather than forcing workers to conform to rigid institutional designs. This entails rethinking contribution mechanisms, eligibility criteria, and benefit delivery systems to ensure inclusivity and equity.

In this context, portability of social security benefits emerges as a legal necessity rather than a policy preference. Portability ensures that workers retain their social security entitlements when they change jobs, sectors, or geographical locations, including across national borders. For informal and mobile workers, portability is essential to guaranteeing continuity of protection and preventing the erosion of accrued rights. By facilitating portability, states give concrete effect to their international legal obligations and reaffirm the principle that social security is an inherent human right, not a privilege reserved for those in formal employment.

Social Security Portability as a Rights-Based Reaction to Labor's Informalization

It is commonly acknowledged that social security is a fundamental component of the contemporary welfare state and an essential tool for guaranteeing economic stability, equality, and human dignity. Social security systems are essential for lowering poverty and lowering social and economic risks because they offer protection against life-cycle events like disease, disability, unemployment, pregnancy, work-related injuries, and old age. Social security is a fundamental human right, not an optional governmental benefit, according to international human rights law.

Despite this acknowledgment, social security access is still incredibly uneven worldwide. Formal social protection systems continue to exclude a significant segment of the global labor force, especially those who work in unorganized or informal jobs. According to estimates from the

International Labour Organization (ILO), over 60% of employment worldwide is informal, with that number climbing to over 80% in nations like India.⁵ Street sellers, gig and platform workers, domestic workers, agricultural laborers, construction workers, home-based workers, and independent contractors are examples of informal workers. Due to their frequent precarious employment, poor pay, and lack of legal recognition, these workers are not adequately protected by traditional job-based social security schemes.

International law recognizes social security as a human right.: International human rights instruments clearly establish the right to social security. According to Article 22 of the Universal Declaration of Human Rights (UDHR), every member of society is entitled to social security as well as the realization of economic, social,

⁵ UDHR, art. 22.

and cultural rights that are essential for their dignity and unrestricted personal growth.⁶ The right to a sufficient standard of life, including security in the event of unemployment, illness, disability, widowhood, old age, or other lack of livelihood, is further recognized in Article 25. This right is given binding legal force by the International Covenant on Economic, Social, and Cultural Rights (ICESCR). "The right of everyone to social security, including social insurance" is expressly acknowledged in Article 9. According to the Committee on Economic, Social, and Cultural Rights (CESCR), States are subject to immediate and progressive duties under this right, such as guaranteeing nondiscriminatory access and expanding coverage to underprivileged and marginalized groups.⁷

ILO Standards on Social Protection

The right to social security has been developed in large part thanks to the ILO. Nine traditional social security branches—medical care, unemployment benefits, sickness benefits, employment injury benefits, old-age benefits, and survivors' benefits—are outlined in Convention No. 102 on

Social Security (Minimum Standards).⁸ More importantly, the Social Protection Floors Recommendation, 2012 (No. 202) highlights universal access to critical health care throughout life and at least a minimal degree of financial security.⁹ States are urged by the recommendation to create inclusive, sustainable systems that adapt to evolving employment patterns. It clearly recognizes the necessity of providing workers in the informal economy with additional protection.

Informal Work and Systematic Social Security Exclusion

The absence of formal contracts, erratic income, little bargaining power, and a lack of legal labor rights are characteristics of informal employment. Because contributory social insurance programs are usually associated with traditional employer-employee relationships, informal workers are often left out. Consequently, informal laborers are routinely excluded from eligibility requirements based on regular earnings, payroll deductions, and employer registration.

Informal employment predominates in industries including construction, street vending, domestic work, agriculture, and platform-based gig work in nations like India." Continuous participation in employer-linked programs is impracticable since

⁶ UDHR, art. 25.

⁷ ILO, *Social Protection Floors Recommendation, 2012 (No. 202)*.

⁸ ILO Convention No. 102, *Social Security (Minimum Standards) Convention, 1952*.

⁹ ILO, *Social Protection Floors Recommendation, 2012 (No. 202)*.

workers in these industries frequently switch employment, work in many occupations at once, or relocate across states.

The lack of written contracts, erratic and unpredictable pay, low job security, weak negotiating power, and little to no access to legal labor protections like minimum wages, paid time off, or workplace safety regulations are all characteristics of informal work. Informal workers are routinely left out of social protection mechanisms because the majority of social security systems are built around formal, long-term employer-employee relationships.

Pensions, health insurance, unemployment insurance, and maternity benefits are examples of contributory social security schemes that normally demand regular payroll payments from both employers and employees. On the other hand, informal laborers typically work without employer registration, are paid in cash, and lack reliable documentation of their income. Because of this, they don't meet the qualifying standards for employer contributions, verified work, and consistent earnings. Administrative obstacles, complicated enrollment processes, and a lack of documentation further hinder access, even in cases where informal workers are aware of these programs.

The Indian Constitution incorporates social protection into its larger framework of social fairness and dignity, even if it does not specifically list a fundamental right to social security.

According to legal interpretation, the right to live with dignity, which includes social security, livelihood, and health, is included in Article 21 (Right to Life).¹⁰ The Directive Principles' Articles 38 and 39 require the State to minimize inequality and advance social welfare. The State is specifically required by Article 41 to offer public aid in situations involving unemployment, old age, illness, and disability.

Indian courts have continuously used purposive interpretation to broaden the definition of social security: The Supreme Court acknowledged livelihood as an essential part of the right to life under Article 21 in *Olga Tellis v. Bombay Municipal Corporation*. The Court ruled in *Consumer Education and Research Centre v. Union of India* that workers' rights to health and medical care are derived from Articles 21, 39(e), and 41. The Court emphasized the State's duty to shield vulnerable workers from exploitation in *People's Union for Democratic Rights v. Union of India*.¹¹

¹⁰ *Francis Coralie Mullin v. Administrator, Union Territory of Delhi*, (1981) 1 SCC 608 (India).

¹¹ *Olga Tellis v. Bombay Mun. Corp.*, (1985) 3 SCC 545 (India).

In the more recent case of National Campaign Committee for Central Legislation on Construction Labour v. Union of India, the Court emphasized the need for social security legislation to be successfully operationalized by criticizing the State for failing to implement welfare measures for construction workers..¹²All of these rulings demonstrate that social security is constitutionally required rather than optional.

The capacity of workers to keep and accrue benefits regardless of changes in job, employer, occupation, or location is known as social security mobility. For mobile and informal workers, portability guarantees ongoing and efficient social protection. From a rights-based standpoint, the fulfillment of the right to social security depends on mobility. Social security systems must be adequate, flexible, and accessible, according to CESCR General Comment No. . These ideals are violated by systems that penalize informal employment or mobility. Non-portable systems disproportionately disfavor informal workers in India, where internal movement and occupational fluidity are widespread, thereby making constitutional guarantees meaningless.¹³

India has made small progress toward portability with programs like: Food security can be transported between states thanks to the One Nation One Ration Card (ONORC). e-Shram Portal, establishing a national unorganized labor database Ayushman Bharat provides mobile health insurance. Although these projects show progress, they do not yet constitute a full portable social security architecture; instead, they are still disjointed and primarily benefit-specific.

Risks and Difficulties

Despite its potential, portability has many obstacles to overcome: Disjointed governance between states and ministries

Insufficient funding sources

Concerns about data privacy and surveillance, especially with biometric systems The most marginalized workers' digital exclusion Strong data protection frameworks, participatory policy design, and statutory coherence are necessary to address these issues.

Administrative fragmentation: Several authorities and programs
Financial limitations: Maintaining sustainability without putting too much weight on employees

¹² *Consumer Educ. & Research Ctr. v. Union of India*, (1995) 3 SCC 42 (India).

¹³ Government of India, *Report of the National Commission for Enterprises in the Unorganised Sector* (2007).

Data privacy issues: Potential for abuse and surveillance
Workers without access to technology are excluded due to the "digital divide."
Coordinated governance, robust legal frameworks, and participatory policy
formulation are necessary to address these issues.

Suggestions

Adopt a universal social security system based on rights
Remove the connection between employment status and basic social safety
Make sure all schemes and jurisdictions work together.
bolster privacy and data protection legislation
Make outreach and employee education investments.
Encourage three-way communication between states, companies, and labor unions.

In conclusion

A paradigm change in welfare governance is represented by social security
portability. It gives constitutional and human rights commitments significant force
while bringing social protection into line with modern labor realities. Rethinking
social security through a universal, portable, and rights-based framework is not only
a policy choice for India; it is required by the constitution.

Portability enhances social inclusion, lessens vulnerability, and advances the
promise of social justice ingrained in both international law and the Indian
Constitution by allowing informal workers to carry their rights with dignity. It
reiterates social security as a basic human right while acknowledging the reality of
informal, mobile, and fragmented labor marketplaces. Portability increases social
inclusion, lessens vulnerability, and fosters equitable development by allowing
workers to carry their rights with dignity.

In the end, mobility is a moral and developmental requirement rather than just an
administrative change. Rethinking social security via a portable perspective is both
a duty and an opportunity for countries dedicated to social justice and inclusive
progress.

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