

OFFICE OF THE CHIEF ECONOMIC ADVISER
MINISTRY OF LABOUR AND EMPLOYMENT, GOVERNMENT OF INDIA

MEMORANDUM FOR THE CABINET SECRETARY

DATE: December 25, 2025

SUBJECT: Digital Public Infrastructure (DPI) for Employment Matching in India

1. EXECUTIVE SUMMARY

Despite a declining unemployment rate—recorded at 3.2% in 2023-24—structural friction in India's labor market persists due to information asymmetry and high search costs. This memo proposes the evolution of existing portals into a comprehensive Digital Public Infrastructure (DPI) for Employment, utilizing the "India Stack" model to bridge the gap between 564 million workers and the formal economy.

2. POLICY RECOMMENDATION

The Ministry should launch "RozgarStack": a unified, API-based Open Network for Employment (ONE). Unlike a centralized portal, RozgarStack will serve as a foundational layer allowing private job boards, skilling institutes, and state governments to interoperate. It will provide verified digital credentials (via DigiLocker) and Aadhaar-seeded worker profiles to reduce the "trust deficit" in hiring.

3. SUPPORTING ARGUMENTS

A. Reduction of Search Costs and Information Asymmetry

Currently, job seekers in rural clusters often rely on informal intermediaries, leading to exploitation. A DPI-led approach allows for "Discoverability-at-Scale."

Example: Integrating the e-Shram database (30.98 crore registrations) with private platforms via open APIs enables a construction worker in Bihar to be discovered by a contractor in Maharashtra instantly, bypassing middleman fees.

B. Verification and Trust via Digital Credentials

Small and Medium Enterprises (SMEs) often hesitate to hire remotely due to the difficulty of verifying skills.

Example: By leveraging Skill India Digital Hub (SIDH), a candidate's vocational certification can be "pushed" as a verifiable credential to an employer's dashboard. This reduces the background verification (BGV) time from weeks to seconds, specifically benefiting the high-turnover gig and retail sectors.

C. Targeted Social Security and Formalization

DPI allows the government to link employment matching with the Employment Linked Incentive (ELI) schemes.

Example: Under the Pradhan Mantri Viksit Bharat Rozgar Yojana, incentives can be auto-credited to employers' and employees' Aadhaar-seeded bank accounts once a digital "Proof of Employment" is generated on the RozgarStack, ensuring zero leakage and higher formalization rates.

4. ADOPTION DATA

Table 1: Employment Platform Adoption (e-Shram) – Select States (As of Aug 2025)

State: Uttar Pradesh | Registrations: 8.37 Crore | Target Achievement: 124% | Primary Worker Category: Agriculture & Construction

State: Bihar | Registrations: 2.96 Crore | Target Achievement: 82% | Primary Worker Category: Migrant Labor

State: West Bengal | Registrations: 2.64 Crore | Target Achievement: 92% | Primary Worker Category: Apparel & Handloom

State: Maharashtra | Registrations: 1.73 Crore | Target Achievement: 40% | Primary Worker Category: Manufacturing & Services

State: Madhya Pradesh | Registrations: 1.84 Crore | Target Achievement: 72% | Primary Worker Category: Agriculture

5. CONCLUSION AND NEXT STEPS

Transitioning to a DPI model will shift the government's role from a "job provider" to a "market enabler." This will catalyze private innovation while protecting worker rights.