

DPI for Employment Matching in India

MEMORANDUM FOR THE CABINET SECRETARY

Office of the Chief Economic Adviser | Ministry of Labour and Employment

December 25, 2025

Executive Summary

Structural Friction

Despite a declining unemployment rate of **3.2%** in 2023-24, structural friction persists in India's labor market.

Root Causes: Severe information asymmetry and high search costs are preventing efficient matching for the 564 million strong workforce.

Proposed Solution: DPI

The Ministry proposes evolving existing portals into a comprehensive **Digital Public Infrastructure (DPI)** for Employment.

Utilizing the "India Stack" model, this initiative aims to bridge the gap between workers and the formal economy through a unified digital layer.

Policy Recommendation: "RozgarStack"



Open Network (ONE)

Launch an API-based Open Network for Employment. Unlike a centralized portal, this serves as a foundational layer.



Interoperability

Enables seamless connection between private job boards, skilling institutes, and state governments.



Verified Trust

Provides verified digital credentials via DigiLocker and Aadhaar-seeded worker profiles to reduce the "trust deficit."

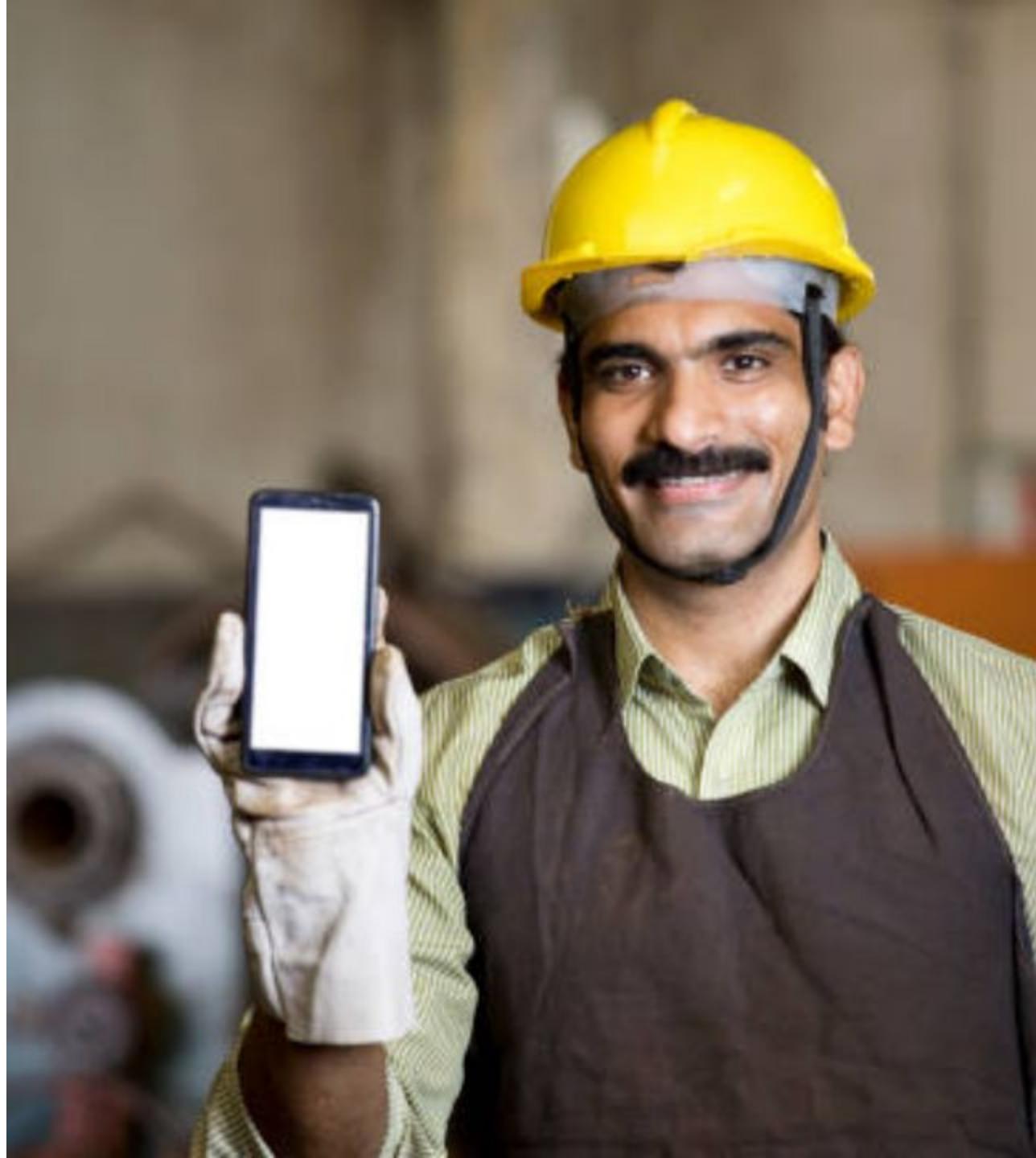
Reducing Search Costs

Discoverability-at-Scale

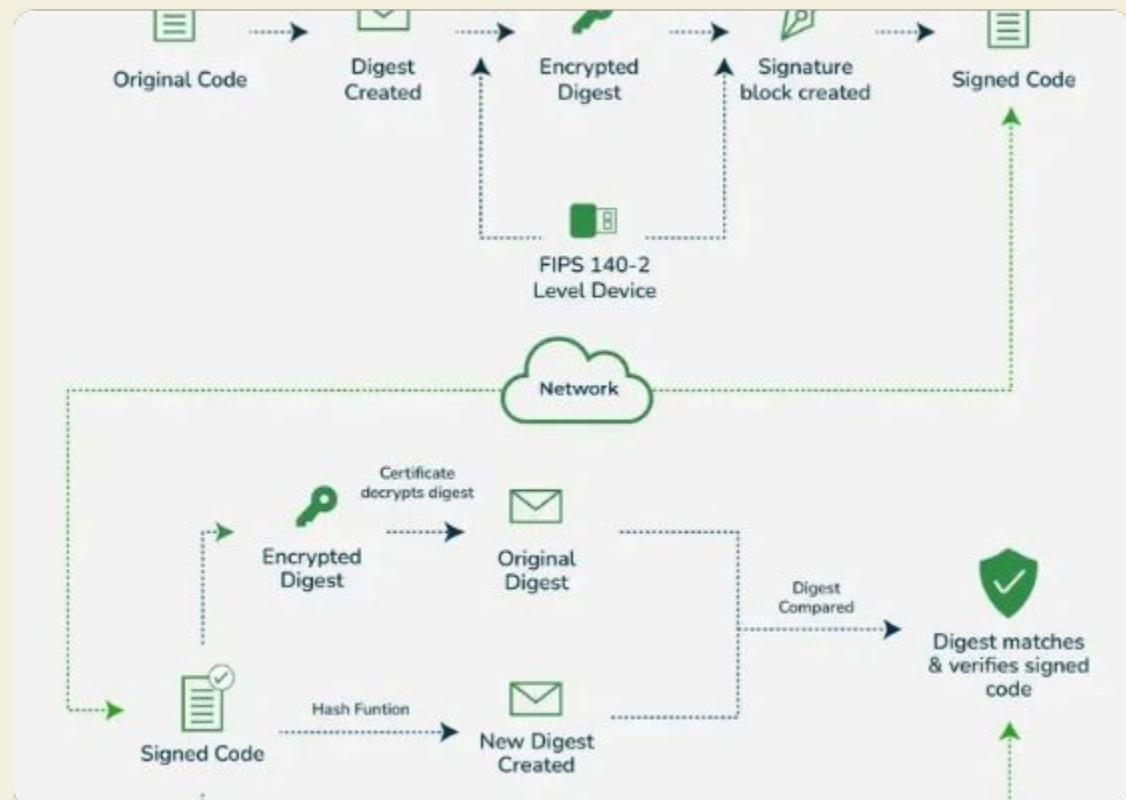
Currently, rural job seekers rely on informal intermediaries, leading to exploitation.

The Solution: A DPI-led approach allows for instant connections across geographies.

Example: Integrating the e-Shram database (30.98 crore) with private platforms allows a construction worker in Bihar to be discovered by a contractor in Maharashtra instantly.



Verification via Digital Credentials



Addressing the Trust Deficit

Small and Medium Enterprises (SMEs) often hesitate to hire remotely due to verification difficulties.

- **Leveraging SIDH:** Candidates' vocational certifications from Skill India Digital Hub are "pushed" as verifiable credentials.
 - **Impact:** Reduces Background Verification (BGV) time from weeks to seconds.
 - **Beneficiaries:** Specifically targets high-turnover sectors like gig economy and retail.

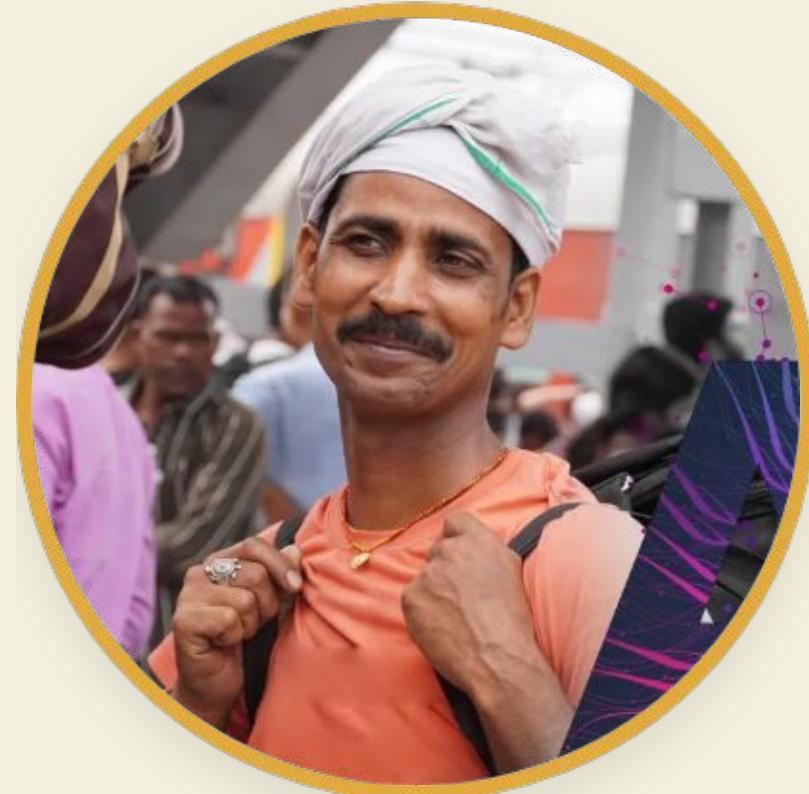
Targeted Social Security

Formalization & Incentives

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

Zero Leakage Mechanism:

Under schemes like *Pradhan Mantri Viksit Bharat Rozgar Yojana*, incentives are auto-credited to Aadhaar-seeded accounts once a digital "Proof of Employment" is generated on the RozgarStack.



Employment Platform Adoption (e-Shram)

State	Registrations	Target Achievement	Primary Category
Uttar Pradesh	8.37 Crore	124%	Agriculture & Construction
Bihar	2.96 Crore	82%	Migrant Labor
West Bengal	2.64 Crore	92%	Apparel & Handloom
Madhya Pradesh	1.84 Crore	72%	Agriculture
Maharashtra	1.73 Crore	40%	Manufacturing & Services

Data as of August 2025

"Transitioning from a Job Provider to a Market Enabler"

This DPI model will catalyze private innovation while protecting worker rights, shifting the government's role to a foundational enabler.

Image Sources



<https://media.istockphoto.com/id/1272126191/photo/industrial-worker-showing-mobile-phone.jpg?s=612x612&w=0&k=20&c=fmrNKQ4WO28-Z0mllc55eknOaw5N6615plljWReBOUY=>
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