
FROM MGNREGA TO VB-G RAM G (PROPOSED) ACT, 2025: A CRITICAL EVALUATION OF INDIA'S EMERGING RURAL EMPLOYMENT FRAMEWORK

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ABSTRACT

Rural employment and Rural development are two identical concepts which has been need of the country to uplift the weaker and marginalized sections of the society. The transformation from seasonal agriculture-based work to employment that guarantees specified work days and wages in a service led economy has been witnessed in India with various schemes and framework often reflecting country's welfare goals and policies with relocation of labour and capital for the structural growth. The scheme MGNREGA, which is universal and non-targeted design created to enhance the livelihood of rural households creating a largest work programme in the world playing a vital role in income security, social protection, poverty alienation. However, the recent protests, policy changeover and renaming of the MGNREGA scheme has sparked debates over the country. The restructuring of the employment scheme to a broader vision of 'Viksit Bharat' under the proposed framework of VB-G RAM G framework suggested by the Union. This paper focuses on the current issue and examines how the transition from MGNREGA to VB-G RAM G would have its effects on the existing employment problems across the country and states's responsibility in guaranteeing work and occupation. The paper focuses on doctrinal methodology and analyses the implications of this shift legally and socio-economically by using statutory provisions, policy documents, parliamentary materials and media reports.

KEYWORDS: MGNREGA, Rural employment, Rural migration, Rural governance, Wage employment.

INTRODUCTION

The working class of India's population has its large force employed in rural areas and rural economy is heavily depend on informal work and agriculture. Employment in areas are often vulnerable to economic shocks and seasonal irregularities. From July to September 2025, there has been an increase in the percentage of rural workforce employed in agriculture from 53.5% to 57.7%¹. This growth corresponds with Kharif activities, which means rural households depend heavily on agricultural work for their income. The concentration of labour at specific times of the year also shows that there are no other reasonable employment opportunities for rural people available outside of farming. As such, the need for public employment schemes in rural areas remains strong to provide support to rural households for income security during agricultural down seasons. In times of economy distress and slowdown, rural households are at stake often face issues of poverty, indebtedness and food insecurity. The enhancement of rural livelihood by Ministry of Rural Development² explicitly aim to implement schemes not just to provide immediate wages instead *institutionalise economic security*, which is crucial when alternative jobs are scarce and rural markets are largely informal. Constitutional framework of India demonstrates a commitment to social and economic justice, serving as the basis for state-led welfare measures. The Preamble to the Constitution clearly underscores justice—social, economic, and political as a fundamental principle of governance. Though non justiciable, DPSP impose a duty upon the State to promote the welfare of the people through Articles 38,39,41.

RESEARCH OBJECTIVE

To analyse the transition and shift from rights based legislative to a policy oriented model of rural development.

Whether absence of defined statutory provision guaranteed raises concerns on enforceability and its effect on rising unemployment problem across country.

¹ Ministry of Statistics & Programme Implementation, *Periodic Labour Force Survey (Quarterly Estimates), July–September 2025*, Press Information Bureau, Gov't of India (Nov. 2025), <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2188343>

² Ministry of Rural Development, Gov't of India, *Mahatma Gandhi National Rural Employment Guarantee Scheme: Annual Report*, Department of Rural Development, <https://www.dord.gov.in/static/uploads/2024/02/43f6d3ecbd0cf21b1a0c23d80d270e0c.pdf>

RESEARCH PROBLEM

The problem of chronic poverty have been addressed through various government reforms, policies and the largest emphasis is given to MGNREGA by enhancing livelihood to rural population by guaranteed provision for rural employment from 2005. The new VB-G RAM G bill have been approved by the President³ aligning with long term vision of Viksit Bharat has drawn widespread protest and concerns. The paper addresses the problem of whether this transition shift from rights based guaranteed work to a framework that dilutes the demand driven is constitutionally sound and how fiscal responsibility is shifted to state governments. The livelihood of rural workers, mechanisms of implementation and enforceability is still a question mark.

RESEARCH QUESTIONS

1. What are the expected economic implications of the said proposed VB-G RAM G Bill, 2025 and whether it is socially justifiable?
2. What policy initiatives and measures which should be the standard for not undermining or compromising social security for workers are necessary to ensure social justice when there exists changes in the employment reforms?

RESEARCH METHODOLOGY

The paper deals with doctrinal research to critically examine the transition from the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 to the proposed VB-G RAM G framework, 2025 which includes study of existing statutory provisions, judicial precedents, parliamentary debates and records, government scheme and provisions. Parliamentary debates and legislative discussions are analysed to ascertain legislative intent and the political contestation surrounding the proposed framework. Government reports, Union Budget documents, and official policy statements are examined to trace the fiscal and administrative rationale underlying the proposed restructuring of rural employment policy. In addition, media reports and documented protest narratives published in reputed national newspapers are relied

³ “President Droupadi Murmu Gives Nod to VB-G RAM G Bill Replacing MGNREGA,” *India Today*, Dec. 21, 2025, <https://www.indiatoday.in/india/story/president-droupadi-murmu-gives-nod-to-vb-g-ram-g-bill-replacing-mgnrega-2839466-2025-12-21>

upon to contextualise public resistance, civil-society responses, and opposition critiques. . The study is limited to publicly available materials and adopts a normative and predictive approach, given the evolving nature of the proposed legislation.

OVERVIEW OF MGNREGA ACT

Mahatma Gandhi National Rural Employment Guarantee Act, 2005⁴ enacted to enhance and uplift the rural livelihood and tackle the poverty arising out of unemployment by guaranteeing one hundred days of wage employment in a financial year to every household to do unskilled manual work. The roots of the legislation has its base in strengthening to reach the vulnerable sections of the society. The scheme covers large participation with high females employed as act mandates at least one third beneficiaries of women and covers a large population more than any other scheme relating to social protection in India. The Act marks a shift of rural employment from scheme to a demand driven employment right. Employment has to be provided within fifteen days of demand and application, failure to provide the same amounts to unemployment amount being payable which the legislation mandates. A notable feature of the act highlights the decentralization of decision making and other implementation responsibilities through Gram Sabhas to local bodies⁵.The achievements highlighted by the Standing Committee in the initial seven years shows large scale participation of workers including the marginalised sections of the society.

THE VIKSIT BHARAT-GUARANTEEE FOR ROZGAR AND AJEEVIKA MISSION (GRAMIN): VB-G RAM G ACT, 2025

The Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin): VB-G RAM-G Act, 2025 establishes a new framework for rural development measures which is aligned with the vision of Viksit Bharat @2047. The Act provides guaranteed wage employment for 125 days per financial year to every rural household whose adult members volunteer to undertake unskilled manual work. The Act strives to increase economic participation in rural areas.

The central focus of the Act is the creation of Viksit Bharat National Rural Infrastructure Stack,

⁴ Ministry of Rural Development, Government of India, *Annual Report 2024–25*, Department of Rural Development, New Delhi, p. 6

<https://www.dord.gov.in/static/uploads/2024/02/43f6d3ecbd0cf21b1a0c23d80d270e0c.pdf>

⁵ Rajiv Gandhi Institute for Contemporary Studies, Mahatma Gandhi National Rural Employment Guarantee Act, 2005, *RGICS*, <https://www.rgics.org/democracy/mahatma-gandhi-national-rural-employment-guarantee-act-2005/>

comprising of public works related to water security, core rural infrastructure, livelihood-supporting assets, and special projects to mitigate extreme weather events. It also seeks to ensure adequate availability of farm labour during peak agricultural seasons while maintaining the wage employment guarantee.

Rural governance is to be divided across Block, District, State, and National levels to ensure welfare programs tailored to local needs. To institutionalise coordinated governance, the Act introduces Viksit Gram Panchayat Plans, integrated with PM Gati Shakti and supported by geospatial systems and digital public infrastructure. In order to increase transparency and accountability, the Act establishes s biometric authentication, GPS or mobile-based worksite monitoring, real-time management information system dashboards, proactive public disclosures, and the use of Artificial Intelligence for planning, auditing, and fraud-risk mitigation.

The Act, which is enacted in the 76th year of Republic of India authorises Central government to notify its commencement date with flexibility to implement it in different States or areas at different times. The Act received assent of President on 20th December 2025. The Act lays the groundwork for a more responsible, resilient, and growth-oriented rural economy with its improved employment guarantee and technology-driven governance model.⁶

What has changed?

The MGNREGA guarantees every rural household at least 100 days of employment in a financial year where the adult members in the family have to volunteer for unskilled manual work. The VB- G RAM G Act ,2025 enhances the number of days to 125 days. ⁷Earlier, if persons who sought for employment is not provided with employment within 15 days of application, the state government was to pay unemployment allowances as a part of the liability. The new Act continues to uphold this provision. Earlier 100 days was the de facto ceiling and express provisions like Section 3(4) of MGNREGA⁸ allowed for additional 50 days in drought or disaster-notified areas and Scheduled Tribe households in forest areas were

⁶ The Viksit Bharat—Guarantee for Rozgar and Ajeevika Mission (Gramin): VB-G RAM-G Act, No. 197-F of 2025, Gazette of India, Extraordinary, Part II (Dec. 20, 2025) (India).

⁷ The Viksit Bharat – Guarantee for Rozgar and Ajeevika Mission (Gramin): VB – G RAM-G Bill, 2025, PRS Legislative Research (Ministry of Agriculture and Farmers Welfare), <https://prsindia.org/billtrack/the-viksit-bharat-%E2%80%93-guarantee-for-rozgar-and-ajeevika-mission-gramin-vb-%E2%80%93-g-ram-g-bill-2025> (last visited Jan 15, 2026)

⁸ Mahatma Gandhi National Rural Employment Guarantee Act, 2005, § 3(4), Act No. 42 of 2005 (India).

entitles to avail 150 days of guaranteed wage employment. The new Act however makes a single standard statutory limit of 125 days without exceptions.⁹

Earlier in the MGNREGA, the Centre paid the cost of unskilled wage while in the new Act it is proposed that the cost sharing between Centre and State be done in 90:10 ratio for Northeastern States, Himalayan States, and UTs with legislature. The other states should share 60:40 ratio for unskilled wages. The Union territories would still continue to receive 100% funding from Centre. Hence it can be observed that States now have increased fiscal responsibility. Under the older Act, States were confined to providing unemployment allowance, material costs and other administrative expenses. The State government was to notify a scheme which aligned with the Act. The state government is to still continue giving unemployment allowance and compensation.

The Central government is to determine the state wise normative allocation for each financial year, but under the new Act, in case of any excess allocation, the state governments were to bear the expenses. Normative allocation essential means fund allocation by Centre to State. In the MGNREGA Act, the Labour Budget Mechanism was followed wherein States submitted annual budgets for each of their states by January 31 and funding was demand driven.¹⁰

Section 6(1) and Section 6 of the Act specifies about statutory pause during peak agricultural season. No work is supposed to be done or executed by labourers during the peak agricultural season. State governments are required to notify the dates of the season commencement in advance and the period will be about 60 days in aggregate.

The Act retains the planning framework wherein the Gram panchayats are responsible for planning and implementing projects in their respective areas. The plans developed will be the domains of water-security, rural infrastructure, livelihood related and mitigation of extreme weather events. The plans are to be integrated with the PM Gati Shakti National Master Plan. The Mahatma Gandhi National Rural Employment Guarantee Act calls for the creation of Centre and State councils to oversee its implementation and guarantee appropriate oversight. The proposed legislation maintains these arrangements while also stating that prescribed rules will govern the composition of these Councils. Additionally, it creates a National-Level

⁹ VB–G RAM G Bill 2025 Explained: How It Replaces MGNREGA, Vajiram & Ravi (Dec. 16, 2025), <https://vajiramandravi.com/current-affairs/vb-g-ram-g-bill-2025-explained-how-it-replaces-mgnrega/>

¹⁰ MGNREGA, § 3.

Steering Committee that is in charge of overseeing policies generally and suggesting uniform resource distributions. Furthermore, each State is to establish its own Steering Committee. The State Committee's main duties are to: (i) make sure that other government programs are coordinated and integrated; (ii) combine district-level plans into a single State plan; and (iii) keep in touch with the National Steering Committee.

The Act emphasizes the use of advanced technologies to enhance transparency, accountability and efficiency in implementation. It mandates use of technologies like biometric authentication mechanisms to verify the identity of beneficiaries during transactions, thereby reducing duplication and fraudulent claims. Another technology which is to be employed is GIS-based mapping which essentially improves planning, asset tracking and monitoring of the works undertaken. A mobile application to facilitate real-time progress tracking, enabling authorities to monitor performance and address delays promptly, is also mentioned in the Act. Additionally, it provides for weekly public disclosure systems to ensure that relevant data regarding funds, works, and beneficiaries is accessible to the public. These technological interventions seek to increase citizen participation, decrease administrative inefficiencies, foster transparency, and guarantee more efficiency under the program.

Finally, beyond structural and administrative changes, the most visible transformation lies in the renaming of the scheme. The new Bill renames MGNREGA as the Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin), officially abbreviated as VB-G RAM-G. The name has both Hindi and English components and is carefully constructed to produce the acronym ‘Ram_G’. Viksit Bharat is a scheme of the Prime Minister which envisions developed India by 2047. ‘Guarantee’ refers to commitment and Rozgar Ajeevika Mission” refers to employment and livelihood focus. “Gramin” denotes its target beneficiaries which is rural area. A significant change is the removal of “Mahatma Gandhi” from the title. The MGNREGA was a symbol of Gandhian ideals of Gram Swaraj and it is argued by critics that replacing Gandhi’s name with “Ram” represents historical revisionism and creates an unnecessary ideological contrast between Gandhi and Lord Ram.¹¹

¹¹ Partha Majumdar, Policy Nomenclature as a Strategic Instrument of Governance: The Case of the VB-G RAM-G Controversy, 10 J. Pub. Pol’y & Admin. 48 (2026)

CRITICAL ANALYSIS

Possible outcome – Increase in fiscal burden for multiple states

The data from RBI for state wise expenditure and their year wise expenditure for the year 2022-23 was analysed by the Centre for Policy Research, to reveal that the fiscal burden for various states differ and alters the financial responsibilities between the Union and the States. Unlike the MGNREGA Act, wherein the wage expenditure was mostly borne by the Centre, the new Act requires states to finance a significant share which they divided in the ratio 60:40(Centre: State) accordingly for general category states and 90:10 for Northeast and Himalayan states as they possess relatively weaker fiscal capacity. Relying on the 2022–23 expenditure patterns, it is suggested that if states had been required to bear a 40% share, the fiscal burden would from below 0.5% to over 5% of state revenues or developmental expenditure. For the majority of states, the additional burden is likely to account to 2% of the total revenue but for several Northeastern states there is a substantial increase. In states like Kerala an additional contribution implies that it could amount to nearly 80% of current rural development expenditure, effectively doubling the financial pressure on that sector. In Tamil Nadu, the increase could be around 54%, while states like Madhya Pradesh (47%), Chhattisgarh (37%), and Andhra Pradesh (31%) would also experience major budgetary strain. These are states with less allocation for the sector. But for the states who have already allocated resources like Rajasthan, Odisha, Bihar, and Jharkhand, would see increases equivalent to one-fifth to one-quarter of their current spending. ¹²Further estimates based on financial year 2024-25, data suggest that state spending, which was roughly ₹10,120 crore under the earlier model, could have risen to approximately ₹41,494 crore under the new cost-sharing arrangement. Some of the states have allocated most of their revenue for salaries, pensions, and interest payments, leaving limited fiscal flexibility for additional welfare obligations. ¹³The obvious and possible outcome of such a situation is states being driven to reallocate funds away from other social sectors such as health, education, or nutrition, or resort to higher borrowing to sustain employment guarantees.

¹² Partha Mukhopadhyay & Anmol Kumari, CPR Insights | The Possible Fiscal Impact of VB G RAM G on States, CTR. FOR POL'Y RSCH. (Dec. 29, 2025), <https://cprindia.org/cpr-insights-the-possible-fiscal-impact-of-vb-g-ram-g-on-states/> (last visited Feb 01, 2026).

¹³ Avani Kapur & Laavanya Tamang, How VB – G RAM G Act, which replaces MGNREGA, affects states' finances, INDIAN EXPRESS (Dec. 25, 2025, 10:55 AM), <https://indianexpress.com/article/explained/explained-economics/how-new-vb-g-ram-g-act-affects-states-finances-10437630/>

Rights- based to Supply – driven

The MGNREGA Act was designed as a rights-based, demand-driven programme for guaranteed employment and under its framework any rural household demanding employment was legally entitled to receive work within fifteen days. If the state failed to provide employment, then they were required to pay an unemployment allowance. The central funding also was on open ended basis which meant that expenditure increased with increased demand such as in situations of droughts, economic shocks, or periods of rural distress. The VB-G RAM-G Act however introduces the supply driven framework wherein the Central government is required to determine ‘normative allocations’ based on pre-fixed criteria. This implied that even if demand for work rises due to economic hardship or seasonal unemployment, programme funding may remain constrained by centrally fixed limits. This forces the framework to be dependent on a budget-dependent benefit. The Section 6 of the Act allows the state governments to declare a ‘pause period’ of up to sixty days during peak agricultural seasons during which no work would be provided under the scheme. While the stated objective may be to avoid labour shortages in agriculture, this provision has serious implications for vulnerable rural workers. Landless labourers or individuals who are unable to secure private farm employment during these periods may be denied access to public employment despite needing income support. The shift from demand driven fund allocation experiences a serious transition to an administratively controlled programme.¹⁴

Centralised Planning Through the National Rural Infrastructure “Stack”

Under MNREGA, it was the grassroot level bodies that identified and implemented works which were specific to local needs. The new decentralised design requires all the projects to be organised under four predefined strata under the centrally designed digital infrastructure stack which includes water security, core rural infrastructure, livelihood infrastructure, and disaster mitigation. Additionally, it is required to be integrated with platforms like PM Gati Shakti and geospatial digital systems which essentially improves technological coordination but it narrows the scope for local experimentation and need specific solutions at local level.

The model of participatory planning is retained in design of the new Act but autonomy of local bodies has considerably been reduced. Panchayats are to presently, function more as

¹⁴ Id. At 6.

implementing agencies than policy making bodies which weakens the decentralisation objectives and constitutional vision of local self-government under Part IX of the Constitution, which emphasises grassroots participation.¹⁵

SUGGESTIONS

- I. The Act should retain the demand driven character similar to the MGNREGA Act wherein funding is in response to actual work demand. Normative allocations may be used for planning purposes but should not operate undermining employee guarantee during periods of hardship and must include flexibility.
- II. The cost sharing between Centre and State must be phase wise in order to prevent sudden fiscal pressure on states. The capacity of states to make such allocation to their budget need to be considered and a straitjacket ratio cannot be fixed on all states.
- III. While digital infrastructure stacks can improve monitoring, they must allow flexibility for local needs and context-specific solutions. The local governing bodies must have meaningful autonomy in selecting and prioritising works.
- IV. The ‘pause period’ proposed must include safeguards for workers and ensure that they are not denied employment and left with no alternative work opportunities during the period.
- V. The controversy in the scheme’s name maybe neutralized by shifting focus on employment security and rural development outcomes through effective political communication rather than politically charged terminology. Focus must be on implementation so that name retains legitimacy of the objective of the Act.

CONCLUSION

There has been a significant shift from the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to the Viksit Bharat- Guarantee for Rozgar and Aajeevika Mission (Gramin) Act, 2025 marked by a transition from demand-based employee guarantee to supply

¹⁵ Legis Orbis, From Employment Guarantee to Developmental Infrastructure: A Critical Analysis of the VB-G RAM G Act, 2025, LEGIS ORBIS (n.d.), <https://legisorbis.in/from-employment-guarantee-to-developmental-infrastructure-a-critical-analysis-of-the-vb-g-ram-g-act-2025/> (last visited Feb. 6, 2026).

driven framework. The new Act attempts to improve development through technological integration, infrastructure development, and an increase in guaranteed workdays from 100 to 125. The earlier structure of MGNREGA ensured that rural households possess entitlement to work ensuring social security. The new framework introduces supply driven model which may fail to provide employment during economic distress.

The revised cost sharing between the states increases fiscal burden on states which had no scope for additional budget being allocated to the same. The introduction of centrally coordinated infrastructure promises transparency and accountability but limits autonomy of local bodies who are responsible for tending to community needs.

The VB-G Ram-G Act 2025, would be successfully implemented only if its goals align with the constitutional commitment to social justice and participatory rural governance. Efforts should be made to ensure that rural welfare objectives are not diluted in the process of policy transition.