

FROM MGNREGA TO VIKSIT BHARAT G-RAM-G: A LEGAL AND POLICY ANALYSIS

Abstract

The Parliament, on 18th December 2025, passed the Viksit Bharat, Guarantee for Rozgar and Ajeevika Mission (Gramin), Viksit Bharat G RAM G Bill 2025¹. The Bill effectively replaces the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005, thereby instating a structural shift in India's rural employment ecosystem. This essay seeks to examine the transition from MGNREGA along with its shortcomings that necessitated a renewed statute, by first assessing the historical and constitutional rationale behind MGNREGA. It then identifies the reform brought about in the new Viksit Bharat G RAM G Bill 2025 and critically assesses whether these reforms adequately resolve the failures of the previous Act. Additionally, this essay analyses the potential advantages and disadvantages of the new Bill while anticipating how India's rural economic and social structure may respond to such a transformation in the welfare scheme.

Introduction

The dominant rural employment scheme in India over the past 2 decades has been the Mahatma Gandhi National Rural Employment Guarantee Act, 2005. It transformed employment from a benefit to a justiciable right while ensuring livelihood, governance and structural social and economic alleviation in rural areas across the country. However, a myriad of inefficiencies such as fund misappropriation, implementation gaps, asset quality along with concerns about long-term fiscal sustainability and governance led to the need for a replacement statute, i.e., the Viksit Bharat GRAM G Bill, 2025. This essay aims at analyzing the legislative, economic and social climate within which MGNREGA was introduced, how it functioned and its limitations before examining whether the new GRAM G framework is representative of an improvement or a departure from India's previous rights-based approach to rural employment welfare.

MGNREGA- Background, Design and Implementation

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 was enacted at a time when India was entrenched in systematic agrarian distress. Earlier, nearly 60% of India's population relied on agriculture, yet public investment in agriculture had declined and caused a reduction in agricultural productivity. This, paired with "extreme weather events" such as increase in frequency of draughts and floods adversely affected rural livelihoods and caused massive income loss for farmers. "High unemployment and low wages linked to low productivity combine to bring about high poverty levels, food insecurity and rural-to-urban migration."²

¹ Parliament passes Viksit Bharat G RAM G Bill 2025: Rajya Sabha gives approval (News on AIR 19th December 2025) ¹ <https://www.newsonair.gov.in/parliament-passes-viksit-bharat-g-ram-g-bill-2025-rajya-sabha-gives-approval/> accessed 13th January 2026.

² Ina Porras and Nanki Kaur, *India's Mahatma Gandhi Guaranteed Employment Programme* (International Institute for Environment and 2018) 3.

MGNREGA was therefore conceived as more than just a poverty alleviation scheme. It was a structural response to prolonged rural economic instability that aimed to provide income security and systematically rebuild the rural employment infrastructure. Hence the Act was passed with great consensus in 2005. Studies have established that the scheme was monumental in “overcoming rural distress and improving human resources in rural areas”. This fact proves to be of importance in order to understand the civil and political retention of support for the program for over two decades whilst also ensuring the funding to the program.³ MGNREGA provided a rights-based framework to employment and livelihood in India. One of its key characteristics is that it guarantees 100 days of wage employment (mainly unskilled manual labor) every year upon demand, thereby establishing access to work into a statutorily enforceable right of the citizen.⁴ It also provides free registration along with a guarantee for employment within 15 days of applying, weekly payments at fixed minimum wage for all beneficiaries regardless of gender or caste.⁵ Additionally, if work is not offered within the stipulated time, the state is statutorily required to pay the beneficiary an “unemployment allowance” for the same.⁶

The program has a decentralized set up with central oversight and is governed by the Ministry of Rural Development (MoRD). They are in charge of national financing and oversight while State Governments lead execution. In villages, Gram Sabhas and Panchayats supervise work.⁷ The idea behind giving village-level autonomy was to strengthen local governance and promote social community engagement. With regard to the nature of work, the program offers more than 100 types of works that are based on local requirements. “The work itself is labour-intensive and local, such as building water conservation projects, irrigation channels, rural roads, flood-control structures and land development activity”.⁸

The success of the globe’s largest social protection program has been unparalleled by any other welfare scheme brought out before, with considerable social and economic impacts. “In 2015-2016, MGNREGA provided nearly 47 million households (70 million individuals) with employment opportunities.”⁹ Rural wages were increased from Rs. 65 in 2005 to Rs. 154 per day by 2017 thus giving workers bargaining power outside the scheme. The overall economic condition of rural families saw a massive uptake with higher average household access to healthcare and education and consumption expenditure on food and clothing. This in turn helps them withstand

3. Ibid

⁴ Dave Steinbach and others, *Aligning Social Protection and Climate Resilience: A Case Study of WBCIS and MGNREGA in Rajasthan* (International Institute for Environment and Development 2016) 6.

⁵ Ina Porras and Nanki Kaur, *India’s Mahatma Gandhi Guaranteed Employment Programme* (International Institute for Environment and 2018) 4.

⁶ Vasudha Mukherjee, ‘Explained: The MGNREGA overhaul’ *Forbes India* (16 December 2025) <https://www.forbesindia.com/article/news/explained-the-mgnrega-overhaul/2989460/1> accessed 13 January 2026.

⁷ Ina Porras and Nanki Kaur, *India’s Mahatma Gandhi Guaranteed Employment Programme* (International Institute for Environment and 2018) 4.

⁸ Vasudha Mukherjee, ‘Explained: The MGNREGA overhaul’ *Forbes India* (16 December 2025) <https://www.forbesindia.com/article/news/explained-the-mgnrega-overhaul/2989460/1> accessed 13 January 2026.

⁹ Dave Steinbach and others, *Aligning Social Protection and Climate Resilience: A Case Study of WBCIS and MGNREGA in Rajasthan* (International Institute for Environment and Development 2016) 6.

inflation and other economic adversities. The inclusion of gender and other vulnerable groups was evident when it was noted that women's participation averaged at 55% under MGNREGA as compared to their share in the casual labor market.¹⁰ Studies have estimated that MGNREGA infrastructure has long term economic value beyond immediate wage payments as evidenced by the work such as dug wells and irrigation structures constructed under the program being widely used and having an estimated social return of around 6%.¹¹

However, given all the successes of MGNREGA, its potential for longevity has been marred by persistent structural and implementation weakness. While impact studies are concentrated to local pockets and little information regarding impact assessment on a national level exists, there are a variety of signifiers that point to the program's failures. Asset quality and durability vary across states, due to which many projects remain unfinished, structurally unsound or have poor design choices. One of the main reasons behind the failures of the program is the uneven implementation leading to mixed outcomes.¹² Widespread gap in administrative capacity across states causes various problems such as delayed wage payment, slow progress of projects and unstable agendas that don't get fulfilled. This ultimately undermines the credibility of a program that claims to be a reliable guarantee of employment and wages. Additionally, capture of project planning processes by elite, moneyed individuals often dilute project selection and minimizes the benefits accruing to those for whom the scheme was implemented, i.e., the poor.¹³

There remains a significant gap between the demand for work and actual employment provided. Upon analyzing the National Sample Survey Data from 2009-10, it was observed that approximately 45% of rural households demanded work under MGNREGA and only 56% of them received employment thereby resulting in the national rationing rate to be around 44% which indicates a large excess demand for work.¹⁴ Poor states where the scheme was most needed like Jharkhand, Odisha and Bihar faced the biggest percentage of unmet demands indicating systematic failure.

Misappropriation and lapses in governance have also diminished the success of the scheme. Official figures cited in the Ministry of Rural Development reportedly stated the misappropriated amount under MGNREGA to be around Rs. 193.67 core in 2024-25. These figures raise flags regarding the accountability over such serious leakages in the program. Additionally, it is noted that MGNREGA has been unable to meet its guarantee of 100 days of employment per household.

¹⁰ Ina Porras and Nanki Kaur, *India's Mahatma Gandhi Guaranteed Employment Programme* (International Institute for Environment and 2018) 7.

¹¹ Ibid

¹² Dave Steinbach and others, *Aligning Social Protection and Climate Resilience: A Case Study of WBCIS and MGNREGA in Rajasthan* (International Institute for Environment and Development 2016) 6.

¹³ Ina Porras and Nanki Kaur, *India's Mahatma Gandhi Guaranteed Employment Programme* (International Institute for Environment and 2018) 7.

¹⁴ Puja Dutta, Rinku Murgai, Martin Ravallion and Dominique van de Walle, 'Does India's Employment Guarantee Scheme Guarantee Employment?' (2012) 47(16) *Economic and Political Weekly* 4.

Data depicts that in 2024-25, only 7.60% of total households participating in the program completed the full term of 100 days, indicating that the scheme operates more as a temporary income supplement rather than a reliable employment guarantee.¹⁵ Gender outcomes under MGNREGA are also uneven. In poorer states, the local power infrastructure and social norms affect women's participation disproportionately as work rationing favors men. Here, delegation of control to local government presents to be a bane as it allows local power structures to affect the division and distribution of labor.

Ultimately, the previously mentioned reasons point to questions regarding the structural soundness and long-term fiscal sustainability and efficiency of the scheme that prove to be the final motivator for considering its replacement.

Viksit Bharat: Gram G Bill

The Viksit Bharat-Guarantee for Rozgar and Aajeevika Mission (Gramin) Bill, 2025 is the new Bill passed by the Indian Parliament as a replacement for the Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA). This fresh legislation reimagines rural employment and restructures the developmental framework as one that aligns with the long-term developmental vision of the country- "Viksit Bharat 2047".¹⁶

The VB-G RAM G Bill conducts a complete statutory overhaul of the MGNREGA. The official Press statement lays it out to be one that "strengthens income security for rural households, modernizes governance and accountability, and links wage employment with the creation of durable and productive rural assets..."¹⁷

Some of the salient features of the Act include- increasing the statutory guarantee of wage employment days from 100 days (as under MGNREGA) to 125 days per rural household per year. It has been stated that this increase enhances income stability, livelihood security and assurance of work for rural households. Through Section 6 of the Act, a new addition is the introduction of the ability for states to "notify an aggregated pause period aggregating to sixty days in a financial year", in order to facilitate sufficient availability of labor during peak agricultural seasons. Weekly or 15-day wage payments are guaranteed under Section 5(3) of the Act. Delays in payments are duly compensated to provide wage security and protect beneficiaries.

The Act has been formulated keeping the creation of long-term durable public assets at the helm. These assets have been categorized into four thematic domains, i.e., "

¹⁵ Vasudha Mukherjee, 'Explained: The MGNREGA overhaul' *Forbes India* (16 December 2025) <https://www.forbesindia.com/article/news/explained-the-mgnrega-overhaul/2989460/1> accessed 13 January 2026.

¹⁶ Ministry of Rural Development, *President gives assent to Viksit Bharat-Guarantee for Rozgar and Aajeevika Mission (Gramin) (VB-G RAM G) Bill 2025: The Act enhances statutory employment guarantee to 125 days* (Press Information Bureau Government of India, 21 December 2025) <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2207187®=3&lang=1> accessed 14th January 2026.

¹⁷ Ibid

1. Water security and water-related works
2. Core rural infrastructures
3. Livelihood-related infrastructure
4. Works to mitigate extreme weather events”¹⁸

The financial architecture of the scheme has also been altered from its previous set up in MGNREGA. There has been an introduction of shared funding between the Centre and the States in a 60:40 Centre-State ratio. This is significantly different from MGNREGA which stipulated full funding by the Centre. This change has been argued to “promote cooperative federalism and better alignment with local developmental priorities”.¹⁹ Additionally, the administrative expenditure has been increased from 6% to 9% to accommodate better technical resources, staffing, training, field-level support, etc.²⁰

Perhaps the biggest differentiation between MGNREGA and VB-G RAM G is the shift from a demand-driven design to a supply-driven one. The former demand-driven design allowed rural households to seek work upon choice and avail compensation in case of delay in wage employment being unfulfilled. This obligated the Centre to provide funds on the basis of actual demand for work in the State. The new design structures employment to be dictated through “pre-approved Viksit Gram Panchayat Plans, which are consolidated upwards at block, district, and state levels and integrated into a national infrastructure framework. The government said this will improve efficiency, asset creation, and alignment with national infrastructure goals.”²¹ This set up predetermines the funding provided to the State with any excess expenditures being fronted by the States. The Bill also integrates the use of digital tools such as biometric authentication and geo-tagging, to ensure technology enabled transparency and inclusion.²² Hence, these changes mark a shift from the demand-driven rights-based model on MGNREGA towards a supply-driven planning-oriented framework that creates a balance between employment generation, longevity and fiscal predictability.

A Critical Analysis of the Change

¹⁸ Ibid

¹⁹ *Explained: New bill- MGNREGA vs VB-G RAM G Bill- Mahatma Gandhi scheme changes* (India Today, 17 December 2025) <https://www.indiatoday.in/india/story/new-bill-mgnrega-vs-vb-gram-g-bill-mahatma-gandhi-main-points-difference-explained-2837181-2025-12-17> accessed 14th January 2026.

²⁰ Ministry of Rural Development, *President gives assent to Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G) Bill 2025: The Act enhances statutory employment guarantee to 125 days* (Press Information Bureau Government of India, 21 December 2025) <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2207187®=3&lang=1> accessed 14th January 2026.

²¹ *Explained: New bill- MGNREGA vs VB-G RAM G Bill- Mahatma Gandhi scheme changes* (India Today, 17 December 2025) <https://www.indiatoday.in/india/story/new-bill-mgnrega-vs-vb-gram-g-bill-mahatma-gandhi-main-points-difference-explained-2837181-2025-12-17> accessed 14th January 2026.

²² Ministry of Rural Development, *President gives assent to Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G) Bill 2025: The Act enhances statutory employment guarantee to 125 days* (Press Information Bureau Government of India, 21 December 2025) <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2207187®=3&lang=1> accessed 14th January 2026.

A monumental change in a 2 decade-old legislation with a number of new additions and a structural rebrand necessitates an assessment of its potential advantages and disadvantages. Additionally, one must also assess the impact of these changes and the response one may receive from the Indian citizenry. One of the biggest advantages of the VB G-RAM G Bill is its expansion of the time period of the employment guarantee. If implemented adequately, this increase has the potential to provide impetus to income security to rural households and strengthen household consumption in the same manner the 100-day guarantee under MGNREGA did.²³ The focus on the previously mentioned sectors for development indicates a clear prioritization of long-term durable assets that are consolidated in the Viksit Bharat National Rural Infrastructure Stack and is in line with the vision of Viksit Bharat 2047. This narrowed down approach is likely to work toward long-term economic development and stability for rural communities, better than MGNREGA's scattered arena of short-term wage work.

Accountability and transparency are ensured under the new statute through technological and governance enhancements. The various technological additions such as digital monitoring and geo-tracking along with predetermined budgets directly respond to the operational challenges that MGNREGA was critiqued for by reducing leakages, misappropriation of funds, and improves asset quality. MGNREGA's unpredictable and exploitable demand-driven funding has made strategizing and planning challenging. VB-G RAM G's normative funding model aids this by embedding predictability and fiscal accountability into the statutory framework. The seasonal work-pause for up to 60 days is a promising provision that ensures that agricultural labor is available during peak work months and prevents shortages that could negatively affect both the progress of the projects and raise farm wage costs thereby affecting small farmers.

However, many argue that there could be potential drawbacks attached to these changes. One of the most prominent concerns is the shift from the demand-driven funding under MGNREGA to the supply-driven one in VB-G RAM G. Some concerns regarding this change entail that this completely bases the employment structure on "bureaucratic planning".²⁴ Critics argue that this erases the legally sanctioned right to work by centralizing decisions regarding funding and eroding local autonomy. The demand-driven guarantee of employment under MGNREGA represented a step towards the fulfillment of the Right to Work as a Directive Principle of State Policy under Article 41 of the Indian Constitution. The new Bill may indicate a regressive step back from this guarantee that may adversely affect worker autonomy.²⁵

²³ PRS Legislative Research, *The Viksit Bharat- Guarantee for Rozgar and Ajeevika Mission (Gramin) VB- G RAM G Bill, 2025* (PRS India Bill Track) <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> accessed 16th January.

²⁴ *Explained: New bill- MGNREGA vs VB-G RAM G Bill- Mahatma Gandhi scheme changes* (India Today, 17 December 2025) <https://www.indiatoday.in/india/story/new-bill-mgnrega-vs-vb-gram-g-bill-mahatma-gandhi-main-points-difference-explained-2837181-2025-12-17> accessed 16th January 2026.

²⁵ Ibid

In continuance with the financial shift, the change in the funding split between the Centre and the State from 90:10 to 60:40 imposes increased financial burdens on the State. This has the potential of subjugating poorer States that may not possess the required amount of funds to adequately fund the program. This reduces the employment opportunities, resource allocation and effective implementation. Ironically, the States that require the benefit of this program the most may be the ones who would be most affected by this changing in the funding system. Additionally, the 4 vertical focus areas may be intended to prioritize long-term development but have the potential to limit flexibility in choosing projects based on local needs that may fall outside the stipulated 4 categories but may be of insurmountable importance to that area. The introduction of the seasonal pauses, while well-intentioned, may deprive daily wage workers who rely on recurrent working opportunities.

In sum, replacing MGNREGA with VB-G RAM G is a modernizing force that aids many of the operational constraints that existed previously by enforcing accountability, transparency, improving asset quality, increasing employment days and placing a more predictable funding system that provides impetus to long-term economic development. At the same time, these fundamental shifts are accompanied with some concerns regarding the dilution of the enforceability of the Right to work, mandatory pauses and funding patterns that may affect the overall rural employment climate negatively. Taken together, these viewpoints present a holistic view of the replacement that requires adequate implementation to be a successful change in legislation that not only rectifies the operational errors in its predecessor but also mitigates its own drawbacks through discussion and implementation.

India's response to the overhaul of MGNREGA by the VB-G RAM G framework is likely to be mixed and subjective to the States, since the change involves alteration of the funding infrastructure, project autonomy and monitoring architecture. Politically, there have been some contestations in the Parliament regarding the Bill. However, among State Governments, the reactions are likely to be divided on the basis of each State's fiscal and administrative capacity. This is because the new legislation changes the funding split between the Centre and State to lay increased financial responsibility on the State as compared to MGNREGA. The change increases the importance of state budgeting in order to ensure adequate application of the scheme in the States. This is considerable as research on the MGNREGA implementation in 2009-10 depicts that when fiscal and administrative constraints presented themselves, work was divided even when households demanded it, significant unmet demands were witnessed nationally with considerable gap in poorer states.²⁶ With the advent of VB-G RAM G, it is anticipated that better-capacity states are likely to adapt faster while poorer states may take time to cope with the changes.²⁷

²⁶ Puja Dutta, Rinku Murgai, Martin Ravallion and Dominique van de Walle, 'Does India's Employment Guarantee Scheme Guarantee Employment?' (2012) 47(16) *Economic and Political Weekly* 10.

²⁷ Reuters, *India File: Modi revamps landmark rural job scheme, drawing flak* (14 January 2026) <https://www.reuters.com/world/india/india-file-modi-revamps-landmark-rural-job-scheme-drawing-flak-2026-01-14/> accessed 15 January 2026.

For rural workers and households, the response depends solely on the effectiveness of the implementation of the program by their State. If the previously mentioned frictions (seasonal pauses, shift from demand driven model, funding alteration), reduces the turnout and access to work for women or marginal groups, there is chance of uptake in local resistance. However, if proper implementation takes place with an improve in access and genuine follow-through of the increase in the days of work, acceptance will be widespread. In governance terms, the transition may produce some short-term adjustment shock with subjective state implementation trajectories. Reports depict that implementation capacity and not statutory text are likely to determine the success of the program.

Conclusion

The replacement of the Mahatma Gandhi National Rural Employment Guarantee Act 2005 with the Viksit Bharat- Guarantee for Rozgar and Aajeevika Mission (Gramin) Act, 2025 marks one of the most monumental shifts in India's rural employment infrastructure since the mid-2000s. MGNREGA was enacted as a response to rampant rural distress and unemployment as a legally enforceable guarantee of work on demand and operated for over 2 decades as a source of income, employment and social inclusion to many, especially marginalized communities and women. However, many inadequacies within the statute and implementation necessitated an overhaul with some modernizing updates.

The VB-G RAM G framework is an attempt to respond to these shortcomings. Its updates include increasing the guaranteed days of work, shifting the funding architecture to make States more involved, sector-focused asset creation and the transition from a demand driven model to a supply driven one reflects a shift in favor of modernization and financially accountable predictability. In principle, if implemented appropriately, these changes have then ability to give impetus to rural infrastructure in like the goal of Viksit Bharat 20247, whilst also improving long-term economic gain. However, the reform's reconfiguration of the very nature of the previous legislation has attracted some criticism. Whether this transition is boon or a bane will depend largely on its implementation in practice. In this sense, this change is not just a policy shift, rather, it is a test of India's vision toward a more economically stable rural employment climate.