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CAN VB-G RAM G REPLACE MGNREGA?

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Abstract

The study focuses on the feasibility of replacing the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA, 2005), India's cornerstone demand-driven rural employment entitlement with the proposed Viksit Bharat—Guarantee for Rozgar and Aajeevika Mission (Gramin) (VB-G RAM G) Bill, 2025. Drawing on two decades of empirical literature documenting MGNREGA's achievements (poverty mitigation, asset creation, women's empowerment) alongside persistent implementation deficits (wage delays, leakages, uneven state performance), it dissects VB-G RAM G's structural pivots: escalated 125-day guarantees tempered by normative allocations and 60-day agrarian blackouts; thematic reorientation toward water security, infrastructure, and climate resilience via Viksit Gram Panchayat Plans fused with PM Gati Shakti; and fiscal federal recalibration (60:40 Centre-state shares). Critiques highlight entitlement erosion risks, while official rationales emphasize outcome accountability. The analysis adjudicates these tensions, proposing safeguards—7-day payment mandates, contingency allocations, hybrid planning—to transcend MGNREGA's frailties without sacrificing universality, positioning VB-G RAM G as potential evolutionary refinement contingent on empirical pilots.

Keywords: MGNREGA, VB-G RAM G Bill, demand-driven vs supply-driven

India's rural economy has long grappled with profound structural vulnerabilities, where agrarian dependence and precarious informal labor expose households to cyclical unemployment, income volatility, and acute distress. Enacted in 2005, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) emerged as a bold statutory intervention, mandating 100 days of unskilled manual work annually for any willing rural household, thereby instituting a rights-based bulwark against destitution.

Over almost two decades, MGNREGS has profoundly reshaped rural India's developmental landscape, mitigating poverty through wage supplementation, bolstering food security, and catalyzing asset formation from irrigation canals and check dams to rural roadways that underpin long-term productivity. Its ripple effects extend to gender empowerment, enabling women to claim independent earnings and negotiate enhanced agency within patriarchal norms. Yet, as fiscal pressures mount and implementation inequities persist, the Government of India proposed "Viksit Bharat — Guarantee for Rozgar and Aajeevika Mission (Gramin)" (VB-G RAM G) Bill portends a paradigmatic pivot in the Lok Sabha: supplanting MGNREGA's demand-led entitlement model with a supply-oriented architecture attuned to holistic livelihood advancement. The Viksit Bharat—Guarantee for Rozgar and Aajeevika Mission (Gramin) Bill, 2025, seeks to realign rural employment generation with the ambitious Viksit Bharat @2047 paradigm, effecting a comprehensive repeal of the Mahatma Gandhi National Rural Employment Guarantee Act, 2005. This paper critically examines MGNREGA's enduring impacts alongside VB-G RAM G's prospective features such as working days, funding patterns, permissible works, governance structures and criticisms.



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Impact of the MGNREGA

Sankaran (2011) advocates need-based statutory minimum wages under MWA for NREGA amid constitutional impasses, critiquing piece-rated structures risking self-exploitation and wage shortfalls despite regional flexibility.

Aggarwal et al. (2012) find Jharkhand's MGNREGA wells yield crop diversification, financial gains, and better diets, but construction involves unreimbursed overruns, bribes, and owner borrowing for delayed wages.

Bhatti (2012) praises Aadhaar biometric pilots in Jharkhand for reducing post-office delays and corruption, recommending prioritization for post-office reliant areas to ensure timely MGNREGA payments.

Malla (2014) reveals Kashmir's MGNREGA creates physical assets but fails socio-economic goals due to administrative hurdles, untargeted design, gender exclusion, and misleading official statistics.

Aggarwal (2016) highlights Jharkhand's MGNREGA crisis—curtailed entitlements, work denial, delayed wages—and urges reforms like social audits, unemployment allowances, fines, and performance bonuses.

Reimeingam (2016) shows Sikkim's MGNREGA enhances ST livelihoods via land development and connectivity, reducing poverty despite work supply gaps, wage delays, and inflated job cards.

Dey (2016) critiques West Bengal's MGNREGA for low participation, unsustainable assets, and unmet 100-day guarantees due to overburdened gram panchayats and poor community engagement.

Ghosh (2017) demonstrates MGNREGA boosts financial access in early districts, especially women-heavy areas, though usage impacts are weaker, per household data across 500+ districts.

Baruah and Radka (2017) confirm MGNREGA targets poorer, SC/ST, low-literacy, female-led households in Assam and nationwide, particularly those lacking facilities and stable incomes.

Abhishek (2019) credits MGNREGA with equal wages boosting women's participation and earnings amid rural skill gaps and mechanization, reducing poverty despite state variations.



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Varman and Kumar (2020) report MGNREGA raises rural MPCE and shifts consumption toward nutritious foods like vegetables and meat, per IHDS difference-in-differences analysis.

Pankaj and Bhattacharya (2022) show MGNREGA individual assets (land, irrigation, livestock) increase incomes, yields, diversification, and food security across UP, Rajasthan, and Tamil Nadu.

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), enacted in 2005, guarantees 100 days of unskilled manual wage employment to willing rural households, evolving into one of the world's largest public works programs that has created roads, ponds, check dams, and other rural assets. Critics highlight persistent challenges including wage payment delays, uneven state-wise implementation, insufficient durable asset creation, and escalating fiscal costs, while supporters emphasize its role as a vital social safety net for the poorest and most vulnerable. The proposed Viksit Bharat Rozgar Bill signals a governmental shift toward integrating rural jobs into a comprehensive development and livelihood framework, potentially transcending MGNREGA's employment-for-wages model.

"Viksit Bharat — Guarantee for Rozgar and Aajeevika Mission (Gramin)" (VB-G RAM G) Bill

The "Viksit Bharat — Guarantee for Rozgar and Aajeevika Mission (Gramin)" (VB-G RAM G) Bill, tabled in Parliament on 15 December 2025, decisively repeals the Mahatma Gandhi National Rural Employment Guarantee Act, 2005, alongside its attendant rules, schemes, and directives, effective from a date to be notified by the Central Government. This legislative pivot recalibrates rural public works toward empowerment, growth, and saturation under the Viksit Bharat National Rural Infrastructure Stack, privileging water security, core infrastructure, livelihood assets, and adaptive measures against extreme weather.

Critically, it synchronizes employment with agrarian rhythms to ensure farm-labor availability during peak seasons, while embedding a wage-employment assurance within a convergence-centric paradigm. Viksit Gram Panchayat Plans—integrated with PM Gati Shakti, geospatial analytics, and digital infrastructure—enable saturation-driven, multi-level planning from panchayat to national scales, harnessing district and state mechanisms for holistic delivery. Governance modernization inheres in a digital ecosystem featuring biometric authentication, GPS/mobile worksite surveillance, real-time dashboards, proactive disclosures, and AI-driven planning, auditing, and fraud detection, thereby fortifying accountability and citizen participation.

Employment days

The VB-G RAM G Bill promises 125 days of unskilled manual work per rural household annually, surpassing MGNREGA's 100-day guarantee enacted in 2005. This numerical escalation aligns with ambitions of "empowerment, growth, convergence, and saturation" for rural resilience. However, MGNREGA's realized average of 48 workdays nationally underscores that statutory promises have historically confronted implementation ceilings. MGNREGA's strength lay in its demand-driven architecture: households could claim work within 15 days, with unemployment allowances enforceable if unmet, and the Centre bearing 100% wage liability regardless of demand surges. This counter-cyclical



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mechanism responded to distress signals like drought or migration peaks, compelling fiscal adaptation to ground realities.

VB-G RAM G reverses this polarity through centrally determined state-wise "normative allocations," where employment quantum tracks budgetary ex ante caps rather than ex post need. States absorb full costs of any excess demand, transforming open-ended entitlements into supply-constrained rationing. Fiscally weaker states thus face trilemmas during peak distress, potentially compressing workdays below MGNREGA's de facto floor. The comparison reveals a fundamental trade-off: MGNREGA prioritized entitlement universality at fiscal risk, while VB-G RAM G institutionalizes budgetary predictability at potential cost to coverage equity.

Focus areas

The VB-G RAM G Bill delineates four strategic work domains—water security (conservation, irrigation, water body rejuvenation, afforestation), core rural infrastructure (roads, Panchayat Bhawans, Anganwadis), livelihood infrastructure (training centers, rural haats, grain storage), and climate adaptation (disaster risk reduction) aggregating into the Viksit Bharat National Rural Infrastructure Stack. This marks a departure from MGNREGA's narrower livelihood security mandate, reorienting public works toward "empowerment, growth, convergence, and saturation" with enduring asset multipliers. All works originate from bottom-up Viksit Gram Panchayat Plans, consolidated across block, district, and state levels, then integrated with PM Gati Shakti's geospatial framework for spatially optimized development. Gram Panchayats, categorized by capacity (A, B, C), drive planning, signaling enhanced decentralization while embedding rural employment within national infrastructure priorities—a structural evolution from MGNREGA's decentralized yet fragmented project shelf. The nominal 125-day guarantee, 25% above MGNREGA's 100 days, positions employment as a catalyst for holistic rural transformation, fusing rozgar (wages) with aajeevika (sustainable livelihoods) through assets yielding post-programme income streams. Yet centrally mandated state-wise normative allocations, with states bearing excess costs, temper this ambition: supply-side planning risks constraining work quantum to fiscal ceilings rather than distress-driven demand, potentially replicating MGNREGA's under-delivery (national average 48 days) under new thematic garb. This architectural pivot from MGNREGA's reactive wage safety net to VB-G RAM G's proactive infrastructure mission holds transformative potential if convergence executes seamlessly across ministries and states. Success hinges on allocation elasticities matching ground realities, lest integrated planning devolve into rationed entitlements amid persistent rural precarity.

Change in funding pattern

The VB-G RAM G Bill fundamentally reconfigures fiscal federalism, supplanting MGNREGA's unitary central funding, 100% labour wages, 75% materials (effective 90:10 split), with a centrally sponsored schema. Centre-state ratios devolve to 90:10 for North-Eastern, Himalayan states, and select Union Territories, and 60:40 for all others, alongside state-mandated schemes within six months of enactment. Central authorities prescribe state-wise normative allocations annually on "objective parameters," with states absorbing 100% of overruns a tectonic inversion from MGNREGA's demand-led fiscal open-endedness. Proponents frame this as rational budgeting against unpredictable surges; critics decry it as entitlement rationing, where poorer, migrant-sending states precisely those with acute rural distress confront binding fiscal ceilings amid 25.7% rural poverty. MGNREGA's average realized expenditure hovered at ₹2.5 lakh crore annually, with states contributing ~10% de facto. VB-G RAM G's 40% state share in mainstream states escalates this to ₹1 lakh crore, potentially inducing fiscal conservatism: unregistered demand, suppressed work creation, or diversion from other social outlays. Disaster flexibilities offer mitigation, but normative caps risk procyclical contraction during shocks. This wager that supply-side predictability trumps demand-side universality exposes structural tensions. Fiscally straitened states face



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rationing trilemmas, while richer states absorb overruns effortlessly, institutionalizing inter-jurisdictional inequities absent equalization transfers.

Ban on works during agricultural seasons

VB-G RAM G introduces a seismic rupture in employment universality through Section 6(2)'s 60-day blackout mandate, requiring states to prospectively notify peak sowing and harvesting periods during which no public works shall commence or execute. This supplants MGNREGA's sacrosanct year-round right any rural household could demand work anytime, within 15 days eclipsing two full months of guaranteed access precisely when seasonal unemployment peaks. The stated rationale securing agricultural labor supply to avert wage inflation embodies supply-side engineering but confronts profound equity trade-offs. Rural women, landless laborers, and migrant-origin households, constituting 55% of MGNREGA participants, face statutory exclusion during distress maxima, when agrarian casual wages often plummet below statutory floors. The data suggest MGNREGA's counter-cyclical pull during lean seasons stabilized rural consumption; blackouts risk reversing this, channeling vulnerable cohorts toward landlord dependency or distress migration.

New governance structure

VB-G RAM G erects a hierarchical governance edifice, supplanting MGNREGA's constitutional bottom-up planning—rooted in the 73rd Amendment's Gram Sabha sovereignty—with a Viksit Bharat National Rural Infrastructure Stack that cascades top-down directives. This centralized repository standardizes priority gaps, work designs, and saturation metrics across Gram Panchayat, block, and district scales, ostensibly optimizing spatial efficiency but subordinating local exigencies to national infrastructure priors. The entitlement's universality fractures further: whereas MGNREGA conferred a non-negotiable right to any rural resident in any area, VB-G RAM G confines the 125-day guarantee to Centrally notified rural zones only (Section 5(1)), vesting Union authorities with discretionary exclusion power. Unnotified habitations, potentially peripheral or politically marginal revert to scheme-less precarity, transmuting juridical universality into administrative caprice.

Dual governance councils formalize this centralization: a Central Gramin Rozgar Guarantee Council (Chairperson-led, comprising Union-state representatives, PRIs, workers, and Joint Secretary) discharges national stewardship, while parallel State Councils monitor execution. MGNREGA's streamlined Ministry administration yields to this tiered bureaucracy, promising oversight but risking coordination frictions amid 2.5 lakh Gram Panchayats.

Criticism

The Communist Party of India (Marxist) [CPI(M), 2025] vehemently opposes the VB-G RAM G Bill as a "perfidious dismantling" of MGNREGA's universal, demand-driven architecture, contending that job card rationalization, 60-day agrarian pauses, and digital biometric mandates will exclude vulnerable households precisely when labor demand peaks. Fiscal critiques center on the 60:40 Centre-state wage-sharing pivot compounded by states bearing unemployment allowances and overruns under "normative allocations", which CPI(M) frames as neoliberal offloading absent decisional parity, demanding immediate withdrawal in favor of multipartisan consultations to reinforce MGNREGA's rights-based sines.



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A Member of Parliament registers vehement opposition to the VB-G RAM G Bill, decrying it as an "anti-poor" assault on rural livelihoods that transmutes MGNREGA's demand-driven entitlement into a fiscally capped, allocation-bound scheme. Section 6's 60-day agrarian suspension—ostensibly for farm-labor equilibrium—effectively erodes the 125-day guarantee to 70-75 days or fewer, while Sections 4(5), 4(6), 22(4), and 22(5) impose centrally determined "normative allocations," saddling states with full costs of excess demand. Section 22(8) further offloads unemployment allowances and delay compensation to states, eviscerating enforceability and cooperative federalism, culminating in Section 37's outright repeal of rights-based architecture for administrative discretion.

Conclusion

While MGNREGA has anchored rural wage security for two decades, the VB-G RAM G Bill heralds an architectural maturation, transcending reactive livelihood insurance toward durable infrastructure formation consonant with Viksit Bharat @2047's long-horizon imperatives. Amid pervasive social security saturation, the rural socio-economy demands graduated interventions: from wage supplementation to capital deepening that sustains productivity amid contracting rural LFPR. This evolution manifests in four strategic verticals—water security, core infrastructure, livelihood assets, climate adaptation—yielding compounding returns versus MGNREGA's dispersed works. Farmers accrue irrigation multipliers, storage buffers, connectivity premia, and climate capital, reinforced by 60-day peak-season moratoriums that dampen wage spirals (15-20% kharif inflation, NSSO 2023) without compromising the escalated 125-day guarantee.

Governance modernizes through AI-fraud sentinels, Central/State Rozgar Councils, GPS/mobile real-time surveillance, MIS dashboards, weekly disclosures, fortified social audits, and Panchayat-centric monitoring—addressing MGNREGA's ₹12,000 crore leakage estimates. Viksit Gram Panchayat Plans, geospatial-fused with PM Gati Shakti, transmute bottom-up exigency into saturation-optimized convergence, supplanting MGNREGA's fragmented shelf with national infrastructure coherence. Fiscal federalism recalibrates via normative allocations (60:40 Centre-state post-NE/Himalayan carve-outs), trading demand-led volatility for predictable scalability while retaining unemployment stipends. Rural labor secures temporal certainty, digitized disbursements, and enhanced days; farmers gain agronomic stability. This tectonic reconfiguration—from procedural entitlements to outcome-accountable public economics—positions VB-G RAM G as evolutionary refinement, demanding empirical validation against MGNREGA's realized ~48-day benchmark.

In the light of MGNREGA's two-decade implementation exposed chronic frailties, VB-G RAM G must surgically address. The Act should mandate 7-day statutory payment ceilings via Aadhaar-AEPS integration with triple penalties from a national contingency fund, while enforcing third-party engineering certification for all works and 5-year Panchayat O&M liability to achieve 90% completion rates. A 20% contingency allocation auto-triggered by distress indicators would safeguard demand-supply elasticities, dynamically modulating 60:40 ratios via State Capacity Index for fiscally distressed jurisdictions (debt-GSDP >35%). Hybrid planning, 40% Gram Sabha priorities fused with Viksit Stack geospatial precision preserves MGNREGA's contextual genius alongside universal job card portability, pro-rata blackout allowances (₹300/day), and 50% women quotas. Statutory MoUs with line ministries ensure asset handovers, while a National Employment Guarantee Authority (CAG-level), AI fraud dashboards, citizen grievance apps, and performance-linked Panchayat bonuses institutionalize outcome accountability. A 100-district pilot in FY26, targeting 75+ realized days, 85% asset durability, and 7-day payments, would calibrate this evolution: technocracy tempered by federal empathy, or MGNREGA's demand-led sinews endure unsurpassed.



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