

# Viksit Bharat - Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G Ram G) – A New Road to Rural Employment

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## ABSTRACT

Rural employment has become a cornerstone of Indian social security fabrication. Since its implementation in 2005, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has played a pivotal role in providing wage employment, stabilizing rural incomes, and promoting infrastructure development. However, over time, the structure and purpose of rural India have changed significantly. Rising incomes, improved connectivity, widespread digital access, and a variety of employment options have reshaped rural employment needs. Against this background, the Government of India has enacted the Viksit Bharat- Guarantee for Rozgar and Ajeevika Mission (Gramin) Bill, 2025, a milestone in transforming rural employment policy. The Viksit Bharat- G RAM G Act, 2025, introduces a major legislative reform to MGNREGA, aligning rural employment with the long-term vision of prosperous and great India in 2047, while strengthening accountability, infrastructure outcomes, and income security. The study delving deeply address to the new shift of the flagship rural employment guarantee scheme in India.

**KEYWORDS:** Rural Employment, Viksit Bharat, social security.

## INTRODUCTION

Over the past 20 years, rural employment has been a key pillar of India's social security architecture. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) played a key role in providing wage employment, stabilizing rural incomes and creating basic infrastructure. The highlights of the scheme was employment guarantee, focus on rural development, inclusive and demand-driven, women's participation, transparency and accountability and electronic fund management. Over time, however, the structure and objectives of rural India have evolved significantly. Rising incomes, expanded connectivity, widespread digital penetration and diversified livelihoods have altered the nature of rural employment needs. The Indian government have passed the Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G Ram G) bill in both houses of the parliament on December 18, 2025, proposing to replace the nearly two decade old Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) with a new statutory

framework aligning rural employment with the long-term vision of Viksit Bharat 2047, while strengthening accountability, infrastructure outcomes and income security. The bill promises 125 days of wage employment, 25 more than the current guarantee alongside weekly wage payments and digital governance reforms. Yet, beneath these headline improvements lies a fundamental restructuring that has triggered fierce debate among economists and policymakers in the country. The VB-G Ram G appears to strengthen rural employment guarantees. The increase from 100 to 125 days potentially raises annual household earnings by 25%, a significant bump for families at the bottom of the income distribution.

## Background of Rural Employment and Development

After independence, rural development policies in India have focused on reducing poverty, improving agricultural productivity, and creating employment for underemployed and unemployed people in rural

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areas. Wage employment programs have gradually evolved as a key means of supporting rural livelihoods and strengthening infrastructure, and their methods have adapted to changing socio-economic conditions. India's wage employment initiatives have gone through several phases, beginning with early programs such as the Rural Manpower Program (1960s) and the Crash Scheme for Rural Employment (1971). More systematic efforts followed in the 1980s and 1990s, including the National Rural Employment Programme and the Rural Landless Employment Guarantee Programme, which were later merged into the Jawahar Rozgar Yojana (1993), which in turn became the Sampoorna Grameen Rozgar Yojana (Sampoorna Grameen Rozgar Yojana) in 1999, aiming to improve coverage and convergence. Complementary schemes such as the Employment Assurance Scheme and the Food for Work Programme addressed issues of seasonal unemployment and food security. A major change came with the Maharashtra Employment Guarantee Act of 1977, which introduced the concept of a legal right to work. These experiences culminated in the enactment of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in 2005, which provided a nationwide legal framework for employment generation in rural areas.

### Key Takeaways of VB-GRAM-G

The present act provides transition to the rural India.

- The Viksit Bharat- G RAM G Act, 2025 replaces MGNREGA with a new statutory framework aligned with Viksit Bharat 2047.
- The employment guarantee is enhanced to 125 days per rural household, strengthening income security
- Links wage employment with durable rural infrastructure across 4 priority areas.
- Strengthens decentralized planning through Viksit Gram Panchayat Plans and nationally integrated through the Viksit Bharat National Rural Infrastructure Stack.
- The shift to normative funding and a centrally sponsored structure improves predictability, accountability and Centre-State partnership.

### Employment creation is integrated with infrastructure development through four priority verticals

- Water security through water-related works
- Core-rural infrastructure
- Livelihood- related infrastructure
- Special works to mitigate extreme weather events

All assets created are aggregated into the Viksit Bharat National Rural Infrastructure Stack, ensuring a unified, coordinated national development strategy. Planning is decentralized through Viksit Gram Panchayat Plans, which are prepared locally and spatially integrated with national systems such as PM Gati Shakti. The new law also sharpens the focus on work quality, channeling works into four priority groups: water security, core rural infrastructure, and livelihood infrastructure and climate mitigation. The stated intent is to move beyond digging holes toward durable assets integrated with growth and climate goals. Importantly, VB-G Ram G retains provisions for works on individual land belonging to vulnerable households, such as farm ponds, horticultural plantations, and land development for lower-caste families. Historically, MGNREGA funds have also supported household-level sanitation and drinking water facilities. Whether these will continue, and how they will be classified within the new core rural infrastructure basket, remains an important open question for village-level planning. Digital governance reforms such as GPS-tagged works and biometric authentication aim to prevent fraud. By 2024, 99.9% of MGNREGA payments were made electronically, sharply reducing classic ghost worker fraud. In principle, the proposed Viksit Bharat Rural Infrastructure Stack could further improve transparency. However, my field observations temper any optimism. For illiterate workers and local functionaries like rojgar sevaks in remote villages, each new app or biometric requirement adds complexity.

### Normative allocation and the 60:40 split

These improvements come with a very different fiscal and legal design. The biggest change is the shift from a demand-driven labor budget to a centrally fixed normative allocation. Under MGNREGA, states draw up annual labor budgets based on decisions and expected demand coming from village-level stakeholder meetings, and the central government is, in principle, obliged to provide funds. Under VB-G Ram G, the central government will instead set a state-level ceiling at the start of the year using objective parameters, and any spending beyond that limit must be paid for entirely by the state government. The law itself does not define what these objective parameters are; it only says the central government will specify them later in the rules. In similar centrally sponsored schemes, such formulas often mix indicators like rural population, poverty and past utilization, which can end up penalizing states that already struggle with weak implementation. Until the parameters are made public, states will have little clarity on how their ceiling is calculated or how it

might change over time. This is not a minor technical shift. As many economists have put it, when funds run out, rights run out.

During the 2020–21 COVID-19 lockdown, MGNREGA person days shot up by around 40% as reverse migration brought millions back from cities to rural areas. The central government responded by releasing additional resources mid-year, taking total expenditure to about \$12.33 billion. That counter-cyclical response was possible only because the law recognized demand as the starting point. Under a normative allocation, a similar surge could be met with a simple bureaucratic response: the state's quota is exhausted. The new 60:40 center-state funding pattern compounds this problem. Under MGNREGA, the central government bore almost all of the unskilled wage bill, with states paying the unemployment allowance and a share of the material component. VB-G Ram G now requires most states to pay 40% of wages. Twelve states are now running women's cash transfer schemes, together spending roughly \$18.67 billion annually on about 118 million women. In this fiscal context, asking such states also to absorb 40% of a legally mandated wage bill is not neutral technocracy; it is a political choice about who will be forced to say "no" at the village level.

Economic theory and experience tell us that sub-national governments with hard budget constraints often cut or ration welfare precisely when need is highest. VB-G Ram G thus creates powerful incentives for states to limit work demand, for example, by not opening worksites, by slowing down approval of new works, or by discouraging applications once the central-government-set ceiling is in sight. In states where officials already struggle to cope with MGNREGA like Bihar and Uttar Pradesh, which have chronically underutilized central funds despite high poverty an added fiscal hurdle is more likely to shrink the program than to improve it.

### State Capacity

Tamil Nadu and Himachal Pradesh, by contrast, consistently appear among the top performers. They generate high person-days per household, have relatively timely payments, and have used MGNREGA to build water harvesting and land development assets that communities actually value. In Tamil Nadu's 2016–17 drought, village meetings and civil society advocacy leveraged the legal guarantee to push the central government for additional funds. VB-G Ram G's architecture assumes that making states pay more and live within a fixed envelope will generate ownership and efficiency. The interstate record suggests a different risk: low-capacity and fiscally weaker states may

simply retreat further, while relatively capable states lose the flexibility that made them successful in crises.

### The 60-day pause

The legally mandated pause of up to 60 days during peak agricultural seasons has already drawn attention. Section 6(1) of the Act allows states to name sowing and harvesting periods during which no VB-G Ram G works may be undertaken. The government's justification for the 60-day pause rests on two main claims. First, MGNREGA has raised farm wages and contributed to labor scarcity during critical operations. Second, the scheme was always meant to be a lean-season buffer rather than a competitor for peak-season farm work. Studies do show higher rural wages and some farmer reports of tighter labor markets in high-intensity MGNREGA areas, which the government interprets as a rationale for shifting public works away from sowing and harvesting windows. But turning this concern into a blanket legal ban overshoots the evidence. National data indicate that MGNREGA demand already dips in peak months, and the real problems farmers face are rooted in historically low wages and delayed payments rather than an unconditional crowding out of labor. One of MGNREGA's original objectives was to reduce distress migration by providing proximate, predictable work. A seasonal pause risks reversing that logic. Faced with no local public work and low private wages, households do what they have always done in the absence of safety nets they migrate. The pause will also impact with intra household gender dynamics. When men migrate and women stay behind, MGNREGA can provide an independent income stream that strengthens their decision-making and dietary diversity, as my own work and other studies have documented. Curtailing the program in peak seasons may disproportionately harm women's autonomy too.

### Decentralization and digital control: Whose program is it?

The move from MGNREGA to VB-G Ram G is also a move from a rights based law to a centrally steered mission. MGNREGA's preamble and design explicitly articulated an enforceable right to 100 days of work, with decentralized village meetings at the heart of planning. These were messy, imperfect exercises, but they were recognizable as local democracy. VB-G Ram G retains some of this structure on paper, but the balance of power shifts. The emphasis on a Viksit Bharat Rural Infrastructure Stack, GIS-based planning and normative asset templates gives higher tiers of government more control over which works are permissible and where.

Technology can certainly help identify gaps and avoid duplication. But when combined with fiscal caps and state co-financing, it also risks recentralizing power; the right to demand work becomes constrained not only by money, but by what fits into centrally approved work menus and dashboards. Embedding these systems in statute without equally strong, accessible grievance redressal mechanisms risks locking in technological failure modes that are much harder to contest than a missing entry on a paper muster roll.

### **Fiscal realism without hollowing out rights**

The debate over VB-G Ram G is ultimately about what kind of state India wants to be for its rural citizens. The bill embodies a form of fiscal realism: central government wants predictable liabilities, states are being asked to put skin in the game, and digital tools promise cleaner implementation. These are not trivial concerns. But the evidence from MGNREGA suggests that the features being watered down open ended central funding, demand driven planning and the absence of seasonal suspensions are precisely what made the law effective during crises. A study by the World Bank Economic Review estimates that MGNREGA lifted around 14 million people out of poverty in its first decade, the majority of whom lived in states with stronger implementation. Those gains depended on the ability to scale up when distress hit.

### **As VB-G Ram G moves from law to implementation, three questions deserve sustained attention:**

- Can fiscal caps and cost-sharing be designed in ways that do not punish poorer, low-capacity states or fiscally stressed states already running large cash-transfer schemes for women, like Maharashtra?
- Can the 60-day pause be rethought so that it does not undercut the program's role in setting a wage floor and reducing distress migration, especially for landless, lower-caste women?
- Can digital and normative planning tools be layered onto, rather than replacing, village-based decentralization and robust, low-friction grievance systems?

The latest VB-G Ram G currently looks like a mixed bag. It offers more days on paper and faster pay in principle, but under conditions that make those offers harder to claim: capped budgets, shared state liabilities, a seasonal pause, and more central steering of local works. If Viksit Bharat is to mean anything substantive for them, the state must find ways to align fiscal discipline with the spirit of a genuine

employment guarantee, not replace one with the other.

### **Conclusion**

VB-G RAM G is envisioned as a transformative digital governance platform dedicated to strengthening rural livelihoods through data-driven monitoring, transparent fund management, and real-time performance tracking. The initiative focuses on empowering rural households by ensuring timely access to employment opportunities, financial inclusion, and accountable service delivery. The platform prioritizes inclusion by closely tracking the progress of vulnerable and marginalized communities including Scheduled Castes, Scheduled Tribes, women-headed households, and economically weaker groups. By integrating intelligent dashboards with field-level data, VB-G RAM-G enables administrators and citizens to make informed decisions that directly improve rural outcomes. Built on the principles of decentralized governance, the system strengthens local institutions and promotes a bottom-up planning approach. It facilitates creation and monitoring of durable rural assets while ensuring that development initiatives remain aligned with sustainability and long-term community prosperity. Transparency and accountability remain at the core of VB-G RAM-G. Through advanced MIS reporting, social audit integration, and proactive public disclosure mechanisms, the platform ensures efficient utilization of public resources and protection of beneficiary rights paving the way for a digitally empowered and self-reliant rural India. Although MGNREGA achieved significant gains in participation, digitization, and transparency over time, persistent structural weaknesses have diminished its impact. The new Act builds on previous reforms and addresses their shortcomings through a modern, accountable, and infrastructure-focused framework. By expanding guaranteed employment, aligning work with national development priorities, and incorporating strong digital governance, the Act re-establishes rural employment as a strategic tool for sustainable growth and strong livelihoods, fully aligned with the vision of a prosperous and great India by 2047.

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