International Journal of Arts, Humanities and Social Studies

ISSN Print: 2664-8652
ISSN Online: 2664-8660
Impact Factor: RJIF 8.31
IJAHSS 2026; 8(1): 26-30
www.socialstudiesjournal.com
Received: 25-11-2025
Accepted: 26-12-2025

Sandeep Rani
Assistant Professor, St. Soldier Law College, Jalandhar, Punjab, India

Corresponding Author:
Sandeep Rani
Assistant Professor, St. Soldier Law College, Jalandhar, Punjab, India

Replacing MGNREGA with the VB-G RAM G Act: A critical analysis of India's new rural employment framework

Sandeep Rani

DOI: https://www.doi.org/10.33545/26648652.2026.v8.i1a.368

Abstract
The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), enacted in 2005, has been one of India's most significant rights-based social protection legislations, guaranteeing wage employment to rural households. In 2025, the Government of India repealed MGNREGA and replaced it with the Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin) Act (VB-G RAM G Act). This article critically examines the rationale, structural changes, and potential socio-economic implications of this transition. It argues that while the new Act seeks to integrate rural employment with long-term development goals, it marks a fundamental shift away from a demand-driven, legally enforceable right to work toward a planned, budget-constrained welfare framework, raising important concerns about rural livelihood security, federal fiscal balance, and social justice.

Keywords: MGNREGA, VB-GRAM G, rural employment, socio-economic implications, welfare framework, rural livelihood security.

Introduction
The Government of India introduced the 'National Rural Employment Guarantee Act' (NREGA) 2005, which was later renamed the 'Mahatma Gandhi National Rural Employment Guarantee Act' (MGNREGA) Since its inception, MGNREGA has served as a cornerstone of India's rural welfare architecture. By guaranteeing up to 100 days of wage employment annually to rural households, the Act functioned as both a livelihood safety net and a tool for rural asset creation [1]. Over two decades, MGNREGA played a crucial role in reducing distress migration, stabilising rural incomes, and empowering marginalised groups, particularly women and Scheduled Castes and Tribes [2]. The enactment of the G RAM G Act in 2025, which formally replaces MGNREGA, represents a historic shift in India's approach to rural employment. This transition has sparked intense political debate and scholarly interest, as it redefines the nature of state responsibility in guaranteeing employment [3]. This article analyses the key features of the new Act, contrasts it with MGNREGA, and explores its broader implications.

Rationale behind MGNREA Act
The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was a flagship programme aimed at enhancing livelihood security by providing at least 100 days of guaranteed wage employment each year to rural households willing to undertake unskilled manual work. Over the years, a range of administrative and technological reforms strengthened its implementation, leading to notable improvements in participation, transparency, and digital governance. Women's participation rose steadily from 48 per cent to 58.15 per cent between FY 2013-14 and the mid-2020s [4]. Aadhaar seeding expanded sharply, the Aadhaar-Based Payment System was widely adopted, and electronic wage payments became nearly universal [5]. Monitoring of works also improved, with a large expansion in geo-tagged assets and a growing share of individual assets created at the household level [6].

Scheme underlines under MGNREGA [7]
MGNREGA provided a legal guarantee for 100 days of employment per year to every rural household in India.

This ensured that eligible households have access to a minimum level of employment, helping alleviate poverty and providing a safety net during periods of economic distress [8].

- The primary objective of MGNREGA was to enhance the livelihood security of rural households by promoting sustainable rural development. The program emphasized the creation of productive assets such as water conservation structures, rural roads, and other infrastructure projects that contribute to the overall development of rural areas [9].
- MGNREGA was designed to be demand-driven, meaning that employment opportunities were created in response to the expressed demand from the rural community. The beneficiaries have the right to demand work, and the government is obligated to provide employment within 15 days of such a demand [10].
- The act promoted the active participation of women in the workforce. One-third of the beneficiaries are women, and efforts were made to ensure that at least 50% of the workers are women. This not only contributed to women's empowerment but also addresses gender disparities in rural employment [11].
- MGNREGA emphasized transparency in the implementation of projects and financial transactions. Social audits were conducted to ensure accountability and enable local communities to actively participate in monitoring the implementation of projects. Information about the scheme, including work details, wages, and funds allocated, was made available to the public through various channels [12].
- The use of technology was encouraged for efficient implementation and monitoring. Electronic Fund Management System (e-FMS) was employed to transfer wages directly to the bank accounts of the workers, reducing leakages and ensuring timely payments. This helped in minimizing corruption and improving the efficiency of the program [13].

Launched in 2005 by a Congress party government, the National Rural Employment Guarantee Scheme (NREGS) entitled every rural household to demand up to 100 days of paid manual work each year at a statutory minimum wage. This mattered in a country where 65% of 1.4 billion people live in rural areas and nearly half rely on farming, which generates insufficient income, accounting for just 16% of India's GDP [14]. Providing unskilled public work across all but fully urban districts, the scheme has become a backbone of rural livelihoods, cushioning demand during economic shocks. It is also among the world's most studied anti-poverty programmes, with strong equity: over half of the estimated 126 million scheme workers are women, and around 40% come from "scheduled castes" or tribes, among the most deprived Indians [15]. The ruling Narendra Modi government, initially critical and later inclined to pare it back, turned to the scheme in crises-most notably during the Covid pandemic, when mass return migration from cities to villages sharply drove up demand for work. Economists say the scheme lifted rural consumption, reduced poverty, improved school attendance, and in some regions pushed up private-sector wages. The government now introduced a new law that repeals and rebrands the scheme. The programme-renamed MGNREGA in 2009 to honour Mahatma Gandhi has now dropped his name altogether. While the renaming drew the political heat, the more consequential changes lie in what the new law known as G RAM G actually does. It raises the annual employment guarantee from 100 to 125 days per rural household. It retains the provision that workers not given jobs within 15 days are entitled to an unemployment allowance [16]. Under the original scheme, the federal government paid all labour wages and most material costs-roughly a 90:10 split with the states. Funding will now follow a 60:40 split between the federal government and most states. That could push states' contribution to 40% or more of total project cost. The federal government keeps control, including the power to notify the scheme and decide state-wise allocations. States remain legally responsible for providing employment-or paying unemployment allowances, even as the central government allocates $9.5bn for the scheme in the current financial year, ending next March. The government frames the reforms as a modernised, more effective, and corruption-free programme aimed at empowering the poor [17].

Rationale behind the G-Ramg Act

The Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin) Act, 2025, represents a decisive shift in India’s rural employment policy. While MGNREGA achieved significant gains in participation, digitisation, and transparency over time, persistent structural weaknesses limited its effectiveness. The new Act builds on past improvements while addressing their shortcomings through a modern, accountable, and infrastructure-focused framework. By expanding guaranteed employment, aligning work with national development priorities, and embedding strong digital governance, the Act repositions rural employment as a strategic instrument for sustainable growth and resilient livelihoods, fully aligned with the vision of Viksit Bharat 2047.The need for reform is also rooted in broader socio-economic changes. MGNREGA was built in 2005, but rural India has transformed. Poverty levels declined from 27.1 per cent in 2011-12 to 5.3 per cent in 2022-23, supported by rising consumption, improved financial access, and expanded welfare coverage. With rural livelihoods becoming more diversified and digitally integrated, the open-ended and demand-driven design of MGNREGA no longer aligns fully with contemporary rural realities. The Viksit Bharat-G RAM G Act, 2025 responds to this context by modernising rural employment guarantees, strengthening accountability, and aligning employment creation with long term infrastructure and climate resilience goals [18].

Scheme underlines under G Ram G Act [19]

- The primary objective of this Act is to align the rural development framework with the national vision of Viksit Bharat @ 2047 by providing an enhanced statutory wage-employment guarantee of one hundred and twenty-five days per financial year to rural households whose adult members voluntarily undertake unskilled manual work. This seeks to strengthen livelihood security and enable rural households to participate more effectively in an expanded and integrated social protection framework [20].
- To promote empowerment, inclusive growth, convergence, and saturation through public works that collectively contribute to the creation of the Viksit Bharat National Rural Infrastructure Stack, with a thematic emphasis on water security through water-related works, development of core rural infrastructure, livelihood-oriented infrastructure, and specialised interventions to mitigate the impacts of extreme weather events [21].

- To ensure the availability of adequate farm labour during peak agricultural seasons, while balancing this requirement with the statutory wage-employment guarantee provided to the rural workforce under the Act [22].
- To institutionalise convergence-based, saturation-driven planning and a whole-of-government approach to service delivery through Viksit Gram Panchayat Plans, integrated with the PM Gati Shakti framework. These plans shall be supported by geospatial systems, digital public infrastructure, and district-and state-level planning mechanisms, and aggregated at the Block, District, State, and National levels to address the diverse development needs of Gram Panchayats [23].
- To modernise governance, accountability, and citizen engagement through a comprehensive digital ecosystem, including biometric authentication at multiple administrative levels, GPS-or mobile-based worksite monitoring, real-time management information system dashboards, proactive public disclosures, and the application of artificial intelligence for planning, auditing, and fraud-risk mitigation [24].

Political Outlook

This shift has drawn objections from several state leaders, including those from fiscally constrained and opposition-ruled states, which have warned of severe budgetary stress and reduced capacity to roll out rural employment programmes effectively. Whereas the BJP organised a public awareness campaign promoting the new G RAM G scheme and countering opposition narratives, Punjab Vidhan Sabha has passed a resolution demanding the repeal of the Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission Gramin (VB-G RAM G) Act and the restoration of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) [25]. Village panchayats have also started following suit. The leaders from the Indian National Congress and other opposition parties have argued that replacing a rights-based employment guarantee with a normative, budget-controlled scheme undermines the legal entitlements that rural workers have enjoyed for nearly two decades, effectively weakening their bargaining power and socio-economic security. The new Act puts more of the cost for wages and projects on states, which makes existing differences in how much money states have even worse and adds to ongoing debates about how federal and state governments should share responsibilities and funding.

According to the Former Union Minister and Congress MP Kumari Selja, the Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin) VB-G RAM G Act implemented by the BJP to replace the MGNREGA has taken away the rights of labourers guaranteed by the UPA government [26].

Minister for Rural Development and Panchayats Trarun Preet Singh Sond termed the Centre's Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin) VB-G RAM G) Act a "Black Law" which directly attacks the livelihood of crores of MGNREGA laboureres and shifts the financial burden onto the states. The Act would severely affect below poverty line families, Schedules Castes and labourers who depend on the MGNREGA for survival. Earlier, wages for unskilled labour were fully funded by the Centre and material costs were shared in a 75:25 ratio. Under the VB-G RAM G Act, this has been changed to 60:40, placing an additional burden of around of around Rs. 600 crore on Punjab alone. The VB-G RAM G Act does not guarantee work during peak agriculture seasons. It also removes unemployment allowance provisions, centralises decision making of village level works, limits permissible works and replaces social audits and AI-driven and geo-tagging systems [27].

Chairman of the Punjab State Agriculture Development Bank and Aam Aadmi Party spokesperson Pawan Kumar Tinu strongly criticized the Central Government's Viksit Bharat Guarantee for Rozgar and Ajeevika Mission-Gramin (VB-G RAM G) Act. He termed the Act a conspiracy to weaken the historic and people oriented MGNREGA Act and termed it as yet another "Black Law". According to him, under the VB-G RAM G Act, the duration of employment will depend entirely on the Central Government's budget allocation. If the budget is reduced, workers will get fewer than 100 days of work. This will make the income of poor labourers uncertain and lead to a further rise in rural unemployment and poverty. States already facing limited resources, debt and multiple responsibilities would find it extremely difficult to shoulder this burden, leading to delayed wage payments and even stoppage of work. Apart from this mandatory biometric attendance and smart phone requirement is another gap in the Act because many rural areas still suffer from poor network connectivity and it is unrealistic to expect every worker to own a smartphone. If attendance is not recorded due to technical or network issues workers' wages may be deducted. This would entangle workers in technical hurdles and deprive them of employment [28].

Critical analysis

Despite its stated objective of aligning rural employment with long-term development goals, the Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin) Act (G-RAMG Act) faces several structural, administrative, and socio-economic challenges that may affect its effectiveness as a rural livelihood intervention.

- **Dilution of the Rights-Based Employment Guarantee:** One of the most significant changes introduced by the G-RAMG Act is the shift away from a legally enforceable right to work. Under MGNREGA, eligible households could demand employment, and failure to provide work entitled them to unemployment allowance. In contrast, G-RAMG operates as a centrally sponsored programme where employment generation is contingent upon approved plans and allocated budgets. This transformation alters the legal character of rural employment support from an entitlement guaranteed by law to a welfare programme administered within fiscal limits
- **Budget-Constrained Employment Generation:** The programme-based nature of G-RAMG links employment generation to predefined financial ceilings. In times of economic slowdown, climatic shocks, or agrarian distress when demand for wage employment typically rises budgetary constraints may limit the scheme's responsiveness. This could reduce its counter-cyclical function, which was a key strength of MGNREGA.
- **Increased Fiscal Burden on States:** Under MGNREGA, the central government bore the full cost of unskilled wages and a majority share of material costs. The G-RAMG Act introduces a more pronounced cost-sharing model, typically around a 60:40 ratio between the Centre and states. The revised funding pattern, involving greater cost-sharing by states, poses challenges for fiscally weaker states. States with limited revenue capacity may struggle to provide their share of

funds, potentially resulting in uneven implementation across regions. This risks widening inter-state disparities in rural employment opportunities and infrastructure development.

- **Planning and Capacity Constraints at the Local Level:** The success of the G-RAMG Act depends heavily on Viksit Gram Panchayat Plans and convergence-based planning. However, many Gram Panchayats continue to face capacity deficits in technical expertise, digital literacy, and administrative resources. Without sustained capacity-building support, decentralised planning may remain procedural rather than substantive, limiting the quality and inclusiveness of projects.
- **Risk of Exclusion due to Digitalisation:** While digital tools such as biometric authentication, GPS-based monitoring, and real-time dashboards aim to improve transparency, they also introduce risks of exclusion errors. Workers lacking access to digital infrastructure, reliable connectivity, or formal identification may face barriers to participation. Past experiences with digital compliance requirements suggest that excessive reliance on technology can disproportionately affect vulnerable groups.
- **Seasonal Suspension of Employment:** The replacement of MGNREGA with G-RAMG has far-reaching implications for rural India. On the positive side, greater emphasis on durable asset creation and integrated planning could enhance the long-term productivity of rural areas. Improved wage payment timelines and digital monitoring may address long-standing issues of delays and leakages. However, the dilution of the legal employment guarantee could weaken the scheme's role as a safety net during periods of agrarian distress, droughts, or economic shocks. Budget-linked employment generation may not adequately respond to sudden spikes in demand for work, particularly during crises. The provision allowing temporary pauses in wage employment during peak agricultural seasons, intended to ensure farm labour availability, may adversely affect landless labourers who depend primarily on public works for income. In regions with limited agricultural opportunities or mechanised farming, such pauses could exacerbate income insecurity rather than alleviate labour shortages.
- **Tension between Infrastructure Creation and Employment Objectives:** The increased emphasis on durable and productivity-enhancing assets may unintentionally prioritise capital-intensive works over labour-intensive activities. This could reduce the total number of workdays generated, particularly affecting households that rely on the scheme primarily for wage income rather than asset creation.
- **Accountability and Grievance Redressal Mechanisms:** Although the G-RAMG Act introduces advanced monitoring systems, the absence of a strong, independent grievance redressal mechanism comparable to the legal remedies under MGNREGA may weaken accountability. Effective redressal is particularly crucial in a system where employment is no longer guaranteed on demand.
- **Political Economy and Federal Implications of the G-RAMG Act:** The G-RAM G Act has also reshaped the political economy of rural employment in India, generating significant controversy and broad political mobilization. Opposition parties, civil society organisations, and labour groups have criticised the repeal of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) as an erosion of workers' rights and a retreat from longstanding welfare commitments. Additionally, the symbolic removal of Mahatma Gandhi's name from the legislation has contributed to the political sensitivity of the reform, with prominent figures accusing the government of undermining Gandhian ideals and attacking the legacy of one of India's most significant social welfare laws-a critique that reflects deeper ideological contestations over welfare policy and national identity in contemporary India.

Conclusion

The replacement of MGNREGA with the G-RAMG Act marks a decisive shift in India's rural employment policy from a rights-based, demand-driven model to a planned, development-oriented framework. While the new Act aspires to integrate employment with sustainable rural development, it simultaneously raises critical concerns regarding employment security, equity, and the dilution of legal entitlements. The long-term success of the G-RAMG Act will depend on its implementation, the adequacy of funding, and the extent to which it can balance fiscal discipline with social protection. As India navigates this transition, systematic monitoring and policy revision will be essential to ensure that rural employment remains a meaningful instrument of inclusive development rather than a constrained welfare provision.

References

1. Government of India. The Mahatma Gandhi National Rural Employment Guarantee Act, Act No. 42 of 2005.
2. Dutta P, Murgai R, Ravallion M, van de Walle D. [Title of Work]. 2014.
3. Khera R. From employment guarantee to managed welfare: Interpreting the repeal of MGNREGA. Econ Polit Wkly. 2025;60(3):12-15.
4. Ministry of Rural Development (MoRD). MGNREGA Management Information System (MIS): Person days, women's participation, and payment modes. Government of India; 2023.
5. Khera R. Aadhaar and social protection in India: Promise and performance. Econ Polit Wkly. 2023;58(4):38-46.
6. Press Information Bureau. [Press Release Title]. Government of India; 2025 [cited 2025 Dec 25]. Available from: https://www.pib.gov.in/PressReleasePage.aspx?
7. Ministry of Rural Development. MGNREGA Home [Internet]. Government of India; 2025 [cited 2025 Dec 20]. Available from: https://nrega.dord.gov.in/MGNREGA_new/Nrega_home.aspx
8. Ministry of Law and Justice. The Mahatma Gandhi National Rural Employment Guarantee Act, 2005. New Delhi: Government of India.
9. Ibid.
10. Ibid.
11. Ibid.
12. Ibid.
13. Ibid.
14. Ministry of Finance. Economic Survey of India 2021–22. New Delhi: Government of India.
15. BBC News. [Article Title] [Internet]. 2025 [cited 2025 Dec 23]. Available from: https://www.bbc.com/news/articles/c1lr980vvjpo

16. The Economic Times. India News [Internet]; 2025 [cited 2025 Dec 20]. Available from: https://economictimes.indiatimes.com/news/india
17. PRS Legislative Research. The Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin) Bill, 2025. 2025.
18. Press Information Bureau. [Press Release Title]. Government of India; 2025 [cited 2025 Dec 25]. Available from: https://www.pib.gov.in/PressReleasePage.aspx?
19. Government of India. The Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin): VB-G RAM G Bill, 2025, Schedule I, page 7.
20. Ministry of Law and Justice. The G RAM G Act, 2025. New Delhi: Government of India.
21. Ibid.
22. Ibid.
23. Ibid.
24. Ibid.
25. The Indian Express; 2026 Jan 12.
26. The Tribune (Haryana); 2025 Dec 29.
27. The Sunday Tribune (Punjab)l 2025 Dec 28; Sect. 3.
28. The Tribune (Punjab). 2025 Dec 29; Sect. 1.