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Rural Prosperity

## Viksit Bharat- G RAM G Act 2025

### “Reforming MGNREGA for Viksit Bharat”

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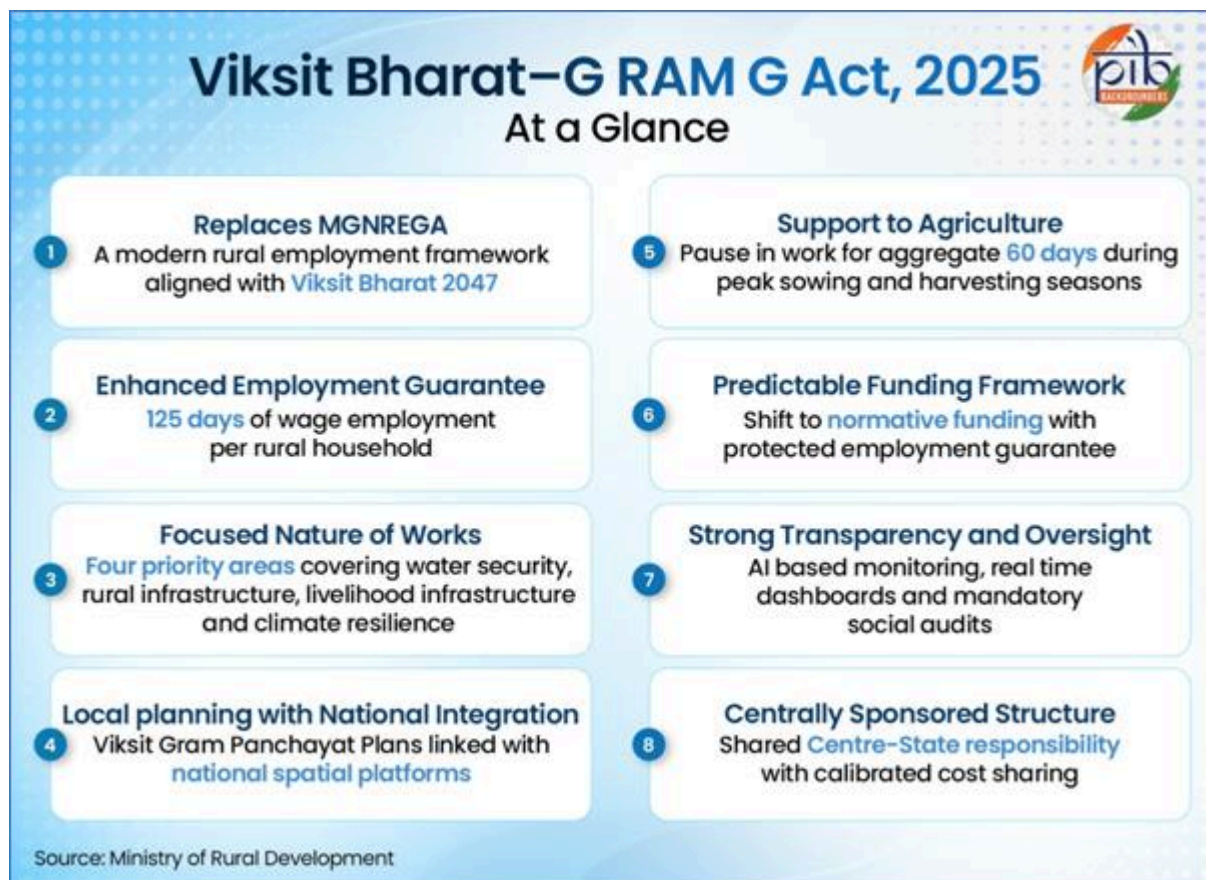
#### Key Takeaways

- *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 decentralised 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.*

#### Introduction

Rural employment has been a cornerstone of India’s social protection framework for nearly two decades. Since its enactment in 2005, the **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)** played a key role in providing wage employment, stabilising rural incomes and creating basic infrastructure. 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.

Against this backdrop, the President of India has given assent to the ***Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G) Bill, 2025*** marking a significant milestone in the transformation of rural employment policy. The ***Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G) Act, 2025*** represents a comprehensive statutory overhaul of MGNREGA, aligning rural employment with the long-term vision of **Viksit Bharat 2047**, while strengthening accountability, infrastructure outcomes and income security.



## Background of Rural Employment and Development Policy in India

Since Independence, rural development policies in India have focused on reducing poverty, improving agricultural productivity, and creating employment for surplus and underemployed rural labour. Wage employment programmes have gradually evolved as key instruments for supporting rural livelihoods while also strengthening basic infrastructure, with approaches adapting to changing socio-economic conditions over time.

India's wage employment initiatives progressed through multiple phases, beginning with early programmes such as the **Rural Manpower Programme (1960s)** and the **Crash Scheme for Rural Employment (1971)**. These were followed by more structured efforts in the **1980s and 1990s**, including the **National Rural Employment Programme**, **Rural Landless Employment Guarantee Programme**, later merged into **Jawahar Rozgar Yojana (1993)**, which consolidated into **Sampoorna Grameen Rozgar Yojana in 1999**, aimed at improving coverage and coordination. Complementary schemes such as the **Employment Assurance Scheme and the Food for Work Programme** addressed seasonal unemployment and food security. A major shift came with the **Maharashtra**

**Employment Guarantee Act of 1977**, which introduced the concept of a statutory right to work. These experiences culminated in the enactment of the **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in 2005**, providing a nationwide legal framework for rural employment generation.

### **MGNREGA Evolution and the Limits of Incremental Reform**

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 FY 2025-26**, Aadhaar seeding expanded sharply, the Aadhaar-Based Payment System was widely adopted, and electronic wage payments became nearly universal. 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.

The experience under **MGNREGA** also highlighted the critical role played by field-level staff, who ensured continuity and scale of implementation despite working with limited administrative resources and staffing. However, alongside these gains, deeper structural issues persisted. Monitoring across several states revealed gaps such as work not found on the ground, expenditure not matching physical progress, use of machines in labour-intensive works, and frequent bypassing of digital attendance systems. Over time, misappropriation accumulated, and only a small proportion of households were able to complete the full one hundred days of employment in the post pandemic period. These trends indicated that while delivery systems improved, the overall architecture of **MGNREGA** had reached its limits.

**The Viksit Bharat Guarantee for Rozgar and Aajeevika Mission Gramin Act** responds to this experience through a comprehensive legislative reset. It strengthens the implementation framework by increasing the administrative expenditure ceiling from **6 per cent to 9 per cent**, providing greater support for **staffing, remuneration, training, and technical capacity**. This shift reflects a practical and people-centred approach to programme management, moving towards a more professional and adequately supported system. Stronger administrative capacity is expected to improve planning and execution, enhance service delivery, and reinforce accountability, ensuring that the objectives of the new framework are achieved consistently at the village level.

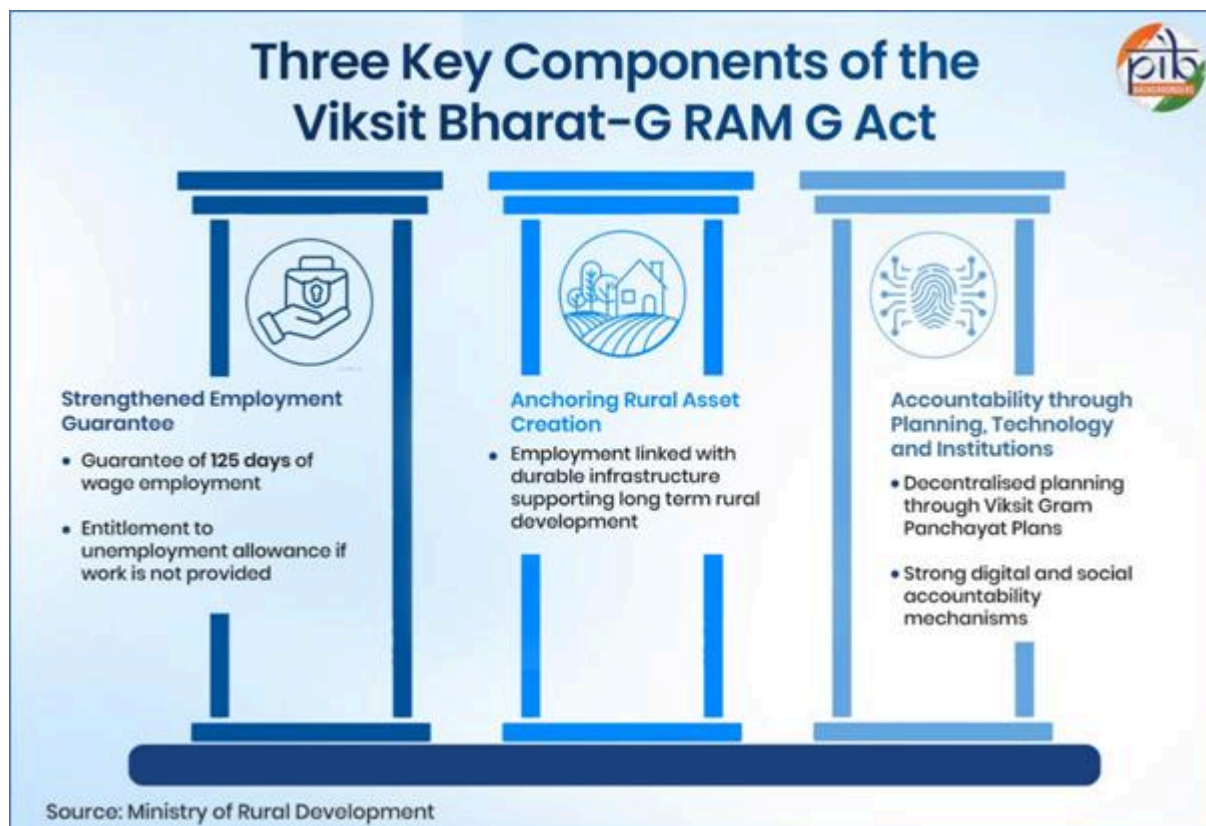
### **Rationale for a New Statutory Framework**

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.

### Key Features of the Viksit Bharat- G RAM G Act, 2025



The Act guarantees **125 days of wage employment per rural household** in each financial year to such rural households whose adult members volunteer to undertake unskilled manual work, contributing to income security beyond the earlier **100-day** entitlement, with an **aggregated 60-day no-work period** to ensure the availability of agricultural labour during peak sowing and harvesting season. Workers continue to receive **125 guaranteed days of employment within the remaining 305 days**, ensuring that **both farmers and labourers benefit**. The disbursement of daily wages shall be made on a **weekly basis or, in any case, not later than a fortnight** after the date on which such work was done. 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 decentralised through **Viksit Gram Panchayat Plans**, which are prepared locally and spatially integrated with national systems such as **PM Gati Shakti**.

### MGNREGA vs VIKSIT BHARAT- G RAM G Act, 2025

The new Act represents a major upgrade over MGNREGA, fixing structural weaknesses while enhancing employment, transparency, planning, and accountability.

MGNREGA	Viksit Bharat-G RAM G
100 days of wage employment per rural household	125 days of wage employment per rural household
Multiple and scattered categories of works with limited strategic focus	4 clearly defined priority areas focusing on water security, rural infrastructure, livelihoods and climate resilience
Center bears unskilled wage costs, states bear unemployment allowance	State cost-sharing for wages, 60:40 for most states, 90:10 for certain special-category regions
No explicit statutory "pause window"	States can notify up to 60 days in a FY when work will not be executed
Demand based funding with unpredictable allocations	Normative funding ensuring predictable budgeting while protecting the employment guarantee
Gram Panchayat planning is central	Integrates institutionalised convergence and infrastructure planning

Source: Ministry of Rural Development

### The Financial Architecture

The shift from a **central sector scheme** to a **centrally sponsored framework** reflects the **inherently local nature of rural employment and asset creation**. Under the new architecture, **states share both cost and responsibility through a normative allocation framework**, creating stronger incentives for effective implementation and

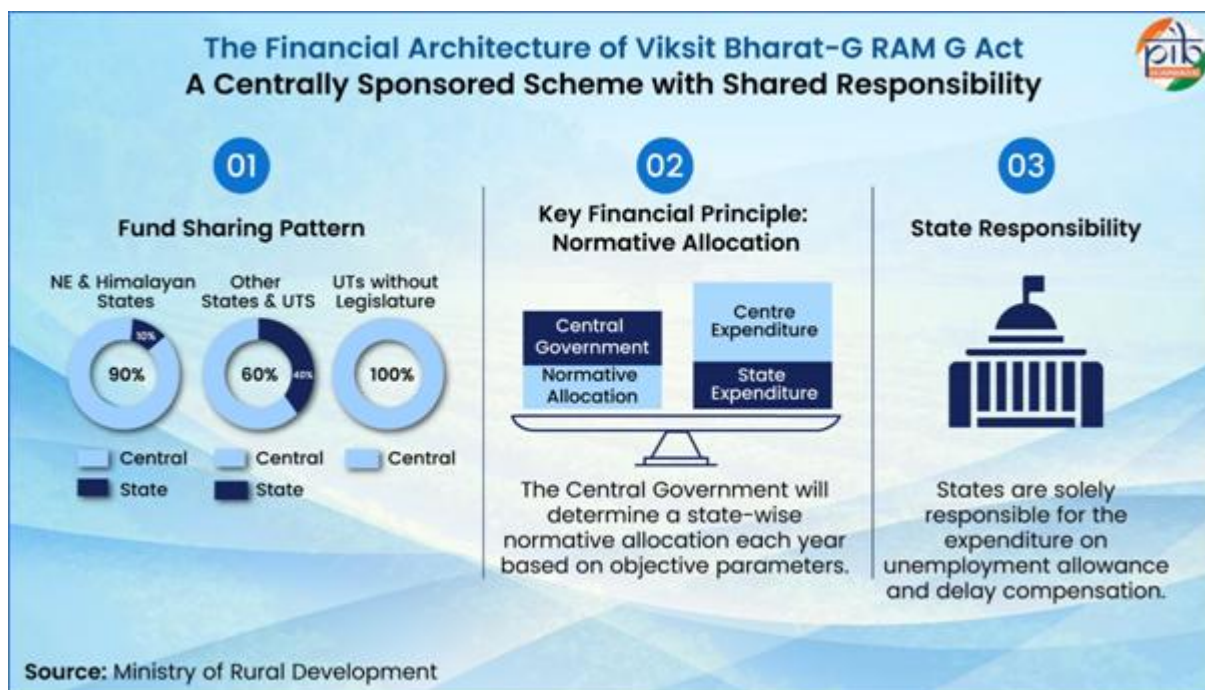
preventing misuse. Planning is grounded in regional realities through Gram Panchayat Plans. At the same time, the Centre continues to set standards, while states execute with accountability, resulting in a cooperative partnership that improves efficiency and strengthens outcomes.

### Why shift from Demand-Based to Normative Funding?

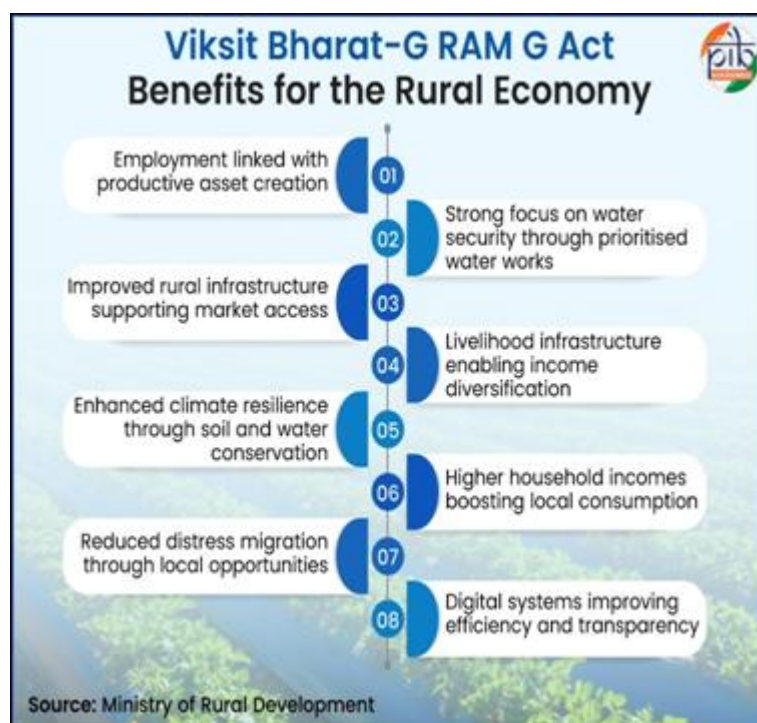
*"Normative allocation" means the allocation of the fund made by the Central Government to the State.*

*A demand-based model leads to unpredictable allocations and mismatched budgeting. Normative funding aligns the scheme with the budgeting model used for most Government of India schemes, without reducing the employment guarantee, through the use of objective parameters, ensuring predictable and rational planning while preserving the legal entitlement to employment or unemployment allowance.*

The total estimated annual requirement of funds on wage, material, and administrative components is Rs.1,51,282 crore, including the State share. Of this, the estimated Central share is Rs.95,692.31 crore. **This transition does not impose an undue financial burden on states.** The funding structure is calibrated to state capacity, with a standard cost-sharing ratio of 60:40 between the Centre and states, enhanced support of 90:10 for North Eastern and Himalayan states, and 100 per cent central funding for Union Territories without legislatures. States were already bearing a share of material and administrative costs under the earlier framework, and the move to predictable normative allocations further supports sound budgeting. **Provisions for additional assistance to states during disasters** and stronger oversight mechanisms also help reduce long term losses arising from misappropriation, reinforcing fiscal sustainability alongside accountability.



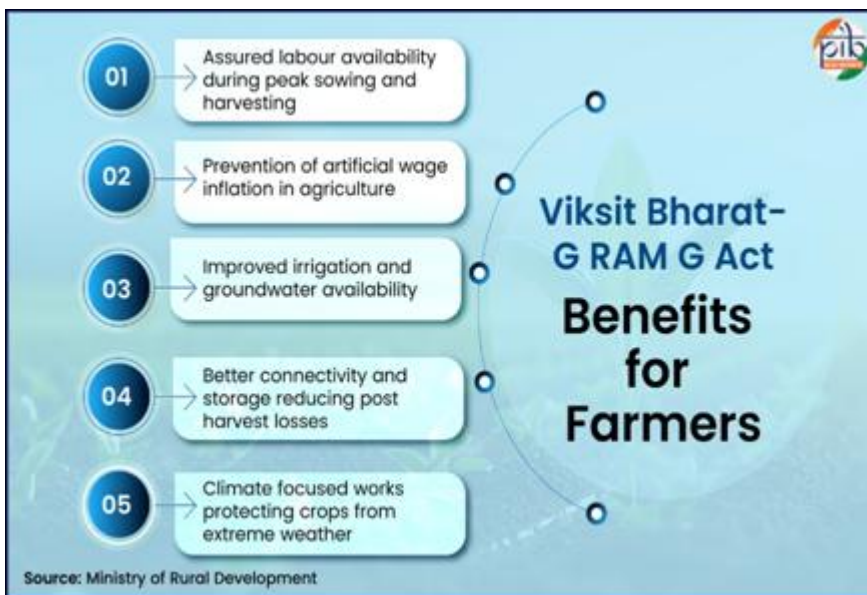
## Benefits of the Viksit Bharat- G RAM G Act



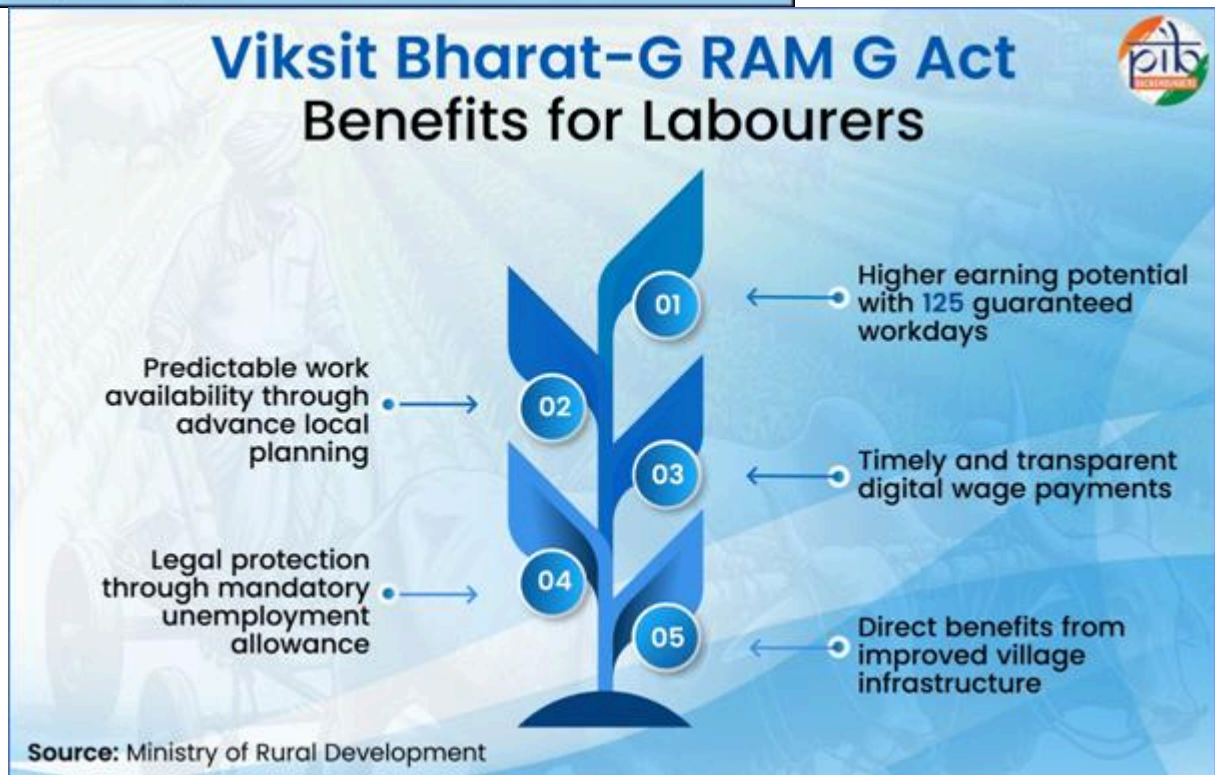
The Act strengthens the rural economy by linking employment generation with productive asset creation, leading to higher household incomes and improved resilience. Priority is given to **water-related works, supporting agriculture and groundwater recharge**. Investment in **core rural infrastructure, such as roads and connectivity, improves market access**, while livelihood infrastructure, including **storage, markets, and production assets**, enables income diversification. Climate resilience is strengthened through works focused on **water harvesting, flood drainage, and soil conservation**.

The guarantee of **125 days** of employment raises household earnings, stimulates village-level consumption, and helps reduce **distress-driven migration, supported by digital attendance, wage payments, and data-driven planning**.

Farmers benefit from assured **labour availability through state-notified pauses in public works** during peak sowing and harvesting seasons, **prevention of wage inflation, and improved irrigation, storage, and connectivity**. Labourers gain from higher potential earnings, predictable work through Viksit Gram Panchayat Plans, secure digital wage payments, direct benefits from the assets they help create, and a **mandatory unemployment allowance**. Where **work is not provided, a daily unemployment**



allowance becomes payable after 15 days, with liability resting on the States. The rates and conditions are to be prescribed through rules, ensuring flexibility while safeguarding workers' rights and promoting the timely provision of employment.



### Implementing and Monitoring Authorities

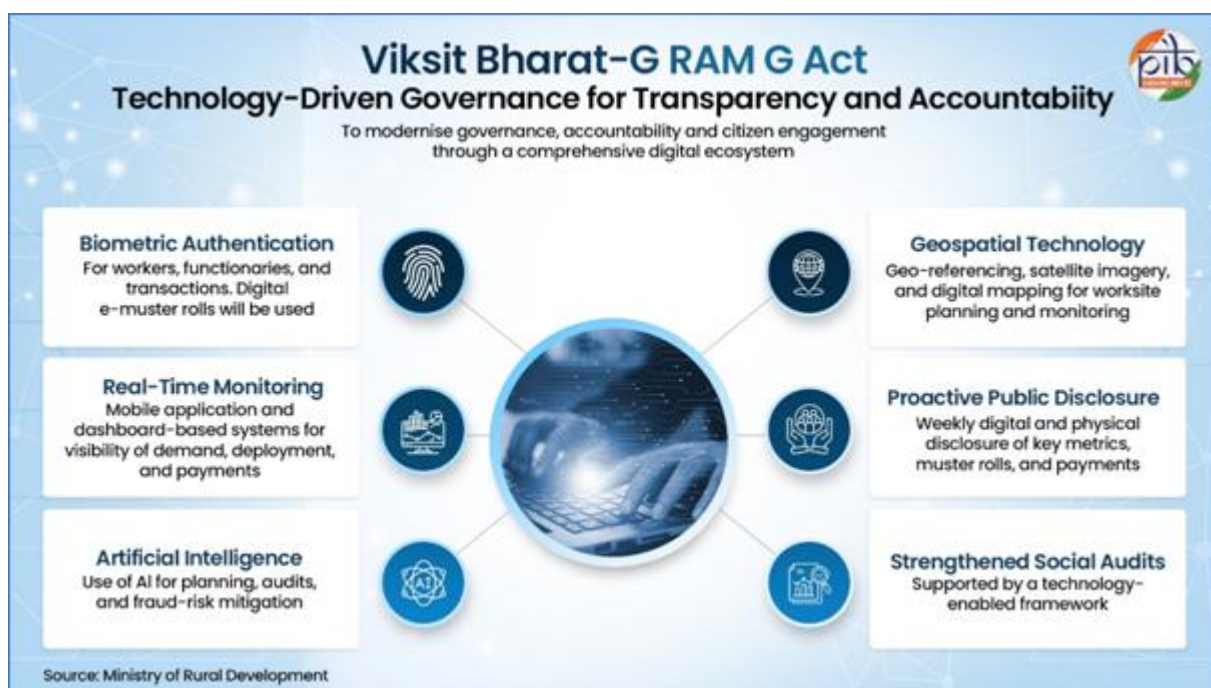
The Act establishes a clear institutional framework to ensure coordinated, accountable, and transparent implementation of the Mission across national, State, district, block, and village levels.

- **Central and State Gramin Rozgar Guarantee Councils** provide policy guidance, review implementation, and strengthen accountability.
- **National and State Steering Committees** drive strategic direction, convergence, and performance review.
- **Panchayati Raj Institutions** lead planning and execution, with **Gram Panchayats** implementing at least half of the works in terms of cost.

- › **District Programme Coordinators and Programme Officers** manage planning, compliance, payments, and social audits.
- › **Gram Sabhas** play a strengthened role in conducting social audits and ensuring transparency through access to all records.

## Transparency, Accountability, and Social Protection

The Act equips the Central Government with clear enforcement powers to ensure compliance and protect public funds. It authorises the Centre to **investigate complaints relating to implementation, suspend fund releases where serious irregularities are detected, and direct corrective or remedial measures to address deficiencies.** These provisions strengthen accountability across the system, maintain financial discipline, and enable timely intervention to prevent misuse.



The Act also establishes a comprehensive transparency framework covering every stage of implementation. It enables the use of **artificial intelligence** and **biometric authentication** to identify irregularities early, supported by **Central and State Steering Committees** that provide continuous guidance and coordination. A focused approach through four clearly defined rural development verticals allows closer tracking of outcomes. Panchayats are assigned an enhanced role in supervision, complemented by **GPS and mobile-based monitoring of works** in real time. **Real-time MIS dashboards** and weekly public disclosures ensure public visibility, while social audits mandated at least **once every six months** reinforce community participation and trust.

## Conclusion

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**.

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