



RURAL EMPLOYMENT SCHEME MGNREGS REACHED ITS LIMITS AND WARRANTED REASSESSMENT IN LIGHT OF EVOLVING RURAL REALITIES: ECONOMIC SURVEY

VB - G RAM G IS A COMPREHENSIVE STATUTORY OVERHAUL OF MGNREGS ALIGNING RURAL EMPLOYMENT WITH LONG-TERM VISION OF VIKSIT BHARAT 2047

WOMEN'S PARTICIPATION ROSE STEADILY FROM 48% TO 58.1 % BETWEEN FY14 AND FY 25 IN RURAL EMPLOYMENT

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Rural employment has been a cornerstone of India's social protection framework for nearly two decades states the Economic Survey 2025-26 tabled in Parliament today by the Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman.

Since its enactment in 2005, the MGNREGS has provided wage employment, stabilised rural incomes, and created basic infrastructure, offering at least 100 days of guaranteed unskilled work to rural households. Over time, increasing incomes, enhanced connectivity, widespread digital adoption, and diversified livelihoods have transformed the nature of rural employment requirements, emphasising both the programme's achievements and the need to reassess its design and aims.

Over the years, a range of administrative and technological reforms have enhanced the implementation of the scheme, resulting in notable improvements in participation, transparency, and digital governance. Women's participation rose steadily from 48 per cent to 58.1 per cent between FY14 and FY25, 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. Field-level staff played a critical role in sustaining implementation despite limited resources.

However, alongside these gains, deeper structural issues persisted. Monitoring in several states revealed gaps, including work not being done on the ground, expenditure not matching physical progress, the use of machines in labour-intensive work, and frequent bypassing of digital attendance systems. Misappropriation accumulated over time, and only a small proportion of households completed the full 100 days of employment post-pandemic, indicating that while delivery systems improved, the overall architecture of MGNREGA has reached its limits and warrants reassessment in light of evolving rural realities.

Against this backdrop, the government has enacted the Viksit Bharat- Guarantee for Rozgar and Aajeevika Mission (Gramin) Act, 2025, also referred to as VB - G RAM G Act, 2025. The Act is a comprehensive statutory overhaul of MGNREGS, aligning rural employment with the long-term vision of Viksit Bharat 2047, while strengthening accountability, infrastructure outcomes and income security. The VB G-RAM G Act, 2025, represents a decisive shift in India's rural employment policy. While MGNREGS, 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.

Key features of as VB - G RAM G Act, 2025:

Wage and social protection measures:

The Act specifies that wages will be disbursed on a weekly basis, or at the latest within a fortnight of work completion. This timely payment mechanism protects workers' rights and reduces delays that historically affected participation.

Administrative strengthening and capacity building:

Recognising the critical role of field-level staff in ensuring MGNREGA's implementation despite limited resources, VB G-RAM G strengthens administrative capacity by increasing the administrative expenditure ceiling from 6 per cent to 9 per cent of total expenditure, supporting staffing, training, remuneration, and technical capabilities. This shift towards a professional, well-supported system is expected to improve planning, execution, and service delivery while reinforcing accountability at all levels.

Decentralised planning and local empowerment:

Planning under VB G-RAM G is grounded in local realities through Viksit Gram Panchayat Plans, which are spatially integrated with national systems such as PM Gati Shakti. GPs continue to play a central role, implementing at least half of the work in terms of cost, with institutionalised convergence of resources and programmes. This approach enhances participatory planning, ensuring that rural development interventions are tailored to the local context, sustainable, and responsive to community needs.

Asset creation and national development integration:

All assets created under VB G-RAM G are aggregated into the Viksit Bharat National Rural Infrastructure Stack, ensuring a unified and coordinated development strategy. By linking local works to broader national priorities, the Act facilitates both immediate support for rural livelihoods and long-term strategic infrastructure outcomes.

Transparency, accountability, and monitoring:

The Act enhances transparency and accountability across the system. The Centre is empowered to investigate complaints, suspend fund releases in cases of serious irregularities, and direct corrective measures as necessary. Digital governance is being strengthened through real-time monitoring, GPS-enabled tracking of works, MIS dashboards, and weekly public disclosures. Social audits are mandated at least every six months, and GPs will play a more prominent role in ensuring visibility and community participation. Central and State Steering Committees provide continuous guidance, oversight, and coordination, while digital tools, such as biometric authentication and AI-enabled monitoring, facilitate early detection of irregularities.

Financial sustainability:

The Act's financial architecture ensures predictable funding while limiting undue burden on states. Normative funding allocations, coupled with cost-sharing mechanisms and additional support during disasters, provide a sustainable fiscal framework. Strong oversight and accountability mechanisms further

reduce the risk of misappropriation, promoting efficient use of public resources.

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