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VB-GRAMG Act 2025: The New Rural Employment Guarantee Replacing MGNREGA

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WHY IN NEWS

The Centre notified the **Viksit Bharat – Guarantee for Rozgar and Ajeevika Mission (Gramin) Act, 2025**, abbreviated as **VB-GRAMG**, on May 11, 2026. The Act, passed by Parliament on **December 18-19, 2025**, will **come into force on July 1, 2026**, replacing the **Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA)** from the same date.

BACKGROUND: FROM MGNREGA TO VB-GRAMG

The **MGNREGA, 2005** has been India's largest rights-based social protection law – guaranteeing **100 days** of unskilled manual work per rural household per year, on demand. Over its two-decade life it has:

- Generated over **3,000 crore person-days** of employment
- Built rural assets (water harvesting, roads, plantations) worth ~Rs 4 lakh crore
- Acted as a counter-cyclical safety net during COVID-19, when person-days briefly crossed **390 crore (2020-21)**

It has also faced criticism: payment delays, wage **stagnation** below state minimum wages, leakages, and political diversion. The Centre framed the **VB-GRAMG** as a “next-generation” guarantee built on MGNREGA's spine.

KEY COMPARISON: MGNREGA VS VB-GRAMG

PARAMETER	MGNREGA, 2005	VB-GRAMG, 2025
Days guaranteed	100 per household	125 per household
Cost share (general)	Wage 100% Centre; material 75:25; admin shared	60:40 Centre:State
NE / Himalayan states	Same general formula	Higher Centre share
Union Territories	Centre-funded	100% Centre-funded
Work shelf	Gram Sabha approved	Viksit Gram Panchayat Plan
Wage rate	Schedule II notified by MoRD	Notified under new Act; linked to CPI-AL
Seasonal pause	Not statutory	Up to 60 days (sowing/harvest) permitted
Tech compliance	Aadhaar-linked, NMMS, ABPS	AI fraud detection, GPS monitoring, Aadhaar-linked payments
Social audit	Annual, by Social Audit Units	Biannual , mandated
Budget 2026-27	–	Rs 95,692 crore

THE 125-DAY GUARANTEE: PROMISE AND PUSHBACK

The headline increase from **100 to 125 days** is the Government’s most prominent claim. Critics, however, argue:

- The **Rs 95,692 crore** allocation – only marginally higher than recent MGNREGA budgets (~Rs 86,000 crore in 2024-25 RE) – is insufficient to fund a 25% expansion of guaranteed days at scale.
- If demand cannot be met within allocation, the **legal guarantee** weakens into a *budget-bounded entitlement* – a structural dilution.
- A 60:40 Centre-State share **shifts a larger fiscal burden** to states, many of which already underfund MGNREGA top-ups.

IMPLEMENTATION ARCHITECTURE

Planning

- Works selected from the **Viksit Gram Panchayat Plan (VGPP)** – an integrated village development plan replacing the existing GPDP
- Gram Sabha approval retained
- Convergence with **PM-KUSUM, Jal Jeevan Mission, PMAY-G**, and watershed schemes

Wages and Payments

- **Aadhaar-Based Payment System (ABPS)** retained as default
- **Direct Benefit Transfer (DBT)** to job-card holder’s bank account
- Statutory grievance redress via **Block Development Officer** with appeal to District Programme Coordinator

Technology

- **AI fraud detection** of muster-roll anomalies, ghost workers, work overlaps
- **GPS monitoring** of work sites
- **NMMS-style** real-time attendance retained
- Mandatory **biannual social audits** by independent State Social Audit Units

CONSTITUTIONAL AND POLICY CONTEXT

PROVISION	DESCRIPTION
Article 41 (DPSP)	State to secure right to work, education, public assistance
Article 21	Right to livelihood read as part of life (<i>Olga Tellis</i> , 1985)
Schedule 7, List III	“Social security and social insurance” – concurrent subject
SDG 1 and 8	No poverty; decent work

The Standing Committee on Rural Development had recommended:

- 1 Universalisation rather than household cap
- 2 Linking wages to state minimum wages or DA-indexed formula
- 3 Climate-resilient asset focus – soil, water, biodiversity

VB-GRAMG addresses (3) substantially; (1) and (2) remain partial.

CONCERNS FLAGGED BY CIVIL SOCIETY AND OPPOSITION

- 1 **Legal vs administrative guarantee.** Without adequate funding, “125 days” risks becoming aspirational.
- 2 **Burden on states.** A 60:40 share is a sharp shift from MGNREGA’s 100% wage funding by Centre.
- 3 **Gram Sabha autonomy** narrowed by VGPP standardisation.
- 4 **Wage rate stagnation.** No automatic indexation to state minimum wages – a long-standing demand.
- 5 **Exclusion errors.** Aadhaar-ABPS issues have already caused job-card deletions in MGNREGA’s last phase.

UPSC RELEVANCE

GS Paper 2 – Governance, Social Sector

- Welfare laws and rights-based legislation
- Centre-State fiscal relations
- Panchayati Raj and gram sabha planning (Article 243G; Schedule 11)

GS Paper 3 – Economy

- Rural employment, agricultural wages
- Public expenditure and fiscal federalism
- Counter-cyclical fiscal policy

Mains Angles

- 1 “A rights-based law without adequate budgetary backing is a legal fiction.” Critically examine in the context of VB-GRAMG.
- 2 Evaluate the role of MGNREGA over two decades. How should the VB-GRAMG build on its strengths?
- 3 Discuss the Centre-State fiscal implications of the 60:40 cost-share formula in social welfare programmes.

FACTS CORNER – KNOWLEDGEPEDIA
VB-GRAMG ACT, 2025:

Full title: Viksit Bharat – Guarantee for Rozgar and Ajeevika Mission (Gramin) Act, 2025

Passed by Parliament: December 18-19, 2025

Notified: May 11, 2026

In force from: July 1, 2026

Repeals MGNREGA from July 1, 2026

Guarantee: 125 days per rural household per year

Centre-State share: 60:40 (higher for NE/Himalayan; 100% for UTs)

Budget 2026-27 allocation: Rs 95,692 crore

Seasonal pause: up to 60 days

MGNREGA, 2005:

Enacted September 7, 2005; effective February 2, 2006

100 days; wage 100% Centre, material 75:25

Schedule II governs wage notification

Renamed MGNREGA from NREGA in October 2009

3,000+ crore person-days generated lifetime

**CONSTITUTIONAL: ARTICLE 41 DPSP; ARTICLE 21 (OLGA TELLIS, 1985 – RIGHT TO LIVELIHOOD).
ARTICLE 243G + SCHEDULE 11: PANCHAYAT FUNCTIONS.**

CONVERGENCE SCHEMES: PM-KUSUM, JAL JEEVAN MISSION, PMAY-G, IWMP.

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