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VB-G RAM G Act, 2025: India's New Rural Employment Guarantee Framework

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Recent Development:

- The **Viksit Bharat–Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G) Act, 2025** came into force across India from **1 July 2026**, replacing the **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005**.
- The Act increases the guaranteed employment from **100 days to 125 days**, introduces a revised funding pattern, establishes **normative allocation of funds**, and shifts the programme towards **livelihood creation, durable rural infrastructure and climate resilience**.
- The **Ministry of Rural Development** has also issued **eight sets of draft rules** relating to governance, grievance redressal, wage payments, fund allocation, administrative expenditure, transition, monitoring and expenditure procedures to facilitate implementation.

Background:

Evolution of Rural Employment Programmes:

- India's rural employment policy evolved gradually from **poverty alleviation programmes** to a **rights-based employment guarantee framework**.
- Major milestones include:
 - **Rural Manpower Programme (1960s)** to generate rural employment.
 - **Crash Scheme for Rural Employment (1971)** for immediate wage employment.
 - **National Rural Employment Programme (NREP)** and **Rural Landless Employment Guarantee Programme (RLEGP)** during the 1980s.
 - **Jawahar Rozgar Yojana (JRY), 1989**, later strengthened during the 1990s.
 - **Sampoorna Grameen Rozgar Yojana (SGRY), 2001**, integrating earlier wage employment programmes.
 - **Maharashtra Employment Guarantee Act, 1977**, which pioneered the concept of a **legal guarantee of employment**.
 - **MGNREGA, 2005**, which provided a statutory guarantee of rural wage employment.
 - The **VB-G RAM G Act, 2025** represents the next phase by integrating employment generation with **rural infrastructure, climate resilience and Viksit Bharat @2047**.

Objectives:

Purpose of the Act:

- To provide **guaranteed wage employment** to rural households.
- To strengthen **livelihood security** and reduce seasonal unemployment.
- To create **durable community assets** that improve long-term rural productivity.
- To integrate employment generation with **water conservation, natural resource management and disaster resilience**.
- To support the national vision of **Viksit Bharat @2047** through sustainable rural development.

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Major Features of the VB-G RAM G Act:

Enhanced Employment Guarantee:

- The guaranteed wage employment has been increased from **100 days to 125 days** per rural household.
- The additional employment aims to reduce income insecurity and strengthen rural livelihoods.

Seasonal Pause During Agricultural Operations:

- The Act permits a **60-day pause** during peak sowing and harvesting seasons.
- The provision seeks to ensure adequate availability of agricultural labour and minimise labour shortages during critical farming periods.

Revised Funding Pattern:

- Unlike MGNREGA, where the **Centre financed the entire wage component**, the new Act introduces shared financial responsibility.
- For **general States**, the **Centre and States share expenditure in a 60:40 ratio**.
- For **North-Eastern States, Himalayan States and Union Territories with Legislature**, the funding pattern is **90:10**.
- For **Union Territories without Legislature**, the **Centre bears 100% expenditure**.

Normative Allocation of Funds:

- The Union Government determines annual allocations using **objective parameters** instead of State labour budgets.
- The allocation methodology is based on the **horizontal devolution criteria recommended by the Sixteenth Finance Commission**.
- The system seeks to promote greater transparency and predictability in fund distribution.

New Governance Framework:

- The Ministry has proposed **eight draft rules** covering:
 - Governance framework.
 - Grievance redressal mechanism.
 - Administrative expenditure.
 - Transitional provisions.
 - Normative allocation methodology.
 - Wage payment and unemployment allowance.
 - Central monitoring institutions.
 - State and Union Territory expenditure procedures.

Gramin Rozgar Guarantee Card:

- Existing **e-KYC verified MGNREGA Job Cards** remain valid until new cards are issued.
- **Gramin Rozgar Guarantee Cards** are issued through **Gram Panchayats**.
- Special coloured cards are provided to:
 - Women.
 - Elderly persons.
 - Persons with disabilities.
 - Bonded labourers.
 - **Particularly Vulnerable Tribal Groups (PVTGs)**.
 - Transgender persons.
- Every card remains valid for **three years** and is renewable after verification.

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Prompt Wage Payments:

- Wages must be paid **weekly or within 15 days** after closure of muster rolls.
- Delay attracts **compensation of 0.05% of unpaid wages per day**.

Revised Wage Structure:

- The Union Government determines wages for **unskilled manual work**.
- Wage rates may differ across regions but cannot be lower than previous MGNREGA wage rates.
- A **national floor wage of ₹300 per day** has been notified.
- State-wise wages range from **₹300 to ₹409**, reaching **₹450 in certain areas of Sikkim**.
- Northern and North-Eastern States have recorded comparatively higher wage revisions than many southern States.

Unemployment Allowance:

- Employment must be provided within **15 days** of demand.
- If employment is not provided:
- **One-fourth** of the notified wage is payable during the first **30 days**.
- **One-half** of the notified wage is payable thereafter.

Institutional Framework:

Implementation Structure:

- **Ministry of Rural Development** functions as the nodal ministry.
- **Gram Panchayats** continue to serve as the primary implementing institutions.
- A **National Level Steering Committee** and a **Central Gramin Rozgar Guarantee Council** have been proposed for policy guidance, monitoring and coordination under the draft rules.

Significance:

Economic Significance:

- Higher employment guarantee reduces seasonal unemployment and rural distress.
- Increased wage rates improve rural purchasing power.
- Durable asset creation supports agricultural productivity and rural infrastructure.

Social Significance:

- Employment opportunities strengthen livelihood security for vulnerable households.
- Special provisions improve inclusion of women and disadvantaged social groups.
- Wage guarantees reduce distress migration from rural areas.

Environmental Significance:

- Greater emphasis on **water conservation, natural resource management and climate-resilient infrastructure**.
- Rural works contribute to disaster preparedness and ecological restoration.

Governance Significance:

- Normative allocation introduces a rule-based fund distribution mechanism.

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- Time-bound wage payment provisions enhance accountability.
- Digital governance and grievance redressal improve administrative transparency.

Concerns and Challenges:

Fiscal Challenges:

- Increased State contribution may place additional pressure on State finances.
- States may face difficulties in maintaining employment levels during fiscal stress.

Governance Challenges:

- Greater centralisation of fund allocation may weaken decentralised planning.
- Reduced flexibility could affect local development priorities.

Administrative Challenges:

- Digital dependence may exclude beneficiaries lacking digital access or biometric authentication.
- Effective implementation requires robust administrative capacity at the Gram Panchayat level.

Rights-Based Concerns:

- Critics argue that the shift towards centrally determined allocations may dilute the original demand-driven character of MGNREGA.
- Concerns have also been raised regarding reduced operational autonomy of local institutions.

Comparison with MGNREGA:

Key Changes:

- Employment guarantee increased from **100 days** to **125 days**.
- Funding shifted from predominantly Central financing to **shared Centre-State financing**.
- Annual allocations changed from **labour-budget based** to **normative allocation**.
- Greater emphasis placed on **durable infrastructure, climate resilience and livelihood enhancement**.
- **Gramin Rozgar Guarantee Cards** replace traditional job cards through a phased transition.

Way Forward:

Measures Required:

- Ensure adequate fiscal support for financially weaker States.
- Preserve the functional autonomy of **Gram Panchayats** in planning and implementation.
- Strengthen **social audits**, transparency and independent monitoring.
- Develop inclusive digital systems with offline alternatives for vulnerable groups.
- Enhance capacity building of Panchayati Raj Institutions and local officials.
- Promote convergence with agriculture, watershed development, disaster management and climate adaptation programmes.

Value Addition for UPSC:

Relevant Constitutional Provisions:

- **Article 38** – Promotion of social justice.
- **Article 39(a)** – Adequate means of livelihood.

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- **Article 41** – Right to work within the State's economic capacity.
- **Article 243G** – Empowerment of **Panchayats** for local planning and economic development.
- **Eleventh Schedule** – Rural development, poverty alleviation, minor irrigation, social forestry and watershed development.

Relevant Sustainable Development Goals (SDGs):

- **SDG 1** – No Poverty.
- **SDG 2** – Zero Hunger.
- **SDG 5** – Gender Equality.
- **SDG 8** – Decent Work and Economic Growth.
- **SDG 10** – Reduced Inequalities.
- **SDG 13** – Climate Action.
- **SDG 15** – Life on Land