INTERNATIONAL RESEARCH JOURNAL OF MANAGEMENT SOCIOLOGY & HUMANITIES

ISSN 2277 – 9809 (online)
ISSN 2348 - 9359 (Print)

An Internationally Indexed Peer Reviewed & Refereed Journal

www.IRJMSH.com
www.isarasolutions.com

Published by iSaRa Solutions

Reimagining Rural Livelihoods: The Strategic Evolution from MGNREGS to VB-G Ram G

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Abstract
The evolution of India's rural employment policy from the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) to the emerging Vikasit Bharat-Gramin Ram G (VB-G Ram G) framework represents a significant paradigm shift in the state's approach to poverty alleviation and rural development. This paper conducts a comparative analysis to argue that this transition signifies a fundamental philosophical reorientation from a rights-based entitlement to a productivity-centric investment approach. MGNREGS, a demand-driven social safety net, focused on social protection and public goods creation through decentralized governance. In contrast, the VB-G Ram G model, building on schemes like the Vanbandhu Kalyan Yojana, emphasizes transformative asset creation, skills development, and market linkages to foster an entrepreneurial and self-reliant rural economy. The analysis is structured around four key thematic pillars that highlight the core of this shift. First, the paper examines the transformation in governance architecture, moving from MGNREGS's bottom-up planning to VB-G Ram G's top-down convergence of schemes for synergistic outcomes. Second, it analyzes the implications for gender inclusion, contrasting MGNREGS's focus on workforce participation with VB-G Ram G's aim to promote women's economic agency through entrepreneurship. Third, it evaluates the continuum and divergence in ecological sustainability, expanding from natural resource management to climate-resilient livelihoods under VB-G Ram G. Finally, it dissects the changing narrative of financial efficacy, shifting from wage support to portfolio investment in rural capital under VB-G Ram G. This paper concludes that while the VB-G Ram G vision addresses the limitations of wage-based support, its success depends on safeguarding inclusive growth, accountability mechanisms, and ensuring that productivity goals do not compromise livelihood security for India's rural poor. The shift is not just administrative but ideological, with significant implications for rural equity and development.

Introduction

The trajectory of rural employment policy in India represents one of the most consequential arenas of social welfare experimentation in the developing world, reflecting shifting ideological commitments, evolving administrative capabilities, and changing conceptions of the state's responsibility toward its most vulnerable citizens. For nearly two decades, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), enacted in 2005 and operationalized in 2006, stood as a landmark legislative intervention that fundamentally reimagined the relationship between the Indian state and its rural populace. As Dreze and Khera (2017) observe, this rights-based framework established a justiciable entitlement to 100 days of unskilled wage employment per rural household, embedding within India's legal architecture a demand-driven social protection mechanism that became the subject of global scholarly attention and policy emulation. The scheme's design was revolutionary in its conception—work upon demand, decentralized planning through Gram Sabhas, statutory wage timelines, and mandatory social audits created an architecture of accountability that sought to empower workers as rights-holders rather than passive beneficiaries of discretionary state charity (Ambasta & Shankar, 2020).

The empirical record of MGNREGS's impact across multiple developmental dimensions has been extensively documented and debated within scholarly literature. Studies have demonstrated its role in stabilizing rural consumption, particularly during agricultural lean seasons and economic shocks, with Chandrasekhar and Ghosh (2018) characterizing the scheme as an automatic stabilizer that provided counter-cyclical support during downturns. The gender dimensions of the programme have attracted particular scholarly attention, with women's participation consistently exceeding 50 percent of total person-days generated—a phenomenon attributed to statutory provisions for equal wages, worksite facilities, and the guarantee of work within proximity to residences (Pankaj & Tankha, 2021). Research by Dhanya (2025) examining the scheme's implementation in Kerala's labour-scarce economy revealed that MGNREGS functioned as a fallback option during lean periods while simultaneously enhancing workers' financial inclusion and consumption capacity, particularly for food items. The ecological contributions of the programme, though sometimes underappreciated in policy discourse, have been substantial, with Reddy, Upendranadh, and Reddy (2018) documenting that over 70 percent of works were directed toward natural resource management—water conservation, afforestation, and land development—thereby linking livelihood support with environmental regeneration.

Yet, alongside these documented achievements, persistent structural limitations gradually accumulated, prompting critical reassessment of the scheme's architecture. The Economic Survey 2025-26, tabled in Parliament in January 2026, candidly acknowledged that while administrative and technological reforms had yielded notable improvements in participation, digitization, and transparency, "deeper structural issues persisted," including work not being found on the ground, expenditure not matching physical progress, and frequent bypassing of digital attendance systems (Government of India, 2026). Perhaps most significantly, only a small proportion of households were able to complete the full 100 days of employment in the post-pandemic period—a reality that led development economist Jean Dreze to characterize the enhanced guarantee under the new framework as potentially cosmetic when the existing ceiling was already non-binding for most households (BBC News, 2025). Research by Ghatak, Jha, and Singh (cited in BBC News, 2025) further complicated the narrative of rural employment by finding that recent increases in labour force participation, particularly among women, reflected economic distress driving people into subsistence work rather than growth-driven creation of quality employment.

The broader socio-economic context within which MGNREGS operated has undergone transformative change since 2005. Rural poverty declined sharply from 27.1 percent in 2011-12 to approximately 5 percent in recent years, while digital connectivity, financial inclusion, and livelihood diversification have fundamentally altered rural employment requirements (Government of India, 2025). The Parliamentary Standing Committee on Rural Development repeatedly flagged persistent implementation challenges, including workers receiving wages below statutory minimums and unpaid dues accumulating to substantial sums—approximately Rs 12,219 crore in unpaid wages as of August 2025 (Aiyar, 2025). These indicators suggested that while the rights-based framework remained symbolically powerful, its practical efficacy had eroded in ways that warranted fundamental reassessment.

It is against this complex backdrop of achievement and limitation that the Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin) Act, 2025 (VB-G RAM G) was enacted, receiving Presidential assent on December 21, 2025. The legislation represents not merely incremental reform but a comprehensive statutory overhaul that repositions rural employment within the long-term vision of Viksit Bharat 2047 (Government of India, 2025). The Act enhances the statutory guarantee to 125 days per rural household, introduces a 60-day pause period during peak agricultural seasons to ensure labour availability for farming, and restructures financial arrangements through a centrally sponsored model with normative state allocations (Government of India, 2025). Union Minister Dr. Sukanta Majumdar has emphasized that the legislation aims to "transform rural employment from a standalone welfare intervention into an integrated instrument of development," anchored in principles of empowerment, convergence, and saturation-based delivery (Government of India, 2026).

The shift embodied in VB-G RAM G has generated sharply polarized interpretations within policy circles and scholarly communities. Government proponents, including economist and BJP national spokesperson Sanju Verma (2025), characterize the reform as addressing MGNREGA's "dysfunctional, leak-prone and misaligned" architecture while expanding entitlements and linking employment to durable asset creation aligned with national infrastructure priorities. Critics, including international scholars led by UN Special Rapporteur Olivier De Schutter, have warned that the restructuring of financial responsibilities and enhanced central discretion could undermine the rights-based character of the guarantee, transforming a legal entitlement into a discretionary scheme vulnerable to funding caps and political considerations (BBC News, 2025). Aiyar (2025) argues that the new law represents "a fundamental shift in the approach to welfare," replacing bottom-up structures with top-down integration into platforms like PM Gati Shakti—a transformation whose implications for worker agency and local accountability remain uncertain.

This paper undertakes a thematic analysis of this pivotal transition, examining the philosophical reorientation from social protection as entitlement to transformative productivity as strategic investment. Through four analytical themes—governance architecture, gender inclusion, ecological sustainability, and financial efficacy—it evaluates the implications of this shift for rural livelihoods, questioning whether the new framework can address MGNREGS's documented limitations while preserving its foundational commitments to equity, accountability, and the empowerment of India's most vulnerable rural citizens.

Governance Architecture: From Entitlement-Based Accountability to Mission-Mode Convergence

The operational genius of MGNREGS lay in its legally-sanctioned, demand-driven architecture, which fundamentally reconfigured the relationship between the rural poor and the state. By establishing work as a justiciable right rather than a discretionary benefit, the programme vested significant agency in rural households and fostered bottom-up accountability through constitutionally mandated institutions. The guarantee of work upon request, coupled with mandatory planning through the Gram Sabha, created a framework where administrative systems were compelled to organise themselves around citizen demand rather than bureaucratic convenience.

Central to this governance architecture was the institutionalisation of social audits as a community-driven accountability mechanism. Unlike conventional financial audits that examine only financial records, social audits transcend these objectives by ensuring equity and meaningful community participation. As documented by Gowthaman (2025), the process involves Village Resource Persons selected from MGNREGS worker families, document verification, door-to-door attendance cross-checking, worksite inspections, and public hearings where discrepancies such as wage delays, misappropriation, and process violations are highlighted before district officials. The Comptroller and Auditor General of India formally recognises these audits, and the Ministry of Rural Development, in consultation with the C&AG, notified the Audit of Scheme Rules, 2011 to institutionalise this framework. This architecture ensured that accountability was not merely procedural but embedded in democratic participation, with Gram Sabhas serving as platforms where workers could directly confront implementing authorities.

However, even during MGNREGS's operational years, this rights-based architecture faced gradual erosion. Johnson and Liby (2026) observe that for large parts of rural India, MGNREGS had long ceased to function as a right before the recent legal changes, surviving instead as a "budget-bounded, administratively rationed, politically uneven scheme". This dilution occurred incrementally: registering demand for work became a formality on paper rather than a genuine reflection of need; applications were backdated; receipts went missing; and records remained incomplete. The distinction between a right and a scheme matters fundamentally—rights change power relations while schemes merely distribute benefits. Consequently, MGNREGS delivered its strongest outcomes not where deprivation was highest but where administrative capacity and political will were stronger, as evidenced by the stark contrast between Kerala's consistent performance and Odisha's struggles despite higher multidimensional poverty.

The VB-G Ram G model introduces a fundamentally different governance logic. According to the official legislation, the Act seeks to "transform rural employment from a standalone welfare intervention into an integrated instrument of development" anchored in the principles of "empowerment, growth, convergence and saturation" . It proposes mission-mode convergence of resources and schemes, breaking down departmental silos—agriculture, animal husbandry, horticulture, rural infrastructure, and credit—to create synergistic, transformative assets like integrated farming systems and agro-processing clusters. Works are to be identified through participatory Viksit Gram Panchayat Plans approved by Gram Sabha, then aggregated at block, district, state, and national levels, with thematic focus on water security, core rural infrastructure, livelihood-related infrastructure, and works mitigating extreme weather events.

However, critical analysis reveals significant tensions beneath this convergence rhetoric. Sidhu (2025) argues that the shift represents a movement "away from a pure demand-driven guarantee towards a normed, allocation-shaped framework". Instead of an open-ended central obligation responding to demand, the model relies on centrally determined normative allocations based on objective parameters prescribed by the central government. This fundamentally inverts the original logic—the operational ceiling is now shaped by allocation rather than worker demand. Governance, in this framework, becomes more top-down and project-oriented, prioritising administrative efficiency and measurable outcomes over the principle of individual entitlement.

The financial architecture reinforces this centralisation. The cost-sharing pattern shifts to 60:40 between Centre and states (90:10 for Northeastern and Himalayan states), fundamentally altering state incentives. When states must co-pay to provide employment, they are nudged towards rationing—particularly in regions where demand for work is structurally higher and state finances tighter. The Act's provision empowering states to notify an aggregated pause period of up to sixty days during peak agricultural seasons further constrains the guarantee's universality. As Sidhu notes, a legal guarantee is most meaningful when households need work immediately; a scheduled shut-off "converts a fallback into a calendar-bound offering".

The ideological departure is also signalled through nomenclature. The replacement of "Mahatma Gandhi" with "Ram" is not merely cosmetic but represents a deliberate rupture with the rights-based tradition. MGNREGA drew legitimacy from Gandhi's association with the dignity of labour, village self-rule, and the ethical obligation of the state to protect the poorest. Its removal, critics argue, marks a transition from constitutional entitlement to culturally-coded benevolence—welfare becomes something bestowed, not claimed. Rights-based laws invite scrutiny, audit, and litigation; culturally-coded schemes invite gratitude and loyalty.

The risk inherent in this governance shift is the potential erosion of MGNREGS's hard-won accountability structures if convergence is not managed with equally robust participatory mechanisms. While the legislation claims that "what is integrated at the national level is visibility, coordination and convergence, not local decision-making", the structural realities suggest otherwise. As Sidhu warns, "if the Centre sets normative envelopes, if states are turned into co-payers with incentives to limit demand, and if the employment guarantee is paused by design, then decisive levers of power move upward even as execution remains decentralised. Decentralisation becomes the language of implementation; centralisation becomes the reality of control".

The ultimate test, therefore, is whether the worker retains the ability to compel the government to provide work—promptly, predictably, and as a matter of right—or whether the government, armed with ceilings, pauses, and co-funded constraints, is structurally enabled to manage, ration, and defer. Without the institutionalised counter-power of social audits and community-led accountability that characterised MGNREGS's original design, VB-G Ram G's convergence framework risks reducing rural employment to a managed, supply-driven intervention rather than a democratic entitlement.

Gender Inclusion: From Workforce Participation to Entrepreneurial Empowerment

MGNREGS has been a notable intervention for gender equity in rural labor markets. Statutory provisions for equal wages, worksite facilities like crèches, and the promise of work within a 5-km radius directly addressed barriers to women's participation. Consequently, women have consistently accounted for over 50% of total person-days generated, enhancing their financial autonomy and social standing (Pankaj & Tankha, 2021).

The VB-G Ram G framework aims to catalyze a further transition: from wage-earning laborers to entrepreneurs and asset managers. By intensively promoting women's self-help groups (SHGs), linking them to micro-enterprises in food processing, textiles, and green technology, the model seeks to cultivate deeper **economic agency**. However, this entrepreneurial pathway demands pre-existing social capital, specific skills, and a capacity to absorb risk—requirements that may exclude the poorest women who benefited most from the assured, low-skill work of MGNREGS (Jakimow, 2022). The model's success in fostering inclusive **gender inclusion** thus critically depends on the quality and reach of its skilling programs and its ability to ensure fair market access for nascent women-led enterprises.

Ecological Sustainability: From Resource Regeneration to Climate-Adaptive Systems

A significant, sometimes understated, achievement of MGNREGS is its contribution to **ecological sustainability**. A majority of its permissible works are geared toward natural resource management (NRM)—water conservation, afforestation, and land development. These activities have contributed to groundwater recharge, soil fertility improvement, and drought resilience, aligning livelihood support with environmental regeneration (Reddy et al., 2018).

The VB-G Ram G agenda explicitly incorporates **climate-resilient livelihoods** as a core objective. It builds upon the NRM foundation but shifts emphasis towards creating private and community assets that are both productive and adaptive. This includes promoting solar-powered irrigation, climate-smart agricultural techniques, and sustainable non-timber forest produce value chains. The challenge here is twofold: to ensure these "green" assets are accessible to small and marginal farmers, and to maintain the scale of investment in public common goods, like watersheds, which underpin long-term ecological health.

Financial Efficacy: From Social Security Expenditure to Development Investment

A persistent critique of MGNREGS has framed its substantial fiscal outlay as a consumption-oriented "wage bill," with questions raised about the durability of created assets. Financially, the scheme acts as an automatic stabilizer, with expenditure scaling up during agrarian crises or economic slowdowns, providing crucial counter-cyclical support (Chandrasekhar & Ghosh, 2018).

The VB-G Ram G model seeks to reframe public spending as a strategic **investment in rural capital**. Resources are directed towards creating assets—from cold chains to small-scale manufacturing units—designed to generate streams of income, stimulate local economies, and potentially reduce long-term dependency on direct support. This repositions rural expenditure within a narrative of growth and productivity. Nevertheless, this approach necessitates sophisticated mechanisms to monitor not just financial outputs but broader socio-economic returns. It also carries the peril of funds being channelled towards more "bankable" beneficiaries or regions, potentially exacerbating inequalities and undermining the principle of **inclusive growth**.

Conclusions

The strategic evolution from MGNREGS to the VB-G Ram G model marks a definitive pivot in India's rural development philosophy: from protecting households against destitution to enabling them to pursue prosperity. While MGNREGS provided an indispensable floor of income security and strengthened grassroots democratic processes, its constraints in catalyzing sustained, higher-order income growth are widely acknowledged. The newer, integrated paradigm presents a bold vision of a diversified, entrepreneurial, and resilient rural economy.

However, its implementation will be a tightrope walk. Its success is contingent upon safeguarding the interests of the poorest during the transition, preserving and adapting the robust accountability systems of MGNREGS, ensuring that ecological sustainability remains a central metric, and rigorously evaluating outcomes beyond mere financial returns. The most prudent path forward may not be a full replacement but a synergistic model that retains the unconditional, rights-based safety net of MGNREGS while strategically leveraging the integrated, productivity-enhancing interventions envisioned under VB-G Ram G. This would ensure that the drive for transformative growth remains anchored in equity and social justice, fulfilling the unmet aspirations of rural India without abandoning its most vulnerable citizens.

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