VB-G RAM G Bill – Provisions & Significance – Explained Pointwise

The Union government has moved a "new MGNREGA Bill" in Parliament to repeal and replace the Mahatma Gandhi National Rural Employment Guarantee Act, 2005, refers to as the **Viksit Bharat – Guarantee for Rozgar and Ajeevika Mission (Gramin) Bill, 2025 (VB–G RAM G).**

What are the important provisions of the new Bill?

1. The Bill **repeals the Mahatma Gandhi National Rural Employment Guarantee Act, 2005** and replaces it with a new law carrying the VB–G RAM G title, effectively retiring "MGNREGA" as the statutory name.

2. This includes formally **removing "Mahatma Gandhi" from the scheme's name**, which is one of the main political flashpoints around the legislation.

3. The Bill raises the guaranteed wage employment from **100 to 125 days per rural household per year**, expanding the basic entitlement beyond what MGNREGA provided.

4. It embeds this guarantee within a broader **"Viksit Bharat – Guarantee for Rozgar and Ajeevika Mission (Gramin)" (VB–G RAM G)** framework, linking wage employment with livelihood and asset-creation objectives.

5. Draft provisions provide for **suspending or limiting works during peak agricultural seasons**, so that wage employment under the scheme does not clash with local farm labour demand.

6. The Bill envisages **greater flexibility for states** in selecting works and synchronising them with local development plans, while still operating under a central guidelines framework.

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7. Explanatory notes indicate **changes in Centre–State funding norms**, with the Union government continuing to bear a substantial share of wage costs but with revised cost-sharing for materials and administration; exact ratios will depend on rules and notifications under the Act.

8. The Bill also updates **institutional and monitoring provisions** (for example, use of digital tools, social audits, and grievance mechanisms), though detailed operational rules are to follow through subordinate legislation once Parliament enacts the law.

What are some of the important features of MGNREGA?

1. **Legal Guarantee:** MGNREGA is a law that gives a **legal guarantee of at least 100 days of wage employment per financial year** to every rural household whose adult members volunteer for unskilled manual work.

2. **Rights-Based Framework:** It is a **demand-driven, rights-based programme**: if employment is not provided within 15 days of a written application, the worker is entitled to an **unemployment allowance.**

3. **Social inclusion:** At least **one-third of the jobs are reserved for women**, and wages must be paid equally to men and women.

4. Work is, as a rule, to be provided **within 5 km of the worker's residence**, with a statutory **minimum wage** and basic worksite facilities like drinking water and crèche where needed.

5. **Type of Works:** The Act prioritises **labour-intensive public works** that create durable assets, especially in: water conservation and harvesting, drought proofing and afforestation, irrigation, land development, flood control, and rural connectivity (village roads, ponds, canals, etc.).

6. **Wage-Material Ratio:** A mandated **wage-material ratio of 60:40** ensures emphasis on labour rather than machines or contractors, reinforcing the employment objective.

7. **Implementing Agency:** The **Gram Panchayat is the primary implementing agency**, responsible for registration, job cards, and planning/execution of works, with significant community participation.

8. **Funding:** Funding is shared mainly by the **Centre and states**, with the Union government bearing the bulk of wage costs; the scheme now covers almost all rural districts in India.

9. **Transparency, Accountability & Social Audits:** MGNREGA has strong transparency provisions: **public disclosure of records, social audits by Gram Sabhas, financial and performance audits**, and grievance-redress mechanisms to curb corruption and delays.

What has been the significance of MGNREGA?

1. **Rural Livelihood Security & Poverty Reduction:** By guaranteeing up to 100 days of wage employment per rural household, MGNREGA has helped smooth consumption and reduce extreme poverty and seasonal distress, especially during droughts, crop failures, and economic shocks (for example, post-2008 slowdown and the Covid-19 period).

2. **Empowerment of Women:** With a legal requirement that at least one-third of workers be women, and actual participation often exceeding this share in several states, MGNREGA has increased women's labour-force participation, incomes, and visibility in local public life.

3. **Empowerment of Marginalised Groups:** The programme has also given Scheduled Castes, Scheduled Tribes and other marginalised groups a formal right to work near home, reducing dependence on landlords and contractors and modestly improving their bargaining power in local labour markets.

4. **Effects on Rural Wages:** Studies indicate that MGNREGA has contributed to raising the floor for rural wages, particularly for unskilled casual labour, by offering an alternative source of employment at notified wage rates.

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5. **Effects on Migration:** In many regions, this has reduced distress-driven seasonal migration, especially for the poorest households, even if it has not eliminated migration driven by higher-wage opportunities.

6. **Creation of Rural Assets:** The scheme has financed millions of works related to water harvesting, soil conservation, irrigation, land development and rural connectivity, which can enhance agricultural productivity and resilience when well implemented.

7. **Natural Resource Management:** In drought-prone and ecologically fragile areas, repeated investments in check dams, ponds and afforestation under MGNREGA have supported groundwater recharge and reduced vulnerability to climate variability.

8. **Rights-based Approach:** MGNREGA marked a shift from discretionary "schemes" to a **justiciable right to work**, with enforceable entitlements like unemployment allowance and time-bound wage payments, influencing the design of later rights-based laws.
What are the challenges/limitations of MGNREGA?

1. **Delays in fund release:** Chronic **delays in fund release** from the Centre and states often lead to late wage payments and stalled works, undermining workers' legal entitlement and reducing their trust in the programme.

2. **Wage issue:** In several states, **statutory wages under MGNREGA are close to or below prevailing agricultural wages**, making the scheme less attractive and weakening its role as a wage floor.

3. **Inadequate awareness:** Many potential beneficiaries are **unaware of their rights** (job cards, 100-day guarantee, unemployment allowance), so local officials sometimes treat it as a supply-driven scheme and under-register demand.

4. **Demand suppression:** Instances of **demand suppression –** discouraging applications, limiting works, or using online systems that poor households struggle to access – reduce effective coverage, especially for women and the most marginalised.

5. **Leakages, Corruption & Weak Accountability:**

a. Despite provisions for social audits, cases of **ghost beneficiaries, fake muster rolls, inflated measurements, and collusion with contractors** have been reported in several regions.

b. Social audits are uneven: a few states implement them rigorously, while others conduct them irregularly or with limited follow-up, weakening MGNREGA's transparency and grievance-redress architecture.

6. **Quality & Durability of Assets:** The quality of assets created is highly variable; poor planning, technical support gaps and frequent small works can lead to **non-durable or poorly maintained assets**, limiting long-term productivity gains.

7. **Administrative Constraints:** Heavy reliance on local bureaucracy, frequent staff shortages, and burdensome online processes (e-muster, Aadhaar-based payments) can cause **implementation bottlenecks**, especially in remote areas with weak connectivity.

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