

GOVERNMENT OF INDIA
MINISTRY OF RURAL DEVELOPMENT
DEPARTMENT OF RURAL DEVELOPMENT

RAJYA SABHA
STARRED QUESTION NO. 234
TO BE ANSWERED ON 13/03/2026

FISCAL IMPACT OF VB-GRAM G SCHEME ON STATE GOVERNMENTS

234 Shri Vivek K. Tankha:

Will the Minister of Rural Development be pleased to state:

- (a) the details of the assessed fiscal impact of the Viksit Bharat - Guarantee for Rozgar and Aajeevika Mission (Gramin) (VB-GRAM G) Scheme, on State Governments, arising from the shift to a 60:40 Centre–State cost-sharing framework;
- (b) the estimated additional annual financial burden on States, State-wise;
- (c) the consequences of budgetary caps and normative allocations on States' ability to meet demand-driven rural employment, the details thereof; and
- (d) the likely impact of this additional burden on States' expenditure on health, education, and other welfare schemes, the details thereof?

ANSWER
MINISTER OF RURAL DEVELOPMENT
(SHRI SHIVRAJ SINGH CHOUHAN)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (D) OF RAJYA SABHA STARRED QUESTION NO. 234 FOR 13.03.2026 REGARDING “FISCAL IMPACT OF VB-GRAM G SCHEME ON STATE GOVERNMENTS”.

(a) to (d): The Viksit Bharat-Guarantee for Rozgar and Aajeevika Mission (Gramin) VB-GRAM G Act, 2025, provides for one hundred and twenty-five days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work.

With regards to the concerns about Centre–State financial sharing pattern under the Viksit Bharat G RAM G Act, it is stated that, historically, many major rural employment schemes in the country have operated on shared funding models between the Centre and the States. For example:

- I. The National Rural Employment Programme (NREP) followed a 75:25 sharing pattern.
- II. The Rural Landless Employment Guarantee Programme (RLEGP) adopted a 50:50 model.
- III. The Jawahar Rozgar Yojana (JRY) operated on an 80:20 basis.
- IV. Schemes such as SGRY, EAS, and JGSY were also implemented on a Centre–State sharing pattern, generally in the ratio of 75:25.

Presently, many Centrally Sponsored Schemes (CSS) across sectors are being implemented on the 60:40 sharing model. The 60:40 pattern adopted under this Act is therefore consistent with the broader framework of Centrally Sponsored Schemes.

This model promotes cooperative federalism by making States active partners in rural development.

Further, special provisions have been made for North-Eastern and Himalayan States and Union Territory (Himachal Pradesh, Uttarakhand and Jammu & Kashmir), where a 90:10 Centre–State sharing pattern applies.

In addition, the Act also provides that in the event of natural disasters, pandemics, or other extraordinary circumstances, State Governments may recommend special operational relaxations to the Centre. The Central Government is empowered to allow expansion of permissible works, relaxation in documentation procedures, and temporary enhancement of employment provisions in such situations. The framework is thus responsive, flexible, and sensitive to emerging needs.

Overall, the funding pattern is designed to balance fiscal responsibility, State participation, and national rural development priorities.

As per Sub-section (4) of Section 22 of the Act, the Central Government shall determine the State-wise normative allocation for each state based on objective parameters as may be prescribed by the Central Government.

Here it is also stated that for the financial year 2026–27, a Central share provision of Rs. 95,692.31 crore has been made for the Viksit Bharat-Guarantee for Rozgar and Aajeevika Mission (Gramin), representing the largest allocation ever for rural employment programme at Budget Estimate Stage. With the likely inclusion of the corresponding estimated State share, the total programme outlay is likely to exceed Rs.1.51 lakh crore, which is expected to significantly

accelerate rural transformation, large-scale employment generation and income enhancement in rural areas.

It is also stated that the VB- G RAM G Act, 2025 envisages creation of durable rural assets through labour-intensive public works. One of the key thematic areas under the Scheme is Category II—Core Rural Infrastructure, which focuses on strengthening civic and service-delivery infrastructure relating to education, health, drinking water, sanitation, connectivity, renewable energy and community services.

It also promotes convergence with other Central and State Government programmes through a whole-of-government approach, anchored in the Viksit Gram Panchayat Plans and integrated planning framework. This enables infrastructure created under the Scheme to complement initiatives in sectors such as health, education, drinking water and sanitation, thereby improving access to basic services and enhancing the overall quality of life in rural areas.
