

**GOVERNMENT OF INDIA  
MINISTRY OF RURAL DEVELOPMENT  
DEPARTMENT OF RURAL DEVELOPMENT**

**LOK SABHA  
UNSTARRED QUESTION NO. 2774  
ANSWERED ON 10/03/2026**

**FUNDING STRUCTURE OF VB-G RAM-G**

**2774. Shri K E Prakash:**

**Will the Minister of RURAL DEVELOPMENT be pleased to state:**

- (a) whether the Government has taken note of the concerns raised by several States regarding the funding structure of the Viksit Bharat Guarantee for Rozgar and Aajeevika Mission (Gramin) (VB-G RAM-G), which has replaced the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS);**
- (b) whether any pilot study or pilot implementation of the said scheme was conducted prior to its nationwide rollout, if so, the details and outcomes thereof;**
- (c) the issues arising from revised funding pattern and the shift from a demand-driven to an allocation-based model, including its impact on effective employment days, increased fiscal burden on States, and constraints on timely wage payments; and**
- (d) the steps proposed to be taken by the Government, in consultation with the Ministry of Rural Development, to address these issues and to review the funding structure so as to ensure adequate Union support, protection of rural livelihoods, and fiscal sustainability of States?**

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF RURAL DEVELOPMENT  
(SHRI KAMLESH PASWAN)**

**(a) to (d): Regarding 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, almost all 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.**

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

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

**Further, special protective 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 clearly 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.**

**Here, it is stated that, in the past twenty years, Mahatma Gandhi National Rural Employment Guarantee Scheme (Mahatma Gandhi NREGS) has contributed in providing guaranteed wage-**

**employment to rural households ensuring wage income. However, further strengthening had become necessary in view of the significant socio-economic transformation witnessed in the rural landscape driven by widespread coverage of the social security interventions and saturation-oriented implementation of major Government schemes. Similarly, rural connectivity, rural housing, electrification, financial inclusion and digital access have deepened, the workforce has diversified, and aspirations have shifted towards better incomes, growth-oriented infrastructure, sustainable livelihoods and greater climate resilience.**

**Over the years, a range of administrative and technological reforms had also been introduced by the Ministry to strengthen the implementation of the Mahatma Gandhi NREGS, resulting in notable improvements in participation, transparency and digital governance.**

**However, deeper structural issues persisted. Monitoring in several states revealed gaps, including work not being done on the ground, expenditure not matching physical progress, the use of machines in labour-intensive work, and frequent bypassing of digital attendance systems. Since the overall architecture of Mahatma Gandhi NREGS had reached its limits, it warranted re-assessment in light of evolving rural realities.**

**Against this backdrop and to cater to the changing aspirations, the requirement for stronger convergence was felt to establish an integrated, Whole-of-Government rural development framework covering several complementary Government schemes. Additionally, it was felt essential that rural infrastructure creation must transition from fragmented provisioning to a coherent and future-oriented approach which also necessitated that resources are distributed in a fair manner to reduce disparities and promote inclusive growth across all rural areas of the country based on objective parameters.**

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