

MGNREGS Ends VB G RAM G Begins: What Must Kerala Rethink for Sustainable Development?

By Dr. Joseph Abraham

The unparallel MGNREGS (2005) of this country has been repealed and remoulded in December 2025 and the Vikasit Bharath for Guaranty for Rozgar Allied Mission (Grameen) {(VB G RAM G(G)} Bill passed in the Parliament on 21st December 2025. This has been done after a two-decade period of its continuous and implementations. It's not a lock stock and barrel change. Several components have been changed and new elements introduced. It's claimed to have been done after a thorough review and consultations by the MoRD in Government of India. Many a component of these changes have been critically discussed across the country. Some of the issues raised are relevant and a few not agreed upon by the State Governments, critics and analysts.

Given this background let us take a closer scrutiny of Kerala's MGNREGS experiences and challenges that came in its execution. It can be noted that some of these have not been adequately taken care in the combating's and posturing's, of the new VB G RAM G (G). Kerala needs what critical measures to align its socio economic and political MGNREGS realities into the new VB G RAM G band wagon? How can Kerala move away from current welfare stabilisation mode to productive security? For that how the current MGNREGS Kerala Model be made more sustainable? Now what shall be Kerala's new strategic posture to re-engineer its strengths to combat Kerala specific issues via VB G RAM G (G)?

1. Kerala's MGNREGS Experiences

Kerala's MGNREGS record is among the strongest in India, not because of scale alone but because of **administrative credibility and social outcomes**.

First, **employment demand was real and sustained**. By consistently delivering 55–65 days of work per household, well above the national average, Kerala demonstrated that rural employment demand exists even in a relatively urbanised, service-oriented economy. This rules out "lack of demand" as a constraint and instead exposes **design limits** of the scheme.

Second, **gender transformation was historic**. With women generating nearly 90 percent of person-days, MGNREGS became Kerala's most powerful labour-insurance instrument for women, stabilising household consumption, reducing distress migration, and supporting female-headed families. This outcome is not incidental; it reflects Kerala's social capital and decentralised governance.

Third, **wages ceased to function as a livelihood anchor**. Real wages stagnated while agricultural and service wages rose faster, repositioning MGNREGS from a livelihood guarantee to a **supplementary safety net**. The scheme protected households from destitution but could not enable upward mobility.

Fourth, **asset creation was climate-aware but economically untracked**. Panchayats prioritised water conservation, soil protection, and agri-allied works. Yet the absence of post-completion productivity audits meant that assets remained **physically created but economically invisible**—no yield accounting, no income attribution, no maintenance costing done.

Finally, **governance quality improved but rights weakened**. Leakages declined, but wage delays and the near-absence of unemployment allowance enforcement diluted the Act's rights-based core. Kerala thus presents a paradox: **high administrative performance with weak legal enforcement and zero productivity accounting**.

Kerala's verdict is clear: MGNREGS succeeded in poverty stabilisation and gender protection, but hit a structural ceiling—**security without transformation**.

2. The Model Became Unsustainable

The limits of Kerala's MGNREGS are not ideological; they are **macroeconomic and structural**.

Kerala now operates under **high fiscal stress**, with persistent revenue deficits and elevated debt ratios. A demand-driven wage programme without revenue or productivity feedback creates liquidity pressure, especially under a tighter Centre-State cost-sharing environment.

Second, **employment without measurable returns** became fiscally fragile. Gender equity gains remained socially invaluable, but the absence of substantial increases in output measurement made the scheme vulnerable to charges of inefficiency.

Third, **assets were under-capitalised**. Climate-resilient works existed on paper but lacked valuation, monetisation pathways, and maintenance provisioning, i.e. turning public capital into stranded assets.

Fourth, **labour market mismatch widened**. Kerala's growth lies in services, care, green jobs, and knowledge sectors, while MGNREGS remained confined to low-skill manual work, blocking mobility for women and youth.

Finally, **federal design risks intensified**. Caps on central liability threaten rationing, dilute legal guarantees, and shift political and fiscal stress onto the State, placing Panchayats in an impossible bind.

The dilemma Kerala faced was stark: how to defend a non-negotiable social guarantee while escaping a fiscally non-viable design.

3. Strategic Posturing into VB G RAM G

VB G RAM G arrives at a moment when Kerala's MGNREGS strengths and vulnerabilities are both sharply defined.

Kerala enters the new framework with **high female labour participation, strong Panchayati institutions, advanced social infrastructure, severe fiscal constraints, and acute climate**

exposure. These conditions demand that any successor or integrative programme must be **productivity-anchored, skill-embedded, and fiscally neutral** for the State.

Kerala's strategic posture, therefore, is not replacement but **re-engineering** of; retaining the **legal employment guarantee** as labour insurance; convert assets into **measurable productivity and income streams**; embed **skills and mobility ladders**, especially for women; treat public employment as **climate-risk insurance**, not permanent income substitution and ensure that productivity gains, not State finances, carry the fiscal load.

This posture sets the test for VB G RAM G: **does it structurally solve what MGNREGS could not?**

4. Where VB G RAM G Meets Kerala's Needs

VB G RAM G's core design elements directly engage with Kerala's experience and challenges, **not rhetorically, but structurally**.

(i). Productivity is no longer optional.

VB G RAM G mandates output-linked planning and post-completion audits. For Kerala, this corrects the single largest institutional blind spot of MGNREGS. Water works must now show groundwater impact; agri-assets must report yield gains; income indicators become part of programme evaluation. This transforms assets from sunk costs into **productive public capital**.

(ii). Skill embedding replaces static labour.

VB G RAM G introduces on-site skilling and skill credits aligned with care services, green jobs, agro-processing, and local services; precisely where Kerala's economy is expanding. This creates **graduation pathways** instead of cyclical dependency, especially for women workers.

(iii). Asset monetisation is institutionalised.

Panchayat-level asset registers, valuation protocols, and maintenance costing integrate MGNREGS works into local economic systems. Assets are no longer endpoints but **economic instruments** with lifecycle accountability.

(iv). Women's labour insurance is preserved and upgraded.

VB G RAM G does not dilute women's participation; it builds livelihood ladders from wage work to SHGs, micro-enterprises, and service provisioning, protecting equity while enabling mobility.

(v). Climate risk becomes the organising principle.

Public employment is reframed as **climate-risk employment insurance**, legitimising seasonal demand while preventing permanent fiscal drag. This aligns perfectly with Kerala's flood-, drought-, and heat-stress realities.

(vi). Fiscal stress is structurally addressed.

By tying wages to outputs, skills, and monetizable assets, VB G RAM G reduces the net fiscal burden on Kerala without rationing work or weakening rights; something MGNREGS alone could never achieve.

5. Specific Way Forward

Kerala's MGNREGS experience proves that administration and inclusion are not the problem; design, and scheme stagnation was. VB G RAM G offers a historic opportunity to re-engineer the guarantee, not retreat from it.

Kerala's strategic interest lies in integration, not dilution. Let it retain the legal guarantee and central fiscal responsibility. It shall insist on productivity audits and skill convergence. The assets created be converted into economic capital. Protect women's labour security while enabling upward mobility.

Handled wisely, VB G RAM G can transform Kerala's public employment from a passive welfare stabiliser into a dynamic pillar of inclusive, climate-resilient growth, by aligning social justice with fiscal prudence and long-term sustainability.
