

## THE IMPACT OF MGNREGA & THE NEW BILL ON RURAL DEVELOPMENT IN COMPARISON WITH NEW LABOUR CODE

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**BEST CITATION** – S. KEERTHANA, THE IMPACT OF MGNREGA & THE NEW BILL ON RURAL DEVELOPMENT IN COMPARISON WITH NEW LABOUR CODE, INDIAN JOURNAL OF LEGAL REVIEW (IJLR), 6 (5) OF 2026, PG. 137-145, APIS – 3920 – 0001 & ISSN – 2583-2344.

### ABSTRACT:

The Mahatma Gandhi National Rural Employment Guarantee Act was a central sponsored scheme with the aim to improve the living standard of the rural people with employment opportunities. The scheme had come in force by February 2, 2006. The scheme has gained to be the second in the list of right based policies in government of India. The scheme has evolved as the social security allowance which has been a goal to improve the rural livelihood with the assured legal makeovers of 100 days of wage employment to the peoples in the rural areas. Eventually the empowerment of another bill such as the VB-G RAM -G bill, with the side of the labour code 2020 have notably reinforced the workers rights and the rural employment. The research will also explain the significant shift of the inherent right based scheme like the MGNREGA to the policy framework of legislative actions. There study will critically analyze the labour codes with the adequate protection on the rural and gig platform workers who have recently the majority portion in India.

**KEY WORDS:** MGNREGA scheme, VB G RAM G replacement bill, labour rights, gig and platform workers, rural empowerment.

### INTRODUCTION:

The development of the rural area is mainly focused on the productive use of the unemployed and surplus labour of the rural sector and region. The regions were initiated with the development of the wages supplementary to the rural people which made the people truly engage them either government adapted schemes for instances, *National Rural Employment Programme, Rural Landless Employment Guarantee Programme and Jawahar. Rozgar* <sup>155</sup>*Yojna. Currently, Sampoorna Gramin Rozgar Yojna is being implemented all over the country.* Even though these schemes provided the relief, they were not constant enough to provide the actual messages of their rural people's needs. This

there were felt the emergency needs of some days to employment to make the rural people livelihood to their minimum standards. To achieve the living standard, the organ of the government came with this new guaranteed bill for bare minimum employment opportunities of MGNREGA bill, which have actively turned to be the right based social protection legislation, guaranteed wages to the households etc. The act mainly functions on the script of the livelihood safety and leads to the rural asset's creations. With the increasing strength of the MGNREGA reduces the migration, constant rural incomes, the nee frameworks of the marginalized rural people mainly the women and tribes. However, the shift of the MGNREGA to the new bill which is a hypocritical answer to the rural employment. There are ignited from both the political debate, controversy, protest and

<sup>155</sup> The scheme stated in 1989

scholars research to the field of state responsibility to the guaranteeing employment opportunities which was there over burden terms.

Another topic to be discussed is the new labour codes which reinforced for the unorganised sectors with its new Functional boards by both the State, Centre to implement the laws and effectively utilise the benefits and allowances given by both the government and their aggregators. The new labour laws are mostly undervalued even to state the working hours, medicinal benefits, working safety, and to the workers even though not mentioned in the earlier acts, the code was comprised of the 39 laws on the labour legislation into and single code to provide same as the organised sector. This compilation effectively reduces the follow up costs or intermediary regulations, increase the production with safer workplace environment, central structure to the women safer employment and participation. The code resolves the hindrances which is affecting the workers lives as well the workplaces such as the occupational diseases, injuries, accidents, family allowances, incomes and earnings, are being covered which in turn increase the production and promotes the economy in the country.

Support system of the social security benefits to the employees with their minimum wages, medical benefits, earning capacities and the secondary focuses to the tax base, are being formalized but that formalization doesn't exist in the of the market access. Such an intersection and allowances as gained the view to the future of rural development and workers protection in India more specifically the rural employment, the compare of the study the MGNREGA is more of the rights based which shifts to the new bill is more of the regulatory and workers support and market access and their framework. This transmission needs economic security for the rural workers and the social conditions of the states even to support the employer and employees. Thus, the study will provide the insights of the impact of MGNREGA and the

proposed new bill on rural development, in comparison to the labour code to ensure the workers protection, which supports the social justice and inclusive development in India.

#### LITERATURE REVIEW:

1. **R. Balasubramanian and V. Balasubramanian's (2015):** study examines the impact of MGNREGA on the livelihoods of rural poor in India. The authors concluded that MGNREGA improved rural poor's livelihoods by providing employment opportunities and increasing wages in rural areas.
2. **Dr. A. K. Singh and Dr. A. K. Chaudhary's (2016):** paper provides an overview of MGNREGA's achievements, challenges, and prospects. The authors argue that although MGNREGA has a positive impact on rural poverty, there are implementation challenges such as delays in wage payments, corruption, and lack of awareness among beneficiaries.
3. **Mathur & Bhati (2017)<sup>156</sup>:** studied employment generation for Scheduled Tribes and Scheduled Castes through the MNREGA in Rajasthan. Women's participation was also high in MNREGA in Rajasthan. More than 50 per cent of participation of scheduled tribe women enhanced their earnings and their status in the family.
4. **Mukherjee (2018):** conducted his study in West Bengal and concluded that the participation of those women was more whose mobility and social interaction were not restricted by social norms. Participation of females belonging to the Scheduled Caste was more, while it was least in the case of females belonging to the Muslim community. Women's participation in MNREGA has resulted in their stronger bargaining power, improved welfare, and more investments in children.
5. **Chakraborty (2022):** "Pandemic and Delayed Payments under MGNREGS: A Case Study of

<sup>156</sup> <https://jmsr-online.com/article/an-analysis-of-socio-economic-impact-of-the-mahatma-gandhi-national-rural-employment-guarantee-act-mnrega-on-beneficiaries-in-the-state-of-haryana-216/>

West Bengal” discusses about the severity of delay in MGNREGA wage payments.

**6. Sarkar & Deakin, (2011):** The minimum wage, paid holidays, and classifications of workers are just some of the areas of labour law that have been modernised by this act. If your factory employs more than 300 people, this clause applies to you. Reductions in force, layoffs, closures, and similar measures are also included. It also acknowledges the need for 14-day advance notice for a strike and the prohibition of strikes under certain conditions.

**7. Kulshrestha, (2019):** As a result, it can give workers in the informal economy full access to social protections. Employees now include interstate migrant workers, platform workers, Gig economy workers, film industry workers, etc., according to the Code of Social Security. It also includes options for lowering employees' contributions in the event of emergencies or natural catastrophes. Workplace Health and Safety Laws and Regulations for the Year 2020. Manpower restrictions due to danger have been lifted. For contractors with more than 50 workers, compliance with this code is now mandatory. As a result, everyone is now required to work no more than eight hours a day.

**8. Singhania, Goel & Kumar, (2021):** Migrant employees from other states now have the legal right to participate in the Social Security and Medicare systems. This is available in either their home state or the place where they are currently working. If employees work more than eight hours a day, they must be paid double their regular rate. This time frame now complies with the International Labour Organisation Convention. Contract work for 'non-core' duties has been capped as an effort to increase mass safety. As a precaution against potential dangers, this may be too costly.

#### RESEARCH METHODOLOGY:

This research adopts an exploratory and descriptive research design as its methodological framework to analyze the

impact of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and the proposed new bill on rural development, in comparison with the Labour Codes of India 2020 and their implications for worker protection. The study is primarily based on secondary data, which has been collected from various reliable sources such as government reports, policy documents, academic journals, research articles, and publications of national and international institutions. The research involves a systematic review and analysis of existing literature and data relating to rural employment, labour reforms, and socio-economic development. Emphasis is placed on examining official data released by the Ministry of Rural Development, reports of committees, and studies conducted by organizations such as the World Bank and the International Labour Organization. The geographical scope of the study focuses on rural regions in India, with specific reference to states where MGNREGA has shown significant impact.

#### OBJECTIVES OF THE RESEARCH:

1. To analyse the effectiveness of MGNREGA in improving livelihood security of the rural employment and the unorganised workers in the new code.
2. To study the features and objectives of the New Labour Codes special reference to the provisions of occupational safety, social security supporting the scheme.
3. To compare worker protection mechanisms under MGNREGA and the New Labour Codes.
4. To examine the role of MGNREGA in promoting rural development.
5. To explain how the new bill will be effectively replaced the old act and in alliance with the labour codes.

#### RESEARCH QUESTIONS:

1. How has MGNREGA contributed to rural development in India and whether it

adversely reduces the poverty and unemployment?

2. What will be advantageous outcomes that support the MGNREGA with the new labour codes in the means of gig workers protection?
3. To what extent does the proposed VB-G Ram-G bill alter the distribution of responsibility between the Central and State Governments, and its implementation challenges?
4. How the scheme are divided among the local governments and their participation to implement the labour code to village panchayats.
5. Does the shift from a rights-based framework (MGNREGA) to a policy-based framework under the new bill impact rural employment security?

#### **FINDINGS:**

##### **1. MGNREGA CONTRIBUTION:**

###### **1.1. Background of the scheme:**

The more extensive scheme which was being initiated to mark the significant impact on the social welfare program to engage both the states and centre to comprehensively develop the rural employment known as the NREGA and rename as the (Mahatma Gandhi National Rural Employment Guarantee Act). This significantly termed as the first scheme and they are operating across the 644<sup>157</sup> rural districts in India and also the scheme was more professionally the right based scheme where the government provide the basic employment opportunities to the people who as for with 100 days of work employment for their unskilled labour and the allowances is normally talked by the centre government.

The scheme is generally the demand driven where the employment is granted to the

individual based on their request not traditionally by the government. The scheme also introduced the program through the Panchayat Raj system<sup>158</sup> where the funds and economic interest are not being left out without the correct implementation of the directive principles of State policies through their effective outcomes.

##### **1.2. Adverse effect of the scheme:**

###### **1.2.1. social welfare: Poverty driven out**

The Indian economy is persistently growing upwards but still the outcomes are not suitable to the poverty line backward people. The conducted survey by planning commission in 1997 which shows that the monthly expenditure is the even reduce to the below the poverty line even with the economic reform policies. Every scheme or the policies will have the three tier impact on the people the long term, short term, and medium level of the impact for the beneficiaries, since the MGNREGA scheme is having both the medium and short term of opportunities to the people of the rural employment but there are not necessarily structured to identify their impact but can be recognised through the expenditure of the year and the contributions. NREGA workers have been identified as a category for Jana Shree Bima Yojana (JSBY) by Life Insurance Corporation of India (LIC). The scheme got statutory status and the autonomous nature of its budget, which together with provisions regarding workers' benefits; make this scheme administratively superior to any other programme. And they are being in the allied with social security in job security as well.

During the first phase of the implementation (FY 2006-07) in 200 districts, 2.10 crore households were employed, and 90.5 crore person days were generated. In 2007-08, 3.39 crore households were provided

<sup>157</sup> By the ministry of rural development including the women sc & st

<sup>158</sup> Through the constitutional amendment of 73

employment, and 143.59 crore person employment were generated in 330 districts. In 2008-09, 4.51 crore households have been provided employment, and 216.32 crore person employment have been generated across the country. At the centre overall the implementation faced the average wages is being increased to the Rs. 65 crores in the financial year (2016-2017). This strength the livelihood of the rural people by the funds to the rural development.

## 2. **NEW LABOUR CODES:**

The new labour code especially the code on the social security is being the India's broader labour law are aimed to consolidate and justify the framework to the social welfare legislation. The main goal of the code on social security, 2020 is to extend the benefits to the unorganised sectors, the self-employed workers, home workers, wage workers, migrant workers and the workers in unorganised sector, gig workers and platform workers the social security indulge the life insurance, disabled benefits, health and provident funds. The earlier acts covers the benefits are being scatted to withdraw acts such as the Employees' Provident Fund Act, Employees' State Insurance Act, and Maternity Benefit Act they were majority covering of the organised and the development of the India's workplace which puts the pressure to make changes with the laws to covers the unorganised workers to the universal framework of the acts. The code has been with digital era and introduced the new portal to dealt with the workers ineffectively without any other hindrance the e-shram portal to specially target the beneficiaries and implement the and raise the concerns with the execution.

### 2.1. **Support of MGNREGA scheme to the gig and platform workers:**

The rural development critical analysis of the MGNREGA which are being the rights-based legislation which guarantee wage employment and code which in turn

ensures the effective benefits to workers and their families. However, the effective implementation is to make on the hands of the administrative efficient and with in the Policy makers and committees to confer the absolute right and share of benefits. The digital platform has emerged it's importance by the online marketplaces involves the three parties, with intermediary the main element to balance the supply and demand to the other parties.

In India the gig workers have gained their place from various domains including food delivery, home services, ride services which is being efficient through their fast-providing benefits availability for 24/7 and easy access even their security measures. The institution and policy makers have conducted the research on this gig workers were the v.v. giri institute indicate that the gig workers are being to reach 61.6 million (14.89% of service work force) by the end of the 2047.<sup>159</sup>

This increasing view of the workforce has gained the concerns for its revolution the essentials which gained the importance of the livelihood standard, earning capacity, flexible offers, technology threats as such they are low with restrictions to enter the market. The economist claims this gig employment as one of the urban employment guarantee schemes to satisfy their basic needs without outsourcing or being engaged in any other risky work environment. And they support this as it creates jobs even with the fair wage which is boon to the urban people with scheme.

### 2.2. **Comparison of both:**

The hailing of the scheme is mainly to provide the social protection by the fixed number of days with back bone of the technology, community village panchayats to attain large scale. Both scheme and the gig workers platform are self targeting and

<sup>159</sup> VV Giri National Labour Institute <https://www.vvgnli.gov.in>

self adjusting to the needs of the workers without compromise. The MGNREGA are in the state government provides the employment within 25 days from the demand of the unskilled labours, they don't basically have the wages floor. Where the gig platform is based on the capacity of the worker to work for the minimum to maximum hours and the platform are indeed the social inclusion to regulate their structure and work environment both on the consumer way and the competition basis.

### **3. NEW BILL REPLACEMENT OF THE MGNREGA:**

#### **3.1. VB -G RAM -G:**

The new bill proposed bill of Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin) Act, 2025 which serves as the successor of the MGNREGA scheme which made the shift from the most promising framework of the earlier act, mostly focus on the duration of employment, the funding coverage, nature and environment of work most prominently the demand driven and the legal right based scheme which framed as the more centralised than the voluntary action. The explicit changes is the number of working days which are being increased from 125 days, and the necessary storage of the clause will be introduced by the state government for the specific period.

#### **3.2. Funding of the government:**

Another shock or the objective change in the scheme is the findings from the centre to the empowerment of the workers employment opportunities. Initially the centre is designed to support the scheme with 100% of the unskilled workers with every cost and fundamental to provide the guarantee, and the contribution from various sectors centrally. But now the newly proposed scheme has been shifting their responsibility of the centre to the state were only the 60% will be contributed by the centre and remaining 40% by the state

government. The lacunae inn the funding is that gained the political controversy of promoting the *Hinduism in the name iv he bill*, and the funding of 40% by the each state government will be normally fixed by the Central Government allocation based on their requirement of the workplace and their objective of it normally from the state themselves then the amount of the central will only be the 60% shifting its focused from the demand driven scheme.

Very recently the MGNREGA scheme as the more rural components into their list with the central Government funds to enhance the village with their projects but trends changing to the new bill will worsen the condition for the financial support to the rural employment. The new act will represent us from the digital technology basis while the MGNREGA is still on their website with the greater tagging of the digital weakness; but engage the local government for support and connect the marginalized regions.

#### **3.3.Challenges in implementation of MGNREGA and the VB -G Ram -G:**

1. The fastest way of giving the employment may also leads to the delay in payment of wages and affects the livelihood security.
2. Every safe of the implementation is flooded with the administrative issues of corruption, poor management, no proper ad hoc committee from the top level to the local level of panchayat plans.
3. The scheme only provides for the limited time of job opportunities and insufficient for underprivileged with no proper monitoring and centralised focus on the unskilled labours.
4. The new scheme shifts from the legal right that are guaranteed approach to the only targeted welfare services.

5. The change in the federal structure which the role of central of government is more optimistic to funds and planning.

#### **4. RESPONSIBILITY OF THE VILLAGE PANCHAYATS:**

##### **4.1. Government delegation of schemes:**

Indian governmental policy is being divided and non centralised among the three layers of the government organs; the central, state and the Panchayat Raj which were the third level governmental gained it's importance by the 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendment <sup>160</sup>were the government introduced as there they are the key element for the local self government rulers. Through these amendments the scheme found its space for the involvement to the rural constituents. The 73<sup>rd</sup> amendment related to the administrative decentralisation of the rural plans, where the 74<sup>th</sup> amendment focuses to the urban decentralisation governance, where the regulations and byelaws are different for both the plans.

##### **4.2. Planning:**

The scheme as mandated to prepare each district the separate plan worth their every taluk, wards and block which will be sum it up to the village panchayats plan, the aim is to prepare the Panchayat plan. The formulation of the panning systems which ensures that the democratic stations within the policies and social welfare of the society in multi level planning and subnational level inclusion and that facilitate the maximum utilisation of the resources and the availability of the funds to be transparent to every nook and corner. The need for the non centralised plan was felt during the five-year plan in (1951-1956) were they started to divide the areas into the National, state, district and local levels.

The district plan will be first the village plan which sets the basement for every local level plan followed by the block or taluk plan to organize and work accordingly. The MGNREGA scheme plan is different upon the two regions in India North and South were the south plans with the average seven to eight villages to coordinate to the Panchayat plan.

##### **5. Does the shifting changes the rural development:**

##### **5.1. Rural development on MGNREGA scheme:**

The new labour code on the social security aims to consolidate and not explicitly protecting the rural employment where the MGNREGA scheme provide the direct security to the rural people. The shift creates a numerous gap which is the employment guarantee and the protection is on the development-oriented policy, infrastructure development, climate resistance and overall production of the rural areas, that alters the immediate living standard security and the right based welfare.

The shifting of the MGNREGA scheme as it seems to be an rural development framework that the employment is made through the request of the rural people not as the sympathy ground but rather the legal right to provide as well the benefits. The justiciability of the government to provide the employment can be analysed from the constitutional validity of the article 21 fundamental rights of the citizen "right life and personal liberty"<sup>161</sup> and through the directive principles of State policies through the article 39 and 41<sup>162</sup> Since the shifting does not affect it from the governance way but rather it will make it weak on the part of administrative accountability and transparency of the benefits to the people.

<sup>160</sup> the Constitutional amendment of the 73 & 74 by 1993

<sup>161</sup> The right to livelihood has been evolved in the case of Olga tellis v. State of Madhya Pradesh

<sup>162</sup> The equal distribution of wealth to the people.

The revolving delusion on the critics decrease of the legal enforcement of the scheme in the shift and the grievance redressal mechanism with the judiciary view but ever from the democratic and federal structure of the India it will ensure the accountability through the rule of law and the MGNREGA scheme is not only the welfare functions but also the statutory law to enforce the work. With the grievance redressal mechanism to oversee the authorities and new committee, ombudsman and judicial remedies are base for legal duty to adapt the legal duty. Therefore the shift of the new bill will not necessarily affect the benefits availed through the scheme and also through the labour codes.

#### **SUGGESTION:**

1. The new bill can retain Rights-Based Approach rather than the supply of the government and A committee can be introduced for the clear cut financial support between Centre and State.
2. Integrate the labour codes with rural scheme and programs for security benefits to the workers.
3. The involvement of the last and least government and authorities into the scheme with the implementation tactics and administrative controls which ensures the transparency and accountability of the officers.
4. The employment scheme can also be focused on the skill training components by providing them a training and orientation to develop their standard.
5. Their should be grievance redressal commission to address wage payments, implementation back lash and create awareness among the uneducated people's and also the vulnerable groups.

#### **CONCLUSION:**

To conclude that the MGNREGA scheme is more of fundamental to the income securities in the rural areas in India, were the data of about 30

percent is technically in the poverty line but the shift may change the people to develop overall. The ministry of labour had set certain programs for effective outcomes of the scheme, and performance of the people's these unity in implementation is the stepping stone to achieve the greater. The new labour law which the gig workers platform to their digital marketing is one of the evidence that the security can be of any means but it is not adversely affecting the scheme and are not pointing to improve the gig workers but rather they can be effected of their technology advancement and their functional equivalence on the demand driven to right based .

The concept of the rural poverty and employment trends which the challenges faced by the laborers can be sufficiently shift the scheme. The scheme is successful in the providing the employment but the security can only be measured by the social status of the employer or beneficiaries through the social audits and planning mechanisms and ensure transparency in audits.

The transition upon the new VB-G Ram-G bill and the broader framework of new labour codes reflects a policy-driven approach that prioritizes administrative flexibility over legal guarantees. This concerns on the different workers rights, transparent access and inclusion of the vulnerable populations. While the new labour codes attempt to formalize the social security and extend protection to informal and gig workers, their effectiveness in addressing rural employment challenges remains limited due to implementation gaps, lack of integration with existing schemes, and weak institutional coordination.

Furthermore, the division of responsibilities between the Central and State Governments continues to create financial and administrative challenges, affecting the efficiency of implementation. The role of local governments, which has been important to the success of MGNREGA, may also weaken under a more centralized and policy-driven regime. Therefore,

the future of rural employment policy in India depends on striking a balance between rights-based guarantees and policy flexibility, ensuring that reforms do not undermine the foundational principles of equity, inclusiveness, and accountability.

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