Forbes INDIA

Too early to decode declining beneficiaries under new rural job scheme: Experts

Depleting water levels and kharif acreage under farming point to longer term decline in rural consumer sentiment

By Sarthak Choudhury

The monsoon's revival in July, in the face of a strengthening El Niño, has helped narrow the gap in area sown under kharif crops this season relative to...

The first monthly numbers of the government's Viksit Bharat—Guarantee for Rozgar and Ajeevika Mission (Gramin), or VB-G RAM G were released on August 9, with the number of person days falling by half in July 2026 compared to July 2025, the first month of its implementation. The drop has coincided with the kharif sowing season, a time when most people turn to farm work instead of the employment scheme.

The drop came as the government transitioned from the two-decade-old Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) to VB-G RAM G from July 1. The new scheme registered a fall of 49.94 percent, according to official data.

Government data shows that 7.67 crore person days were generated under the VB-G RAM G scheme in July, which was 49.94 percent lower compared to 15.33 crore person days generated under the MGNREGS in July 2025. The number of households that availed the scheme in July has come down by 51.45 percent to 68.94 lakh, compared to 1.42 crore last year.

Hitesh Suvarna, macro economist, JM Financial Institutional Securities, says it is early to assess the implications of the fall in employment under the scheme in the first month. "If this continues, it might dent rural demand and aggravate the stress among vulnerable sections in rural India. Early signs should be evident in the moderation in rural demand and deterioration of cash flows from microfinance institutions," he says.

Renu Kohli, senior fellow at Centre for Social and Economic Progress, says it is hard to tell anything about a scheme from one data point alone. She points to the 60-day pause period feature in the scheme, which was availed by seven states, as one of the reasons for the numbers. "Bihar, Gujarat, Odisha, Arunachal Pradesh, Mizoram, Sikkim and Nagaland invoked the pause period in July. This may have led to fewer number of days," she says.

Ranen Banerjee, partner and leader, Economic Advisory, PwC India adds that the numbers changed possibly because of the revised list of beneficiaries. "Some part of the drop in numbers could also be attributed to the elimination of duplicate entries, owing to the new platform requiring Aadhaar-based biometric verifications. Given the transition and first month of implementation, there could also have been some smaller transition-based challenges too," he says.