

India's Modi government intensifies war on the poor by gutting rural job guarantee programme

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Intensifying its attacks on the working class and rural poor, India's Bharatiya Janata Party (BJP)-led government hurriedly pushed the *Viksit Bharat—Guarantee for Rozgar and Ajeevika Mission (Gramin) Bill, 2025*, or VB-G RAM G Bill, through parliament December 18-19, sidelining established parliamentary procedures.

The legislation replaces the two-decade-old Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), a public works scheme presented as relief for rural unemployment, but long functioning as a mere Band-Aid in the face of deepening social distress.

Inaugurated under the Congress Party-led United Progressive Alliance government of Prime Minister Manmohan Singh in February 2006, MGNREGA pledged 100 days of unskilled manual work—such as road building and irrigation—per year to one member of every rural household.

The guarantee was never fully met. But the MGNREGA has provided a desperately needed income boost for hundreds of millions of impoverished Indians, lessening but not eradicating hunger, malnutrition, wasting and other social blights.

Now the Modi government is gutting the rural job “guarantee”—fulfilling a longstanding demand of the most rapacious sections of the ruling class who have long derided its cost (although it is but a fraction of what India spends on its military) and complained that it “boosts” rural wages, interfering with the workings of the market.

Under Modi's VB-G RAM G, this rights-based, demand-driven job “guarantee” has been recast as a tightly controlled bureaucratic scheme that limits access, constrains funding and centralises decision-making at the Union or central government level.

At its inception, the programme was projected to cost about Rs 400 billion annually (roughly US\$9 billion at the time) once fully implemented, with part of the funding diverted from existing poverty-alleviation schemes. Two decades on, this expenditure has barely shifted in real terms. For instance, the budgetary allocation for MGNREGA stood at around Rs 860 billion (approximately \$10 billion) in 2024-25 and was retained at the same level for the current fiscal year, despite inflation, population growth and rising rural distress.

According to the *Hindu*, the latest estimates show that more than 12.6 crore or 126 million active workers rely on MGNREGA, meaning it is helping support hundreds of millions of impoverished rural people annually.

Women make up more than half of the MGNREGA workforce, with their participation averaging around 58 percent over the past five years, highlighting the scheme's central role in sustaining women's employment in rural India.

From the programme's inception, warnings were raised that corruption and patronage would enable local party bosses to siphon off funds, a pattern seen earlier in similar state-run schemes. This narrative has been

seized upon by the Modi government to justify dismantling the programme. Responding to the debate in the Lok Sabha, Rural Development Minister Shivraj Singh Chouhan claimed MGNREGA was riddled with “problems,” asserting that “corruption was rampant” and accusing state governments of misusing funds. He alleged that spending norms were violated, with material costs far below the mandated level.

While the allegations of corruption no doubt hold some validity, similar charges could be levelled against any major scheme initiated by the BJP government, which has sought to privatize and make dependent on the market India's bare-bones social-welfare schemes.

The Congress Party staged symbolic protests against the Modi government's gutting of the MGNREGA at district headquarters across the country on December 21. In a video statement on December 20, Congress Parliamentary Party Chairperson Sonia Gandhi called the legislation an “attack” on the interests of millions of farmers, laborers, and the landless poor, vowing to fight the “black law.” She criticized the removal of Mahatma Gandhi's name from the scheme, and said it has been “arbitrarily” altered, after years during which the Modi government starved it of funding.

The Congress Party's protests are entirely hypocritical and self-serving. Its primary motivation in introducing the schemes two decades ago was to mitigate social unrest provoked by its own predatory pro-market economic policies. Similarly, its principal fear today is that the gutting of the MGNREGA will provoke mass social opposition.

According to the United Nations Development Programme's Multidimensional Poverty Index (MPI) 2025, about 16.4 percent of India's population (some 235 million people) was multi-dimensionally poor in 2023. This means they suffer from overlapping deprivations in essential areas such as health, education and basic living standards—far higher than the widely cited 2-5 percent figure for extreme monetary poverty. In addition, another 18 percent (269 million people) of the population is classified as vulnerable to multi-dimensional poverty, living just above the threshold and at constant risk of falling into deprivation due to economic shocks or cuts to social support. The gutting of the rural job “guarantee,” as limited as is the support it provides, will strip hundreds of millions of rural poor of a vital economic lifeline, sharply intensifying hunger and social distress.

Since first coming to power in 2014, Modi and his Hindu supremacist BJP have derided the MGNREGA. Speaking in Parliament in 2015, the would-be Hindu strongman described the scheme as a symbol of the Congress government's “failure.” Subsequently, his government initiated moves to dismantle the programme, primarily through sharp cuts in funding. On January 18, 2024, *Outlook* reported that a parliamentary committee told the Lok Sabha, the lower house of India's bicameral parliament, that cuts to MGNREGA funding would seriously undermine

rural employment. The panel criticised the Rural Development Department for failing to justify the reduction and flagged unpaid wage and material liabilities. It noted a Rs 29,400 crore (\$3.2-3.3 billion) cut in the government's revised estimates for the 2022-23 fiscal year even amid rising demand for the programme.

The scheme was launched amid an acute rural crisis marked by falling living standards, mounting debt and more than 25,000 farmer suicides over a ten-year period beginning in 1997. These conditions were bound up with the predatory pro-market policies pursued by both Congress Party and BJP-led governments since the early 1990s. The programme functioned as a political shield, under conditions where the Stalinist Communist Party of India (Marxist) and Communist Party of India were propping up the UPA government in parliament, serving to conceal its continuation of neoliberal "reforms" that deepened rural misery and economic insecurity and deprivation in India's rapidly growing urban centres.

From the start, MGNREGA had significant limitations, meant to make its use a last resort. These included: excluding the urban poor entirely; a narrow definition of "household" that disadvantaged large extended families sharing a single ration card; and a 25,000 rupee compensation-cap for death or permanent disability. Although a daily wage of 60 rupees was cited in the act, the government tied it to state minimum wages, which were generally lower and in some regions were as little as 19 rupees (less than US \$0.50) per day.

The Modi government is trying to present its VB-G RAM G Bill as a "reform," citing the fact that the government is extending the supposed guarantee from 100 to 125 days of work per year. This is an utter fraud.

First, the vast majority of Indians who make use of the current program are not able to secure anywhere near one hundred days of work per year. In the past two years, just 7 percent of households were able to avail themselves of the full guarantee.

Second, the government is giving itself powers to limit the scheme to certain districts. Whereas the MGNREGA applied to every rural district in India, with households entitled to demand work from their local administrations, the Union government now has discretionary power to "notify" eligible areas, effectively allowing it to exclude entire regions from coverage.

Thirdly, under the VB-G RAM G the guarantee will be suspended during the 60 days considered the peak agricultural season. The ban prohibits employment under the "job guarantee" during the two months when sowing, transplanting, and harvesting require the highest labour inputs.

The government justifies this by claiming that this will help stabilize year-round employment. The real purpose and effect of suspending the guarantee during the peak of the agricultural season will be to depress the wages of agricultural workers.

By suspending public employment during peak agricultural season, the state removes a crucial alternative employer, weakening workers' bargaining power. This pushes labour back into private markets when demand is highest, expanding supply, restraining wage growth, and enhancing employer dominance, effectively turning the clause into a wage-disciplining mechanism. Underscoring that this is a central objective of the new scheme, Rural Development Minister Chouhan claimed the new law would resolve the issue of a steady supply of cheap labour, asserting that "labourers will (now) be available" during peak agricultural periods.

MGNREGA was initially touted as a demand-driven programme, with funding expanding to meet requests for work and no fixed ceiling on employment days. The BJP "reform" introduces fixed, state-wide budget allocations that cap both spending and workdays. The Union-State cost-sharing ratio has also shifted from 90:10 to 60:40, increasing pressure on state finances. Once funds are exhausted, work can be denied regardless of need, effectively converting a legal entitlement into a centrally controlled,

rationed welfare scheme.

In the name of countering corruption, the BJP government is centralizing control over the program in its own hands, which will allow it to both reduce support and better tie it to its own patronage networks. Instead of addressing locally determined needs such as irrigation tanks, soil conservation, or village roads, the government will be able to make it better serve the infrastructure needs of big business.

These developments, according to an article in the *Hindu*, form part of a broader "death by a thousand cuts" strategy: "Rather than abolishing MGNREGA outright, the government is making incremental changes—restricting coverage, capping budgets, delaying payments, shifting financial burdens, suspending work during key seasons, and centralizing planning—that collectively drain the scheme of its effectiveness. The program's legal existence becomes symbolic, masking the erosion of workers' substantive rights."

The gutting of the rural job guarantee programme is part of an accelerating Modi government drive to dramatically intensify worker-exploitation, and funnel a still larger share of state resources into tax cuts for big business and a massive build-up of India's military. In recent weeks, the government has operationalized sweeping changes to India's labour codes that make it easier for large employers to institute mass layoffs and plant closures, promote precarious contract-labour employment, and restrict strikes. At the same time, it is whipping up communalism, targeting Muslims in particular, to deflect mounting social anger, split the working class and embolden its far-right supporters in the RSS-led sangh parivar (network).

There is no faction within the political establishment willing or able to mobilise the working class against this class-war assault. On December 17, *People's Democracy*, the organ of the Stalinist Communist Party of India (Marxist), published a joint statement with other Stalinist and Maoist parties including the CPI, CPI(ML) Liberation, Revolutionary Socialist Party and the All India Forward Bloc, calling for an "All India Protest Day" against the changes to the MGNREGA on December 22. Claiming the scheme was enacted by the UPA government in 2006 due to "Left" pressure, the statement absurdly called on the BJP to "strengthen" it by making it universal. These parties—loyal allies of the big business Congress Party—failed to mobilise the working class or rural poor. The December 22 actions were limited to scattered local protests, based on the reactionary perspective of replacing the Modi government at the next general election, slated for 2029, with an alternate right-wing capitalist regime likewise pledged to pro-market "reform" and the anti-China Indo-US "global strategic partnership."



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