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# Budget 2023 cuts MGNREGS funds: The debate around the rural employment scheme

Finance Minister Nirmala Sitharaman allocated Rs 60,000 crore for MGNREGS, lower than the budgetary estimate of Rs 73,000 crore for 2022-23.

By: **Explained Desk**

New Delhi | Updated: February 2, 2023 11:02 IST





MGNREGS is a rural employment guarantee scheme. (File picture for representation)

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In the **Union Budget presented on Wednesday**, the Centre has cut the allocation for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) by 21.66 per cent for 2023-24, attracting criticism from some quarters.

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### What is the MGNREGS allocation in the Budget 2022-23?

Finance Minister Nirmala Sitharaman has allocated Rs 60,000 crore for the scheme, lower than the budgetary estimate of Rs 73,000 crore for 2022-23. The reduction is sharper when compared with the revised estimate of Rs 89,400 crore for the current financial year.

In 2021-22, an actual expenditure of Rs 98,468 crore was incurred on the MGNREGS.

While presenting the budget, Sitharaman mentioned the MGNREGS only once, in the context of work for mangrove conservation.

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“Building on India’s success in afforestation, Mangrove Initiative for Shoreline Habitats & Tangible Incomes (MISHTI) will be taken up for mangrove plantation along the coastline and on salt pan lands, wherever feasible, through convergence between MGNREGS, CAMPA Fund and other sources,” she said.

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## The debate on MGNREGS

In the past, government sources have pointed out that expenditure on MGNREGS is need-based, and can always be increased if such a requirement is felt. The Budget allocation, thus, does not mean no more money can be spent on the rural employment scheme.

However, activists and worker unions claim that by cutting down Budget allocation, the government sends out a notice that it wants to spend less on MGNREGS, and hence fewer initiatives are undertaken under the scheme.

## What did the Economic Survey say about MGNREGS?

The Economic Survey 2022-23, presented on January 31, said there has been a Year-on-Year (YoY) decline in monthly demand for MGNREGS, as the rural economy is normalising due to strong agricultural growth and a swift bounce-back from Covid-19.

around pre-pandemic levels from July to November 2022. This could be attributed to the normalisation of the rural economy due to strong agricultural growth and a swift recovery from Covid induced slowdown, culminating in better employment opportunities,” the survey said.

“In FY23, as on 24 January 2023, 6.49 crore households demanded employment under MGNREGS, and 6.48 crore households were offered employment out of which 5.7 crore availed employment,” it noted.

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#### **How have political parties reacted?**

The Congress asked if the MGNREGS funds were being diverted for the Centre’s capital expenditure, for which the Budget makes a solid push. “For me, something does not add up in the budget. Because they (the [BJP](#)) have said they will spend a lot of money on government capital expenditure. It is both good and bad. Good because it is good, quality expenditure. Bad because... where is the money for this coming from? It is coming from MGNREGA cuts,” Praveen Chakravarty, the head of the Congress’s data analytics department, *told The Indian Express*.

The cut in the MGNREGS, he said, was “problematic”. “By cutting the Budget allocation, they are either saying the MGNREGS demand will suddenly and dramatically come down or that people will ask and they will not be provided work. This is illegal because, by law, you have to provide work.” he said.

Jairam Ramesh, head of the Congress communication department, said the government spent less than what was budgeted last year. “Last year’s Budget drew applause for allocation towards agriculture, health, education, MGNREGS and welfare of SCs. Today the reality is evident. Actual expenditure is substantially lower than budgeted. This is Modi’s OPUD strategy of headline management — Over Promise, Under Deliver,” he tweeted.

CPM leader and Kerala Finance Minister KN Balagopal also criticised the Budget for “cutting down MGNREGS funds and food subsidies were cut down drastically”.