

## MGNREGS Paradox: Budget Rises, But Funds Released Show Decline



Despite a consistent increase in the budget allocation for the regions or the Gandhi National Rural Employment Guarantee Scheme (MGNREGS), the actual funds released under the program have seen a steady decline over the past five years. This trend, highlighted by government data presented in the Rajya Sabha on Friday, July 25, 2025, raises questions about the utilization and reach of India's flagship rural job guarantee scheme.

MGNREGS is a demand-driven wage employment scheme that guarantees 100 days of unskilled manual work in a financial year to adult members of rural households who volunteer for it. The program plays a crucial role as a social safety net, providing livelihood security, particularly during periods of economic distress or agricultural lean seasons.

According to a written reply by Minister of State for Rural Development Kamlesh Paswan, the year of the COVID-19 lockdown, 2020-21, saw the highest release of funds at ₹1,11,170.86 crore, as many migrant workers returned to their native villages, increasing demand for local employment. However, since that peak, the funds released have steadily decreased each subsequent year.

For instance, in 2021-22, ₹98,467.85 crore was released, followed by ₹90,810.99 crore in 2022-23 and ₹89,268.30 crore in 2023-24. In the financial year 2024-25, the released amount of ₹85,838.76 crore was, for the first time in five years, less than the initial Budget Estimate (BE) of ₹86,000 crore. This ₹86,000 crore allocation for FY 2024-25 was notably the "highest ever

allocation for the scheme at the Budget Estimate (BE) stage since inception," a figure retained for the current financial year, 2025-26.

The divergence between rising budget allocations and declining actual releases points to potential factors such as reduced demand for work in some regions or perhaps administrative bottlenecks in fund disbursement. While the Ministry of Rural Development maintains that it monitors demand for employment and seeks additional funds from the Ministry of Finance when required, the consistent downtrend in releases warrants closer examination.

As of July 22, 2025, the government stated that 99.79% of eligible rural households have been offered employment in the current fiscal year. Furthermore, Minister Shivraj Singh Chouhan confirmed that all pending wage liabilities for FY 2024-25 were cleared at the beginning of FY 2025-26, with ₹44,479.79 crore already released to states and union territories in the current financial year, primarily for wage payments.

While the government underscores its commitment to strengthening MGNREGS, the data suggests a need to align budget provisions more closely with on-the-ground implementation and actual fund utilization to ensure the program effectively serves its purpose of providing consistent livelihood security to rural households.