

**GOVERNMENT OF INDIA
MINISTRY OF RURAL DEVELOPMENT
DEPARTMENT OF RURAL DEVELOPMENT**

**LOK SABHA
UNSTARRED QUESTION NO. 2694
ANSWERED ON 05/08/2025**

CAPPING MGNREGS EXPENDITURE

2694. MsMahuaMoitra:

Will the Minister of RURAL DEVELOPMENT be pleased to state:

- (a) whether in light of the Finance Ministry's decision to cap Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) expenditure at 60% of the Financial Year 2025-26 allocation during April-September a first time move aimed at curbing budget overspend yet potentially undermining this legally guaranteed, demand-driven scheme;**
- (b) whether the Government recognises that this cap may force denial of work or delay wages violating the entitlements provided under Section 3 and Schedule II, para 29 of the MGNREG Act, 2005, and Supreme Court rulings in SwarajAbhiyan vs. Union of India (2016), and PaschimBangaKhetMazdoorSamity vs. West Bengal (1996);**
- (c) whether the Government has assessed the risk of this cap disrupting MGNREGS role as an automatic stabiliser during seasonal and climatic induced rural distress such as the 20% demand spike during the July-August heatwave of 2023;**
- (d) the average monthly pending dues cleared in the current and previous financial years and the proportion of the new allocation that has been used to clear outstanding arrears; and**
- (e) whether the Government plans to amend or rescind the cap to ensure compliance with the Act's letter and spirit and uphold the entitlement to 100 days of work and timely wage payments?**

ANSWER
MINISTER OF STATE IN THE MINISTRY OF RURAL DEVELOPMENT
(SHRI KAMLESH PASWAN)

(a),(b), (c) & (e): It is stated that Mahatma Gandhi NREGS is a demand driven scheme and the Government of India is committed to making funds available to States/UTs as per demand for employment on the ground. With a view of better financial management and planning, Department of Expenditure, Ministry of Finance vide O.M. dated 29.05.2025 has allowed this Department to spend upto 60% of the annual allocation for 'Mahatma Gandhi NREGS' during the first half (April-September) of the FY 2025-26 subject to applicability of extant financial parameters. It may be noted that, the demand for employment under Mahatma Gandhi NREGS experiences seasonal variations and the first quarter of the year experiences relatively high generation of Persondays due to summer and agricultural lean season. The demand for labour generally declines with the onset of monsoon and subsequent agricultural activities from the second quarter onwards. Department of Rural Development has already approached the Department of Expenditure for allowing release of additional funds on the basis of requirement of funds to meet the demand for employment in the current financial year.

(d): As on 1st April, 2025 an amount of Rs. 17,259.56 crore was pending as wage liabilities and Rs. 15,641.56 crore as material liabilities for FY 2024-25. In the beginning of FY 2025-26 100% of pending wage liabilities and 50% of material liabilities have already been released to States/UTs.
