**7. RURAL DEVELOPMENT**

**Highlights**

* Mission *Antyodaya* to bring one crore households out of poverty and to make 50,000 gram panchayats poverty free by year 2019
* A composite index for poverty-free gram panchayats would be developed to monitor the progress from the baseline
* Budget provision has been increased to Rs. 48,000 crore in 2017-18 (BE) from Rs. 47,499 crore under MGNREGA in 2016-17 (RE)
* Allocation for Pradhan Mantri Awaas Yojana – Gramin increased from Rs. 16,000 crore in 2016-17 (RE) to Rs. 23,000 crore in 2017-18 (BE)

As per Census 2011, nearly 83 crore people live in rural areas in India, constituting about 69 percent of the total population of the country. The Ministry of Rural Development (MoRD) has been running a number of programmes/schemes in addition to those by the Rural Development Department in different states. The major flagship programmes which account for bulk of the allocations in the Ministry include MGNREGA, *Ajeevika*/NRLM, *Pradhan Mantri Awas Yojana* /Indira Awas Yojana (PMAY / IAY) and *Pradhan Mantri Gram Sadak Yojana* (PMGSY).

For Department of Rural Development (DoRD), allocation has been increasing over the years. The share of DoRD in the total budget is about five percent in 2017-18 (BE). The emphasis on rural development, as announced in the Union Budget 2017-18, gets reflected in its higher allocations as well as the increased share in the total budget.

Table 7.1: Status of Fund Allocation under the Department of Rural Development (Rs. crore)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2012-13 (A) | 2013-14 (A) | 2014-15 (A) | 2015-16 (A) | 2016-17 (BE) | 2016-17 (RE) | 2017-18 (BE) |
| Allocations for DoRD | 50,187 | 58,666 | 67,311 | 77,369 | 86,055 | 96,060 | 1,05,448 |
| Allocations for DoRD as percent of Total Budget Expenditure | 3.6 | 3.8 | 4.0 | 4.3 | 4.4 | 4.8 | 4.9 |

*Source*: Compiled by CBGA from Union Budget documents, various years

Some of the major schemes of the MoRD such as NRLM and PMGSY did not meet the targeted outlays approved in the Twelfth Five Year Plan. However, schemes like MGNREGA and PMAY have surpassed the targeted outlays.

**Table 7.2: Actual Expenditure vis-a vis Proposed Outlay in 12th Five Year Plan**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Scheme | Proposed outlay for the 12th Plan (Rs. crore) | Expenditure (Rs. crore) | | | | | *Expenditure as % of outlay* | 2017-18 (BE) |
| 2012-13 (A) | 2013-14 (A) | 2014-15 (A) | 2015-16 (A) | 2016-17 (RE) |
| MGNREGA | 1,65,059 | 30273 | 32993 | 32969 | 37341 | 47499 | *109.7* | 48,000 |
| NRLM | 29006 | 2195 | 2022 | 1413 | 2783 | 3334 | *40.5* | 4,849 |
| Pradhan Mantri Awaas Yojana **/**IAY | 59585 | 7869 | 12981 | 11105 | 11603 | 20936 | *108.2* | 29,043 |
| PMGSY | 1,24,013 | 3057 | 3978 | 5868 | 18290 | 19000 | *40.5* | 19,000 |

*Source*: Compiled by CBGA from 12th Five Year Plan and Union Budget documents, various years.

**Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA):**

MGNREGA, which was conceived as a demand driven employment generation programme in 2005-06, got impetus over the years. The majority of the beneficiaries under MGNREGA have been the poor households and marginalised sections of the society, such as women, SCs and STs. The scheme witnessed an increase in participation of women and disabled persons over the period from 2012-13 to 2016-17 (Table 7.3). Though, there is a 25 percent increase in allocation under MGNREGA between 2016-17 (BE) and 2017-18 (BE), the increase is a mere one percent, as two supplementary allocations during the course of the year made the total budget in 2016-17 (RE), Rs. 47,500 crore. Figure 7.1 shows that the budgetary allocation for MGNREGA as compared to GDP, has declined from 0.30 percent in 2012-13 (A) to 0.28 percent in 2017-18(BE).

**Table 7.3: Work Participation under MNREGA**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2012-13** | **2013-14** | **2014-15** | **2015-16** | **2016-17** |
| Total Households Worked (in crore) | 4.99 | 4.79 | 4.14 | 4.8094 | 0.13 |
| Total Individuals Worked (in crore) | 7.97 | 7.39 | 6.22 | 7.21 | 0.183 |
| % of Men Worked | 52.93 | 52.03 | 49.77 | 49.71 | 43.23 |
| % of Women Worked | 47.07 | 47.97 | 50.23 | 50.29 | 56.77 |
| % of SC Worked | 22.79 | 22.93 | 22.26 | 22.32 | 20.94 |
| % of ST Worked | 17.92 | 17.88 | 18.39 | 18.21 | 15.61 |
| % of Disabled Persons Worked | 0.57 | 0.66 | 0.67 | 0.63 | 1.07 |
| Average days of employment provided per Household | 46 | 46 | 40 | 48 | 28 |

Source: Compiled by CBGA from MGNREGA portal

**Figure 7.1 Expenditure in MGNREGA as percent of GDP**

*Source*: Compiled by CBGA from Union Budget, various years.

***Pradhan Mantri Awaas Yojana (Gramin)***

*Indira Awas Yojana* has been renamed as *Pradhan Mantri Awaas Yojana* (*Gramin*) with a revised funding share to 60:40 between Union Government and the states for general category states. For north eastern states and Himalayan states, the fund sharing ratio is 90:10. Earlier it was 75:25 between Union Government and the states.

Departmentally related Standing Committee Report on DDG 2016-17 of DoRD has highlighted a huge gap between physical targets set and actual performance of the scheme (Table 7.6).

Table 7.6: Physical Performance under PMAY /IAY

|  |  |  |  |
| --- | --- | --- | --- |
| Financial Year | Target | Achievement | % of Achievement |
| 2012-2013 | 3,009,700 | 21,85,773 | 73 |
| 2013-2014 | 24,80,715 | 15,92,367 | 64 |
| 2014-2015 | 25,18,978 | 16,52,737 | 66 |
| 2015-2016 | 20,79,146 | 18,03,000 | 87 |
| 2016-17(up to 28 January 2017) | 33,00,000 | 21,57,000 | 65 |

*Source:* Compiled by CBGA from Demand for Grants (2016-17) of Rural Development Department, Parliamentary Related Standing Committee on Rural Development

The Union Budget 2017-18 was presented as a budget oriented towards development of the rural economy and elimination of poverty in at least 50,000 gram panchayats by year 2019. In line with such announcements, the budget allocations for the department have also increased from 2016-17 to 2017-18. The same trend is visible in allocations for major schemes being implemented by the department. However, the sector continues to suffer from critical deficits and with an ambitious target of poverty elimination (in select *Gram Sabhas*) cannot be met without more substantive changes.

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