


Ministry of Rural Development Budget Insights


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KEY HIGHLIGHTS

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For the Ministry of Rural Development (MoRD), FY 26-27 Budget Estimates (BEs) are ₹1,97,023 crore, 4 per cent higher than FY 25-26 Revised Estimates (REs) and 3 per cent higher than FY 25-26 BEs. MoRD's allocations as a share of GDP have continued to decline—from about 0.66 per cent in FY 22-23 to about 0.50 per cent in FY 26-27.
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The MoRD introduced the Viksit Bharat—Guarantee for Rozgar and Ajeevika Mission (Gramin) Act, a rural employment guarantee scheme to replace the Mahatma Gandhi National Rural Employment Guarantee Scheme. The VB—GRAMG Act was passed in December 2025, and has an allocation of ₹95,692 crore, 49 per cent of MoRD's budget.¹
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The Finance Minister announced the launch of 'SHE-Marts', or Self-Help Entrepreneur Marts, for Rural Women-led Enterprises. These will be set up as community-owned retail outlets within SHG cluster level federations through enhanced and innovative financing instruments.²
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The Department of Rural Development (DoRD) is the largest department accounting for 99 per cent of the Ministry's budget. Allocations for the DoRD in FY 26-27 stand at ₹1,94,369 crore, a 4 per cent increase from both the BEs and REs of FY 25-26.

Rural development stands at the core of India's journey towards inclusive economic growth, given that a substantial majority of the population continues to reside in rural areas. With 6.65 lakh villages and 2.68 lakh Gram Panchayats (GPs), the rural landscape forms the backbone of the nation's social and economic development.³ Empowering rural communities and nurturing collective action are essential for inclusive development.

The Ministry of Rural Development (MoRD) is the nodal Ministry for most development and welfare activities in rural areas. The vision and mission of the Ministry is sustainable and inclusive growth of rural India through a multipronged strategy for eradication of poverty by increasing livelihood opportunities, providing a social safety net, and developing infrastructure for growth. The MoRD works through two departments:

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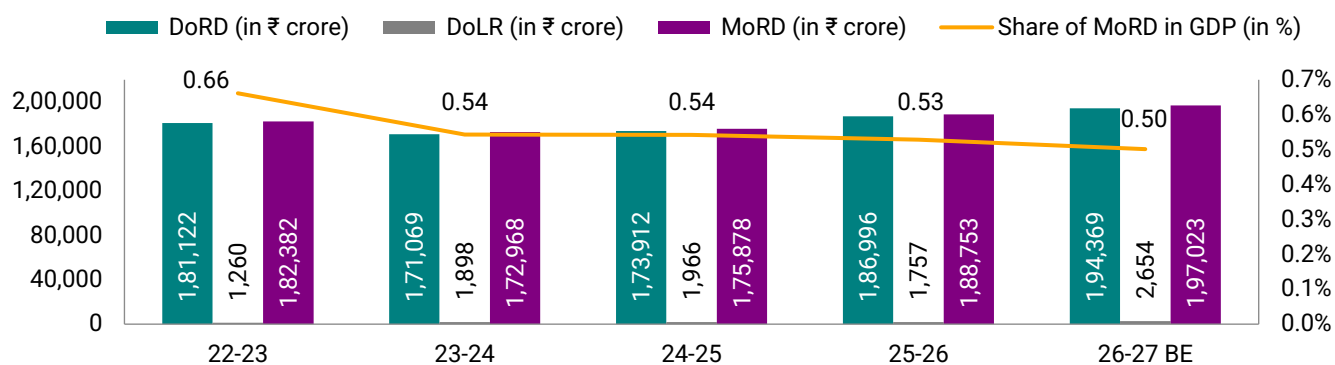
Department of Rural Development (DoRD), which aims to enhance rural citizens' livelihood security, provide basic housing, social assistance to vulnerable citizens, and amenities like all-weather road connectivity.
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Department of Land Resources (DoLR), which is responsible for ensuring sustainable development in the productivity and income potential of land through the development of rainfed cultivable and degraded lands. Additionally, the DoLR develops and maintains a Land Records Management System.

Trends in Finances of the Ministry of Rural Development

- For FY 26-27 Budget Estimates (BEs), allocations for MoRD are ₹1,97,023 crore. This is 4 per cent higher than FY 25-26 Revised Estimates (REs), and 3 per cent higher than the BEs.
- Across all years, allocations towards DoRD constitute the larger share of the MoRD's total allocations. Since FY 24-25, this share has remained constant at 99 per cent.
- MoRD allocations had reached a peak during the Covid-19 pandemic, and have since declined, although they have also witnessed a gradual increase from FY 24-25 to FY 26-27.
- However, as a share of the Gross Domestic Product (GDP), spending on rural development has declined from 0.66 per cent in FY 22-23, to 0.5 per cent in FY 26-27. This is the lowest share of GDP rural development has had since before the pandemic.

Figure 1: Allocations of the Ministry of Rural Development from FY 22-23 to FY 26-27 BEs



Source: (1) Union budget documents, various years, available at [url](#). (2) Annual and Quarterly Estimates of GDP at current prices, 2011-12 series, MoSPI, [url](#).

Note: Allocation figures for FY 22-23 to FY 25-26 are REs, and for FY 26-27 are BEs. The share of rural development in the GDP has been computed using Actuals for FY 22-23 to FY 24-25 and the REs for FY 25-26.

- MoRD's utilisation relative to BEs has varied across years. In FY 22-23 and FY 23-24, MoRD utilisation or release of funds by Gol was higher than the original BEs, reaching 129 per cent and 102 per cent respectively. For FY 24-25, it is 99 per cent.
- Within this, DoRD's utilisation has been consistently high, while DoLR shows more variation and periods of lower utilisation.

Table 1: Trends in allocations and expenditures between FY 22-23 and FY 25-26

	22-23			23-24			24-25			25-26		
	BE	A	% funds spent	BE	A	% funds spent	BE	A	% funds spent	BE	RE	% funds spent
DoRD	1,35,944	1,76,837	130%	1,57,545	1,61,932	103%	1,77,566	1,76,655	99%	1,87,755	1,86,996	100%
DoLR	2,259	1,002	44%	2,419	1,711	71%	2,667	2,652	99%	2,651	1,757	66%

Source: Union budget documents, various years. Last accessed 6 February 2026.

Note: Actuals for FY 25-26 are the REs.

Key schemes under MoRD

This section summarises allocations and expenditure across major schemes of MoRD. Detailed descriptions of each scheme are provided in **Annexure 1**.

- A major change in FY 26-27 is the introduction of **Viksit Bharat–Guarantee for Rozgar and Aajeevika Mission (Gramin) Act (VB–GRAMG)** which will replace MGNREGS from April 2026. In FY 26-27 BEs, the largest allocation was for VB–GRAMG, standing at ₹95,692 crore. It accounts for 49 per cent of MoRD budget.
- In contrast, allocations for **MGNREGS** decreased by 66 per cent in comparison to FY 25-26 REs, and stood at ₹30,000 crore.

- **PM Awas Yojana-Gramin (PMAY-G)** is the second largest scheme under MoRD. In FY 26-27, ₹54,917 crore was allocated to the scheme, 69 per cent higher than FY 25-26 REs but the same as the BEs. This is because the scheme saw a significant (41 per cent) decrease in REs compared to the BEs for FY 25-26. PMAY-G spending has remained below 60 per cent in FY 23-24 and FY 24-25, a steep decline from 225 per cent spending in FY 22-23. A detailed review of allocations, utilisation and outcomes under PMAY-G is available in the [PM Awas Yojana - Gramin Budget Insights](#).
- Allocations for **PM Gram Sadak Yojana** remain unchanged at ₹19,000 crore in FY 26-27 compared to the BEs for the previous year. However, here too, the allocation is 73 per cent higher than the previous year REs. Again, this is because REs for FY 25-26 were 42 per cent lower than the BEs. Spending under PMGSY has been high, and reached a peak of 149 per cent in FY 24-25.
- In FY 26-27 BEs, ₹9,671 crore was allocated to the **National Social Assistance Programme (NSAP)**. This is unchanged from the previous FY's BEs, but was 5 per cent higher than the REs. NSAP allocations have seen no change in the last five years. The Standing Committee on Rural Development and Panchayati Raj has repeatedly expressed concern on the stagnant allocations for NSAP, stating that the scheme is targeted to extremely marginalised and distressed sections of society, and must be able to address their needs.⁴
- Schemes under the DoLR have varied utilisation trends. While **Digital India Land Records Modernisation Programme (DILRMP)** has had high spending—except in FY 23-24. **PM Krishi Sinchai Yojana** has had inconsistent spending, from 37 per cent in FY 22-23, 71 per cent in FY 23-24, reaching 100 per cent in FY 24-25. However, FY 25-26 REs are 40 per cent lower than BEs, indicating a decline in utilisation.
- The Standing Committee on Rural Development and Panchayati Raj has repeatedly flagged concerns regarding both financial management and implementation across major rural development schemes. A recurring issue has been the large accumulation of unspent balances across schemes, raising questions about fiscal planning and fund utilisation.⁵
- As per the Committee's examination of Demands for Grants for FY 2025-26, unspent balances as on 14 February 2025 were particularly high under PMAY-G (₹15,825 crore), PMGSY (₹3,545 crore), NRLM (₹2,583 crore), NSAP (₹1,813 crore), and DDU-GKY (₹1,313 crore).⁶
- The Committee observed that such accumulation distorts expenditure reporting, delays programme delivery, and undermines intended welfare outcomes. It has urged the DoRD to adopt stronger fiscal management practices and ensure timely utilisation of funds.⁷

Table 2: Trends in allocations and expenditures across key schemes (in ₹ crore)

Schemes		22-23	23-24	24-25	25-26	26-27
Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin)/ VB-G RAM G Scheme	BEs					95,692
	Actuals					
	% funds spent					
Mahatma Gandhi National Rural Employment Guarantee Program	BEs	73,000	60,000	86,000	86,000	30,000
	Actuals	90,806	89,154	85,834	88,000	
	% funds spent	124%	149%	100%	102%	
Pradhan Mantri Awas Yojana-Gramin (PMAY-G)	BEs	20,000	54,487	54,500	54,832	54,917
	Actuals	44,962	21,770	32,327	32,500	
	% funds spent	225%	40%	59%	59%	
Pradhan Mantri Gram Sadak Yojna	BEs	19,000	19,000	12,000	19,000	19,000
	Actuals	18,783	15,380	17,871	11,000	
	% funds spent	99%	81%	149%	58%	
National Social Assistance Programme	BEs	9,652	9,636	9,652	9,652	9,671
	Actuals	9,651	9,476	9,652	9,197	
	% funds spent	100%	98%	100%	95%	
Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM)	BEs	13,336	14,129	15,047	19,005	19,200
	Actuals	11,536	13,934	14,705	16,000	
	% funds spent	12%	99%	98%	84%	
Digital India Land Records Modernisation Programme (DILRMP)	BEs	239	196	141	120	125
	Actuals	239	124	137	230	
	% funds spent	100%	64%	97%	191%	
Watershed Development Component - Pradhan Mantri Krishi Sinchai Yojna	BEs	2,000	2,200	2,501	2,505	2,500
	Actuals	743	1,565	2,491	1,500	
	% funds spent	37%	71%	100%	60%	

Source: Union budget documents, various years. Last accessed 6 February 2026. [Url](#).

Note: Actuals for FY 25-26 are REs.

MAIN DEVELOPMENTS

- The newly introduced **VB–GRAMG Act**, which replaces MGNREGS, has increased the number of days of work per household to 125 from the 100 under MGNREGS, and changed the cost sharing ratio to 60:40 between Centre and states, and to 90:10 for Himalayan and North Eastern states.⁸
- As of 7 February 2026, the average days of employment provided to households under **MGNREGS** were 39 in FY 25-26, down from 50 in FY 24-25, and 52 in FY 23-24. The total number of households that have completed 100 days of employment in FY 25-26 so far stand at 13.3 lakh, down from 40.7 lakh in FY 24-25, and 45 lakh in FY 23-24. This trend continues in MGNREGS spending as well, with FY 25-26 spending the lowest since FY 22-23.⁹ The Standing Committee has time and again highlighted issues in MGNREGS, including stagnation of funds, low and disparate wage rates, technological challenges, and persistent delays in clearing wages and material costs.¹⁰
- As of 7 February 2026, 3.88 crore houses have been sanctioned under **PMAY-G** and 2.96 crore completed.¹¹ The Standing Committee has highlighted the significant backlog of houses under PMAY-G, and recommended an increase in target houses to ensure all eligible beneficiaries can avail the scheme. Further, noting rising construction costs, the Committee has recommended an increase in per-unit cost of houses to ensure good housing quality can be achieved.¹² Detailed analysis of PMAY-G outcomes is available in the [PM Awas Yojana - Gramin Budget Insights](#).
- Under **PM Gram Sadak Yojana**, against an overall road length target of 2.82 lakh kms, 1.79 lakh kms, or 63 per cent, has been completed, and 8,962 habitations have been connected.¹³ However, the Standing Committee has highlighted persistent concerns regarding poor construction quality, weak maintenance practices, and premature deterioration of roads, often linked to aggressive underbidding by contractors and weak enforcement of quality norms. It has recommended stricter quality monitoring, improved maintenance enforcement, and stronger accountability mechanisms, including action against erring contractors. Further, the Committee noted that road connectivity often remains incomplete, with roads terminating at village peripheries without reaching actual habitations, defeating the objective of universal rural connectivity. It has urged the Department to review norms and ensure connectivity reaches all eligible settlements.¹⁴
- The DoRD has reported that **NSAP** has been approved till 2025-26, and that a study to evaluate its impact and provide recommendations for its continuation beyond March 2026 has been initiated.¹⁵ The Comptroller and Auditor General conducted a performance audit of NSAP in 2023, and reported several shortcomings: benefits were only provided to those who proactively applied for the scheme, leading to those eligible but unaware being left out; recurring delays in fund release from the Centre led to frequent pension disbursement delays; no social audits had been conducted in 25 states/Union Territories, and no action was taken on audit findings where it was being conducted.¹⁶
- **DAY-NRLM** continues to expand community institutions: official reporting notes 10.05 crore women mobilised into about 91 lakh SHGs as of 30 November 2025. Loans amounting to 11.9 lakh crore have been disbursed, with Non-Performing Assets adding up to only 1.76 per cent.¹⁷ The Standing Committee has suggested the DoRD improve marketing support for SHG products and provide specialised computer training to SHG members to generate increased revenues.¹⁸
- Under the **DILRMP**, while saturation rates of land digitisation have reached close to 98 per cent, the Committee has emphasised weaknesses in implementation of Social Impact Assessments, delays in rehabilitation and resettlement, and persistent grievances among affected communities. It has recommended stronger monitoring mechanisms, improved grievance redressal systems, and stricter enforcement of safeguards under the Land Acquisition, Rehabilitation and Resettlement Act.¹⁹
- The Committee has also raised concerns regarding instances of land reclassification or administrative changes that reduce compensation liabilities, recommending establishment of monitoring and grievance redressal mechanisms to prevent misuse and ensure transparency in land acquisition processes.
- The DoLR launched the **LandStack** in December 2025, a GIS-based platform that integrates land, ownership, registration, and building data. It enables departments (Revenue, Survey, Registration, Local Bodies) to operate on a unified, interoperable platform, drawing from global best practices.²⁰

- The DoLR implements the **Watershed Development Component** of the PM Krishi Sinchai Yojana. Between 1 April 2025 and 30 September 2025, 17,237 water harvesting structures had been created, 35,882 hectares additional area was brought under protective irrigation, and 4.86 lakh farmers benefitted.²¹ Given the successful implementation of the WDC-PMKSY, the Standing Committee noted that multiple states had demanded an expansion of the scheme, and thus suggested the DoLR seek higher budgetary support for the programme, which the DoLR agreed to do.²² However, the FY 26-27 BE remains unchanged from previous FY's BE, but it is 67 per cent higher than the RE. This suggests that the scheme was not fully utilised in FY 25-26.
- **District Development Coordination and Monitoring Committees (DISHA)** are constituted at the district level under the chairmanship of the respective Member of Parliament to monitor scheme implementation, facilitate inter-departmental cooperation, review fund flows, and provide recommendations for improving welfare schemes. As per guidelines, DISHA committees are to meet quarterly. The MoRD reported the frequency of DISHA meetings has increased, from 714 meetings in FY 20-21 to 1,122 in FY 22-23, but again declined to 626 meetings in FY 24-25. As on 6 June 2025, 776 DISHA meetings had been held in FY 25-26.²³
- The Standing Committee has directed the MoRD to take proactive steps for increased frequency and active participation in DISHA meetings, including preparing an awareness kit for all stakeholders and setting up a dedicated Help Desk. Additionally, the Committee has suggested the MoRD prepare a standardised two-page reporting matrix covering physical and financial progress, bottlenecks encountered, and support required.²⁴

ANNEXURE- 1

Viksit Bharat—Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G)	Introduced through legislation in 2025 to replace the MGNREGA framework and align rural wage employment and livelihood support with the “Viksit Bharat” vision, including a statutory employment guarantee design.
Mahatma Gandhi National Rural Employment Guarantee Act	A rights-based wage employment programme guaranteeing work on demand to rural households, historically anchored in the MGNREGA, 2005 framework.
Pradhan Mantri Awaas Yojana—Gramin (PMAY-G)	Aims to provide pucca houses with basic amenities to eligible rural households.
Pradhan Mantri Gram Sadak Yojana (PMGSY)	A rural roads programme focused on providing and upgrading all-weather road connectivity to rural habitations through multiple phases.
Deendayal Antyodaya Yojana—National Rural Livelihoods Mission (DAY-NRLM)	Aims to reduce poverty by enabling poor households to access gainful self-employment and skilled wage employment, principally through SHG-based institution building and financial inclusion.
National Social Assistance Programme (NSAP)	A social assistance programme providing pensions/assistance to vulnerable groups (including the elderly, widows, and persons with disabilities), with scheme-wise ceilings for States/UTs and a significant beneficiary base.
Digital India Land Records Modernisation Programme (DILRMP)	Aims to modernise land records management, including digitisation, integration, and related systems (including revenue court computerisation in its extended design period).
Watershed Development Component—PMKSY (WDC-PMKSY)	A Centrally Sponsored Scheme for integrated watershed management to improve productive potential of rainfed/degraded land and strengthen local institutions for sustainable watershed-based livelihoods; continued as WDC-PMKSY 2.0 (2021–2026).

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About ResGov

The Foundation for Responsive Governance (ResGov) is a Section 8 not-for-profit working to strengthen the capabilities of government and communities to ensure public initiatives reach the most vulnerable.

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