

PM Awas, Jal Jeevan to create rural jobs, justify MGNREGS cut: CEA



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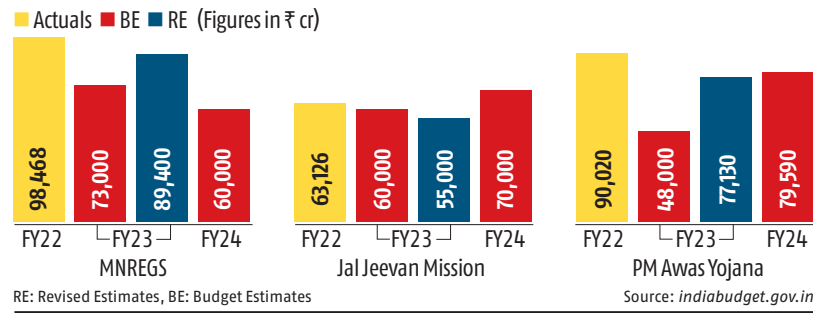
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The Centre's push towards rural housing and water supply infrastructure will lead to the kind of job creation in rural areas that justifies lesser allocation to its flagship rural employment guarantee scheme, Chief Economic Advisor (CEA) V Anantha Nageswaran said on Monday.

While the government had the political capital to carry out ambitious divestment, unfavourable market conditions and poor investor interest played a part in the targets not being met, the CEA said.

"One of the reasons why allocation for the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was lowered is because there is a much larger substantive increase in allocation, particularly the rural component of PM Awas Yojana and Jal Jeevan Mission. The expectation is that the rural workers would be able to find jobs in these projects and, hence, there will be lower demand for NREGA work," Nageswaran said, while moderating a post-Budget panel of the heads of five Delhi-based policy think

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tanks. "If rural workers don't get absorbed in the work for these schemes, then since MGNREGA is a demand-driven programme, we can accommodate them through higher allocation," he said.

As nominal and real GDP growth improve, many more urban jobs will be created and that will also absorb more of the rural workforce, Nageswaran said.

The 2023-24 (FY24) Budget Estimate for NREGA is ₹60,000 crore, some 32 per cent lower than FY23 Revised Estimates (RE) of ₹89,400 crore and Budget

Estimate (BE) of ₹73,000 crore.

For the Jal Jeevan Mission, the BE for FY24 is ₹70,000 crore, compared with FY23 RE of ₹55,000 crore and BE of ₹60,000 crore. For the PM Awas Yojana, the FY24 BE is ₹79,590 crore, compared with FY23 RE of ₹77,130 crore and BE of ₹48,000 crore.

In a reply to a question on why the government could not meet an achievable divestment target of ₹65,000 crore in FY23, Nageswaran said that apart from political capital, investor interest and

broad market and macroeconomic conditions also need to be conducive to carry out transactions.

The heads of the think tanks — Poonam Gupta of National Council of Applied Economic Research, Deepak Mishra of Indian Council for Research on International Economic Relations (ICRIER), Kavita Rao of National Institute of Public Finance and Policy, Yamini Aiyer of Centre for Policy Research, and Nishant Chadha of India Development Foundation — complimented the Budget for its focus on fiscal consolidation and capital expenditure.

They, however, said the capital and public investment spending by states and state-owned companies had not been at the desired level. They also said more needs to be done in social sector spending, like health and education.

Nageswaran said while there had been criticism of social sector spending by the Centre, a lot of health and education spend came under states, and the combined general government spending (centre plus states) had picked up significantly.