

GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
RAJYA SABHA
UNSTARRED QUESTION NO.1525
TO BE ANSWERED ON 01.01.2018

Release of funds directly to Panchayats

1525. SHRI T.G. VENKATESH:

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) whether Government has received any representation from association of Panchayat Presidents requesting for release of Panchayat funds directly to the respective Panchayat account and if so, the details thereof;
- (b) whether Government has taken any decision thereon and if so, the details thereof; and
- (c) the Government's stand in this regard?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF PANCHAYATI RAJ
(SHRI PARSHOTTAM RUPALA)

(a) to (c): As per records available, Ministry of Panchayati Raj has not received specific representation from Association of Panchayat President for directly release of funds to Panchayat account. However, the Ministry has got representations for providing fund to Intermediate Panchayat and District Panchayat. Further, from a particular State, representation was received against allocating the works to Ward Samiti.

Article 280(3) (bb) of the Constitution of India mandates the Union Finance Commission to recommend measures needed to augment the Consolidated Fund of the States to supplement the resources of the Panchayats based on the recommendations of the Finance Commission of the State. Under the Fourteenth Finance Commission (FFC), grants to the tune of Rs.200,292.20 crore have been allocated to Gram Panchayats constituted under Part IX of the Constitution in 26 States, for the award period 2015-20. The grants are released by the Union Government, through the Ministry of Finance (MoF), to the State Governments. The State Governments in turn distribute these grants among the Gram Panchayats (GPs) as per the distribution formula recommended by the latest State Finance Commission (SFC) or in its absence as per the population of 2011 Census with a weight of 90% and area with a weight of 10%.

The States are enjoined to release the grants to the GPs within fifteen days of credit in States' account by the Union Government without any deduction at source. In case of delay the State Governments are liable to release the instalment along with penal interest at Bank rate of Reserve Bank of India paid from its own fund.

The FFC has not recommended any grant for District and Intermediate (Block/Mandal) Panchayats. The State Governments are expected to take care of the needs of the District and Intermediate Panchayats and it is incumbent upon the State Governments to utilize the enhanced fiscal space made available to them by the FFC on account of higher devolution from 32% to 42% of the Centre's net tax receipts. The State Governments are also expected to transfer certain percentage of their own tax and non-tax revenues to local bodies based on the recommendation of State Finance Commissions.

In case of allocation of work to Ward Samiti in the particular State also, the Ministry has taken a consistent stand for the compliance of the recommendation of the Fourteenth Finance Commission as accepted by the Government.
