

GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
RAJYA SABHA
UNSTARRED QUESTION NO. 1932
ANSWERED ON 06/08/2025

MAKING PANCHAYATS FINANCIALLY ATMANIRBHAR

1932 DR. MEDHAVISHRAM KULKARNI:
SHRI KESRIDEVSINH JHALA:
DR. K. LAXMAN:
SHRI LAHAR SINGH SIROYA:

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) key objectives and components of the training module on Own Source Revenue (OSR) being developed with IIM, Ahmedabad to empower Gram Panchayats towards financial self-reliance;
- (b) status and expected outcomes of the study commissioned to the National Institute of Public Finance and Policy (NIPFP) for formulating viable financial models for Panchayats;
- (c) details about the Samarth digital portal for OSR collection, including the States where the pilot testing is currently underway and the features of this portal; and
- (d) progress made in framing model rules for OSR to provide States with a standardized framework for enhancing panchayat financial autonomy?

ANSWER

THE MINISTER OF STATE FOR PANCHAYATI RAJ

(PROF. S.P. SINGH BAGHEL)

(a) The Ministry, in collaboration with IIM Ahmedabad, has developed a training module on Own Source Revenue (OSR) to strengthen the financial self-reliance of Gram Panchayats. The module enables elected representatives and Panchayat functionaries to understand OSR generation through tax and non-tax sources. It covers local resource mobilization, behavioural insights to improve tax compliance, revenue forecasting, project financing, and innovative project financing options etc. It also links OSR planning with the preparation of effective Gram Panchayat Development Plans (GPDPs).

(b) The Ministry commissioned a study to prepare a viable financial model for the generation of Own Source Revenue (OSR) by Panchayati Raj Institutions (PRIs). The study has been done by the National Institute of Finance and Policy (NIPFP), and NIPFP has submitted the study report to the Ministry in the month of March 2025.

The key objective of the study includes the study of landscape of financials of panchayats in context of Panchayati Raj Act, activity mapping at the district, block, and gram panchayat level and capacity at institutional level in raising own source of revenue at gram panchayat level and prepare a viable financial model for the generation of Own Source of Revenue (OSR).

The study has made several recommendations that are crucial for the states to enhance the financial capacity of the panchayats and improve the generation of OSR. The study also highlighted the state-specific limitations and made state-specific recommendations. The same has been shared with the respective states for necessary action.

(c) As per article 243 H of the constitution of India, Legislature of the state may, by law, authorise a Panchayat to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits and assign to a Panchayat such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits; as may be specified in the law.

To support and supplement the effort of state as well as the panchayat to enhance the OSR generation of the panchayat, the Ministry of Panchayati Raj has undertaken a significant step to digitize OSR collection of the panchayats by developing the “SAMARTH Panchayat Portal”, a dedicated digital platform that facilitates the generation of Tax and Non-Tax demands, maintenance of tax register, and online tracking of revenue. This is a customizable portal as per the state’s requirements. This digital empowerment is designed to bring transparency, efficiency, and scalability to local finance governance. The SAMARTH portal has been successfully tested in the states of Chhattisgarh and Himachal Pradesh.

(d) As per the report of the expert committee on OSR of rural local bodies, 21 States/UTs have formulated the OSR rules and guidelines, while others are yet to form the rules and guidelines. Additionally, the States/UTs that have formulated OSR rules need revision/updation in their OSR rules. Accordingly, the Ministry has constituted a committee on 10th June 2025, comprising senior officials from various State Governments, to prepare a Model OSR rules / framework of panchayats, which can serve as a benchmark for the States in formulating and amending their OSR rules.
