

GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
RAJYA SABHA
UNSTARRED QUESTION NO.3120
ANSWERED ON 20.08.2025

OWN SOURCE REVENUE (OSR) IN PANCHAYATS

3120 SHRI RAGHAV CHADHA:

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) whether there has been an increase in generation of Own Source Revenue (OSR) in panchayats in recent years and if so, the details thereof and if not, the reasons therefor;
- (b) what action is being taken by Government to support States with lowest OSR; and
- (c) whether there has been any development in the financial devolution of States to panchayats and if so, the details thereof, State-wise and year-wise?

ANSWER

THE MINISTER OF STATE FOR PANCHAYATI RAJ

(PROF. S.P. SINGH BAGHEL)

(a) & (b) The 'Panchayat', being 'local government', is a State Subject. Towards Own Sources of Revenue (OSR) of the Panchayats, Article 243H of the Constitution of India provides that the Legislature of a State may, by law, authorize 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 the 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.

The role of Ministry of Panchayati Raj has been that of advocacy and technical support to the State Governments towards taking various measures for improvement in the OSR of the Panchayat. 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. This 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 (GPDs).

To encourage mobilisation and augmentation of OSRs by the Panchayats, an Award named Atma Nirbhar Panchayats Visesh Puraskar under National Panchayat Awards has been instituted, and Panchayats have been awarded for the first time in the Award Year 2025. Various awareness activities on best practices for OSR generation and the sensitisation of rural citizens and leaders have been undertaken, including the use of an OTT platform to encourage the generation of OSR.

The Ministry of Panchayati Raj (MoPR) has also undertaken a significant step to digitise the OSR collection of the Panchayats by developing the "SAMARTH Panchayat portal", a dedicated

digital platform that facilitates the generation of tax & non-tax demands, maintenance of tax registers, and online tracking of revenue. This digital empowerment is designed to bring transparency, efficiency, and scalability to local financial administration.

(c) The Ministry has released a report titled “Status of Devolution to Panchayats in States - An Indicative Evidence-Based Ranking, 2024” in February 2025 to assess the effectiveness of devolution and the role of local governments in strengthening grassroots democracy. This report presents the Devolution Index, which provides the overall scores and ranks for all States/Union Territories covered under Part-IX of the Constitution, based on six identified dimensions: Framework, Functions, Finances, Functionaries, Capacity Enhancement, and Accountability. Ranking of States/UTs in Devolution Index and Sub-indices: Finances is attached as **Annexure-I**.

(Annexure referred to in reply to part (c) of the Rajya Sabha Unstarred Question No. 3120 answered on 20.08.2025)

Ranking of States/UTs in Devolution Index and Sub-indices: **Finances**

Rank	PDI		Finances	
	State	Score	State	Score
General Category States				
1	Karnataka	72.23	Karnataka	70.65
2	Kerala	70.59	Kerala	62.89
3	Tamil Nadu	68.38	Tamil Nadu	55.78
4	Maharashtra	61.44	Rajasthan	54.56
5	Uttar Pradesh	60.07	Odisha	53.57
6	Gujarat	58.26	West Bengal	52.96
7	Rajasthan	56.67	Uttar Pradesh	51.76
8	West Bengal	56.52	Chhattisgarh	51.45
9	Chhattisgarh	56.26	Telangana	46.86
10	Telangana	55.1	Bihar	43.86
11	Andhra Pradesh	54.43	Andhra Pradesh	43.19
12	Madhya Pradesh	50.94	Maharashtra	42.96
13	Odisha	50.03	Madhya Pradesh	42.34
14	Bihar	48.24	Gujarat	41.63
15	Haryana	39.33	Haryana	40.38
16	Goa	37.71	Punjab	36.36
17	Punjab	29.34	Jharkhand	30.05
18	Jharkhand	27.73	Goa	26.88
Northeastern / Hilly Area States				
1	Tripura	57.58	Tripura	59.16
2	Himachal Pradesh	53.17	Himachal Pradesh	48.41
3	Uttarakhand	49.11	Uttarakhand	47.11
4	Assam	49.06	Sikkim	43.5
5	Sikkim	43.81	Assam	34.06
6	Arunachal Pradesh#	17.96	Manipur#	13.17
7	Manipur#	17.13	Arunachal Pradesh#	6.83
Union Territories				
1	Jammu and Kashmir	27.85	Puducherry	16.16
2	Andaman & Nicobar Islands	27.15	Jammu and Kashmir	13.29
3	Lakshadweep#	18.32	Andaman & Nicobar Islands	9.09
4	Ladakh	16.18	Dadra & Nagar Haveli and Daman & Diu#	5.45
5	Puducherry	16.16	Lakshadweep#	3.99
6	Dadra & Nagar Haveli and Daman & Diu#	13.62	Ladakh	0
	National Average	43.89		37.04

Source: Report titled “Status of Devolution to Panchayats in States - An Indicative EvidenceBased Ranking, 2024”

Note: #States for which previous data is used.

*Provisions of Part IX (Panchayat) do not apply to these states.

** Panchayats are not operational in these UTs