GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
**RAJYA SABHA**
**UNSTARRED QUESTION NO.– 1355**
ANSWERED ON 11.02.2026

**AUTONOMY OF PANCHAYATI RAJ INSTITUTIONS IN ODISHA**

1355. SHRI SUBHASISH KHUNTIA:

Will the Minister of **PANCHAYATI RAJ** be pleased to state:

(a) whether Government is aware of concerns that increasing financial and administrative powers of officials such as BDOs in Odisha may dilute the autonomy of elected Panchayati Raj Institutions (PRIs);
(b) if so, the steps taken to ensure transparency, accountability and protection of the decision-making role of elected representatives and;
(c) if not, the reasons therefor;
(d) whether Government has reviewed State-wise disparities, including in Odisha, in fund flow, own-source revenue and implementation of central schemes through PRIs, and;
(e) if so, the details thereof; and
(f) if not, the reasons therefor?

**ANSWER**

THE MINISTER OF PANCHAYATI RAJ

(SHRI RAJIV RANJAN SINGH)

**(a) and (b)** "Panchayat", being "Local Government", is a State subject and part of State List of Seventh Schedule of the Constitution of India. Panchayats are set up and operate through the respective State Panchayati Raj Acts which may vary from State to State, subject to the provisions of the Constitution. Article 243G of the Constitution empowers the Legislature of a State to make provisions, by law, for the devolution of power and responsibilities upon Panchayat at appropriate level, subject to such conditions as may be specified, with respect to the preparation of plans for economic development and social justice and implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the 29 subjects included in the Eleventh Schedule to the Constitution. Accordingly, all matters relating to Panchayats, including autonomy of elected Panchayati Raj Institutions, fall within the purview of State Government.

The Government of Odisha has informed that the amendment to the Odisha Panchayat Samiti Accounting Procedure Rules, 2002 does not curtail the statutory powers of elected representatives. Under Section 20-A(1)(b) of the Odisha Panchayat Samiti Act, 1959, the Chairperson of the Panchayat Samiti has the power to inspect and supervise all works undertaken by the Samiti. The Chairperson continues to exercise such supervisory powers over all developmental works, irrespective of project cost. The enhancement of the

countersignature threshold from Rs.2 lakh to Rs. 10 lakh is intended to enable the Chairperson of the Panchayat Samiti to devote greater attention to planning, supervision and monitoring of high-value projects for timely delivery of public services.

Further, Rule 90 of the Odisha Panchayat Samiti Accounting Procedure Rules, 2002 empowers the Chairperson of the Panchayat Samiti to stop any payment by the Block Development Officer for reasons to be recorded in writing and to place the matter before the Samiti or the concerned Standing Committee, thereby ensuring effective checks and balances, transparency, and protection of the decision-making role of elected representatives. Accountability of implementing officials continues to be governed by the provisions of the Act, rules made there under, and established audit and supervisory mechanisms. Further, under the Odisha Panchayat Samiti (Constitution of Standing Committees) Rules, 2002, Rule 8(ii) assigns Standing Committees the responsibility of monitoring physical and financial progress of works relating to schemes entrusted to them, while Rule 13(2) provides for placement of the proceedings of Standing Committees before the Samiti for consideration. These provisions collectively provide institutional mechanisms for oversight, transparency and accountability within the Panchayat Samiti framework.

**(c)** Does not arise.

**(d) and (e)** The Ministry of Panchayati Raj basically deals with one Scheme namely revamped Rashtriya Gram Swaraj Abhiyan (RGSA), which provides support to States/Union Territories only under specific components aimed at enhancing governance capabilities and leadership competencies of Panchayati Raj Institutions, enabling them to function effectively.

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. Under the dimension 'Finances', this report has covered several indicators, viz. timely release of the 15th Finance Commission grants to Panchayats, regular and effective functioning of State Finance Commission, transfer of funds by State Finance Commission to Panchayats, power to collect revenue, funds available with Panchayats, expenditure by Panchayats as percentage of State's public expenditure, and accounts & budget. This report reveals that the extent of 'Finances' of Panchayats varies from State to State.

The Ministry had also entrusted the National Institute of Public Finance and Policy (NIPFP) with a study on "Preparation of a Viable Financial Model for Generation of Own Sources of Revenue (OSR)," and the Study Report was published in March 2025**.**

**(f)** Does not arise.

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