GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
RAJYA SABHA
STARRED QUESTION NO–260
ANSWERED ON- 12.08.2026

STRENGTHENING PANCHAYATI RAJ INSTITUTIONS

260 SHRI SANT BALBIR SINGH:

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

(a) whether Government has assessed the major challenges being faced by Panchayati Raj Institutions (PRIs) across the country, including inadequate financial resources, shortage of staff, delayed release of funds and limited devolution of powers;

(b) whether Government has received representations from States regarding these issues during the last three years;

(c) the steps taken by Government to strengthen the financial and administrative capacity of PRIs, including training of elected representatives; and

(d) whether Government proposes to introduce any new scheme or policy to improve transparency, accountability and effective functioning of PRIs and if so, the details thereof?

ANSWER

THE MINISTER OF PANCHAYATI RAJ

(SHRI RAJIV RANJAN SINGH ALIAS LALAN SINGH)

(a) to (d) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO RAJYA SABHA STARRED QUESTION NO. 260 ANSWERED ON 12.08.2026 REGARDING "STRENGTHENING PANCHAYATI RAJ INSTITUTIONS"

(a) In terms of 73rd Constitutional Amendment Act, Panchayats function as local government in Panchayati Raj System. Since, 'Panchayat' is entirely a State subject, thus to assess any challenge being faced by Panchayati Raj Institutions, including inadequate financial resources, shortage of staff, delayed release of funds or limited devolution of powers, depends on the State Government concerned.

As far as delayed release of funds is concerned, the fund allocation determined by the 15th Finance Commission involve inter-se distribution among the States, with a weightage of 90 percent assigned to the population and 10 percent to the State area. According to the Operational guidelines issued by the Ministry of Finance, Government of India, regarding mandatory eligibility conditions such as conducting timely Panchayat elections, constituting State Finance Commission etc, for the release of grants under the 15th Finance Commission, on receipt of the 15th Finance Commission recommended grants, the State Governments are required to transfer the same to the Panchayats/Traditional Bodies concerned within 10 working days of receipt. There has been no delay by the Central Government in releasing grants to those States who had fulfilled the eligibility conditions specified in the said Operational guidelines.

(b) 'Panchayat' is a State subject, therefore these issues come under the jurisdiction of the State Government. However, the Ministry of Panchayati Raj received representations from several states over the past three years regarding delays in the release of 15th Finance Commission funds. Those representations were referred back to the States with a request to fulfill the conditions prescribed for the release of grant installments. The States which fulfilled the above conditions were released the withheld funds.

(c) Since, 'Panchayat' is a State subject, it is the responsibility of the State Government concerned to strengthen the financial and administrative capacity of Panchayati Raj Institutions, including training of elected representatives. The Ministry of Panchayati Raj organizes training programs in limited form for capacity building of elected representatives and strengthening the financial self-reliance of Panchayats. Under the Centrally Sponsored Scheme, namely the Revamped Rashtriya Gram Swaraj Abhiyan, this Ministry has trained a total of 1,66,41,509 participants, including State level Master Trainers, during the period from the financial year 2022-23 to 2026-27 (up to 10.07.2026). Additionally, to enhance skills and knowledge, a major step has been taken to build capacity and train elected representatives and functionaries of Panchayats through Institutes of excellence such as Indian Institute of Management/Indian Institute of Technology under the Leadership/Management Development Program. To strengthen the financial capacity of Panchayati Raj Institutions, this Ministry, in collaboration with Indian Institute of Management Ahmedabad, has developed a training module on Own Source Revenue (O.S.R.) to strengthen the financial self-reliance of Gram Panchayats. The module helps elected representatives and Panchayat functionaries understand how O.S.R. is generated through tax and non-tax sources. Further, with a view to support States and Union Territories in strengthening their legal and institutional framework for Own Source Revenue (O.S.R.), this Ministry has formulated the Model O.S.R. Rules as a guiding framework for consideration by the States/Union Territories.

Further, the Fifteenth Finance Commission (XV-FC) recommended grants to the tune of ₹2,97,555 crore for the period 2020-21 to 2025–26 (including interim period 2020-21) for Rural local Bodies in 28 States, out of which ₹2,82,632.34 crore had been released as on 31.03.2026. 16th Finance Commission has recommended grants to the tune of ₹ 4.35 lakh crore for the period of Financial Year 2026-27 to 2030-31 for Rural Local Bodies in 28 States.

(d) Since, 'Panchayat' is a State subject, it is the function of the State Government concerned to introduce any new scheme or policy to improve transparency, accountability and effective functioning of Panchayati Raj Institutions. However, 16th Finance Commission has recommended grants to the tune of ₹ 4.35 lakh crore for the period of Financial Year 2026-27 to 2030-31 for Rural Local Bodies in 28 States, out of which, ₹87,048 Crores have been recommended as Performance Grants. To receive these Performance Grants, Rural Local Bodies must show an increase in Own Source Revenue in accordance with the conditions of the 16th Finance Commission Grants.

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