

GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
LOK SABHA
UNSTARRED QUESTION NO. 4413
ANSWERED ON 28.03.2023

STRENGTHENING OF PRIS

4413. SHRI P. RAVINDHRANATH:

Will the Minister of PANCHAYATI RAJ be pleased to state:

the details of steps taken/being taken by the Government to increase the sources of income of the village Panchayats along with the measures to strengthen the Panchayati Raj Institutions (PRIs) during the last three years and the current year?

ANSWER

THE MINISTER OF STATE FOR PANCHAYATI RAJ

(SHRI KAPIL MORESHWAR PATIL)

Panchayat, being “Local Government”, is a State subject and part of State list of Seventh Schedule of Constitution of India. Mandate for setting up of Panchayats is provided by Article 243 in Part IX of the Constitution of India.

The Constitution envisages the panchayats to be effective instruments of self-government. In terms of Article 243 G, the state legislatures, by law, may provide for devolution of powers and responsibilities upon panchayats, at the appropriate level, subject to specified conditions 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 matters included in the eleventh schedule.

For financial empowerment of Panchayats, provisions have been made in terms of Article 243H, Article 280(3)(bb) and Article 243-I of the Constitution.

In terms of Article 243H, the state legislatures may, by law, authorize, the panchayats to levy, collect and appropriate taxes, duties, tolls and fees; assign to the panchayats such taxes, duties, tolls and fees subject to conditions and limits; provide for grants-in-aid to the panchayats from the consolidated fund of the state, and create its own fund to credit its money to.

In terms of Article 280(3)(bb), it shall be the duty of the Central Finance Commission to make recommendations to the President as to the measures needed to augment the Consolidated Fund of a State to supplement the resources of the Panchayats in the State on the basis of the recommendations made by the Finance Commission of the State.

In terms of Article 243-I, the Governor shall constitute state finance commission every five years to review the financial position of the panchayats and make recommendations to the Governor as to

- (i) the principles which should govern the distribution between the state and the panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the state, which may be divided between them and the allocation between the panchayats at all

levels of their respective shares of such proceeds; the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, panchayats, and the grants-in-aid to the panchayats from the consolidated fund of the state;

- (ii) the measures needed to improve the financial position of the panchayats and
- (iii) any other matter referred to the commission by the Governor in the interests of sound finance of the panchayats.

This will have the effect of making the Panchayats as self-reliant and vibrant institutions of local governance and empower them for the effective delivery of services to strengthen the rural economy.

The Ministry has also been implementing the Centrally Sponsored scheme of Revamped Rashtriya Gram Swaraj Abhiyan (RGSA) with the primary objective of developing governance capabilities of Panchayati Raj Institutions to deliver on Sustainable Development Goals. The scheme envisages to enhance capabilities of Panchayats for formulating holistic and inclusive GPDP converging resources available at GP level for economic development and social justice. The scheme also aims at enhancing capabilities of Panchayats to raise own sources of revenue and provides for interventions relating to gap filling support for economic development and income enhancement in Panchayats.

Further, Under Fifteenth Finance Commission (XV FC), Grants to the tune of Rs. 60,750 crore were allocated for the interim period FY 2020-21 and Rs.2,36,805 Crore are allocated for the period FY 2021-26 to Panchayats in all the three tiers and Traditional Local Bodies and Sixth Schedule areas in 28 States. The XV FC Grants have two components—Tied and Untied. Tied Grants are to be used for drinking water, rainwater harvesting, water recycling, sanitation and maintenance of ODF status. Untied grants are to be used for felt needs under the 29 subjects enshrined in the XI Schedule of the Constitution of India, except for salaries and other establishment costs. The release of RGSA scheme and Central Finance Commission (CFC) Grants for Rural Local Bodies during the last three years and current year is as under:-

(Rs. in Crore)

Sl. No.	Scheme/ CFC Grant	Year			
		2019-20	2020-21	2021-22	2022-23 (As on 24.03.2023)
1.	RGSA	432.74	491.34	614.25	672.97
2.	CFC	52461.65	60750.00	44332.89	31547.10
