

GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ

LOK SABHA
UNSTARRED QUESTION NO. 87
ANSWERED ON 02.02.2021

FUNDS TO GRAM PANCHAYATS

87. COL.RAJYAVARDHAN RATHORE:

Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether the 73rd Constitutional Amendment, in addition to giving local self Government constitutional status, also endowed Gram Panchayats with funds, and divested financial authority regarding fund usage to their Sarpanch and if so, the details thereof;

(b) the details of the total amount of funds allocated and released in the past two years through Central and State financial commissions, State-wise;

(c) the amount disbursed by each State to the respective Gram Panchayats in the last two years;

(d) the time when the amount was disbursed to the Gram Panchayats by each states and whether the funds provided by the Centre was transferred within fifteen days as mandated by the law;

(e) the details of the action taken against States in cases where the funds were not disbursed in a timely manner; and

(f) the details of the steps being taken to ensure that the autonomous economic development being fulfilled and social justice goals of Panchayats are being fulfilled?

ANSWER

THE MINISTER OF PANCHAYATI RAJ
(SHRI NARENDRA SINGH TOMAR)

(a) The 73rd Constitution Amendment gave the constitutional status to the Panchayats as institutions of rural local governance. These local governments, however, work on the principle of delegation of administrative power. Constitution of local bodies is mandatory but their powers, including those on taxes, duties, tolls, fees and fund are recommendatory.

Article 243G of the Constitution of India lays down powers, authority and responsibilities of Panchayats. Accordingly, the state legislatures, by law, may endow the Panchayats to be effective instruments of self-government and 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.

Article 243H of the Constitution of India lays down provisions relating to powers to impose taxes by, and funds of, the Panchayats. In terms of this Article, 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.

Article 243-I of the Constitution of India provides for constitution of Finance Commission to review financial position of Panchayats and to make recommendations therein to the Governor. In terms of this Article, 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 (a) the principles which should govern (i) 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, (ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, Panchayats, and (iii) the grants-in-aid to the Panchayats from the consolidated fund of the state; (b) the measures needed to improve the financial position of the Panchayats and (c) any other matter referred to the commission by the Governor in the interests of sound finance of the Panchayats.

Article 280 (3) (bb) was also inserted in the Constitution of India by 73rd Constitution Amendment Act. Article 280 (3) (bb) provides for the Central Finance Commission to recommend the measures needed to augment the Consolidated Fund of 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.

However, the 73rd Constitutional Amendment did not have any provision regarding financial authority for fund usage by the Sarpanches.

(b) &(c) The details of State-wise allocation and release of Fourteenth Finance Commission (FFC) Grants to the States for FY 2018-19 and 2019-20is as per **Annexure-I**. The details of State Finance Commission funds allocated and released to Panchayats by the State Finance Commissions being under the purview of the State Governments are not maintained by the Ministry of Panchayati Raj (MoPR).

(d)&(e) The States are required to transfer the FFC Grants received from the Ministry of Finance (MoF) within 15 days of the receipt to the Gram Panchayats. The details of such transfer are to be reflected by the States in their Utilisation Certificate (UC). In case of delay, penal interest at the applicable bank rate of RBI are to be paid to the Gram Panchayats for the period of delay beyond allowed limit. As per details reported in the respective UCs submitted to MoPR, the States have paid total of Rs.4633.41Lakhs as penal interest on account of delayed transfer of FFC Grants to the Gram Panchayats for FY 2018-19 and 2019-20, the details of which are given at **Annexure -II**.

(f) The FFC award created enormous opportunity for responsive local governance at the cutting edge institutional level of the Gram Panchayats. The guidelines issued for the FFC Award for the release and utilization of the local bodies grant stipulated that proper plans are to be prepared by the gram Panchayats for the basic services within the functions devolved to them as per the State laws before incurring expenditure under the FFC award. Ministry of Panchayati Raj (MoPR) prepared model guidelines for Gram Panchayats Development Plan (GPDP) and shared the same with all the States during 2015. Based upon these model guidelines, all the states notified their State specific guidelines for GPDP and have been formulating GPDP since then. Further, with a view to address the challenges as well as opportunities emerging to fulfill the needs and aspirations of rural people through effective convergent and participatory planning to Rural Local Governments, the Ministry has revised the guidelines in 2018 and shared the same with the States for amplifying their respective Guidelines. The revised guidelines ensure that these plans go beyond infrastructure, cover areas like poverty reduction,

address social issues and needs of vulnerable groups and thus address the goals of economic development and social justice by the Panchayats.

In order to enable the Gram Panchayats for preparation of the GPDP in an evidence based and structured manner, the People's Plan Campaign (PPC) was launched as "Sabki Yojana Sabka Vikas" in the year 2018 during 2nd October to 31st December. The campaign was also rolled out during 2019 and 2020. In implementing PPC, structured Gram Sabhas were held for preparing GPDP for the respective financial years. The Campaign was implemented effectively inter-alia in partnership with the State and Local Governments by capacitating the Gram Panchayats (GPs) /Gram Sabhas for making the entire process of GPDP formulation participatory and convergent.

(Annexure referred to in reply to parts (b) & (c) of the Lok Sabha Unstarred Question No. 87 answered on 02.02.2021)

State-wise Allocation and Release of Fourteenth Finance Commission (FFC) Grants for Gram Panchayats for FY 2018-19 and 2019-20

(Rs. In crore)

Sl. No.	States	2018-19		2019-20	
		Allocation	Released & Transferred to Gram Panchayats	Allocation	Released & Transferred to Gram Panchayats
1	Andhra Pradesh	1947.32	1729.23	2622.13	2336.56
2	Arunachal Pradesh	184.49	163.83	248.44	221.38
3	Assam	1218.82	1082.32	1641.19	1462.45
4	Bihar	4729.38	4199.71	6368.25	5674.70
5	Chhattisgarh	1180.02	1047.86	1588.94	1415.89
6	Goa	30.10	26.73	40.53	36.12
7	Gujarat	1942.96	1725.36	2616.26	2331.33
8	Haryana	873.86	775.99	1176.68	1048.53
9	Himachal Pradesh	407.24	361.63	548.36	488.64
10	Jammu & Kashmir*	779.40	544.83	1049.49	-
11	Jharkhand	1360.62	1208.24	1832.12	1632.59
12	Karnataka	2090.10	1841.54	2814.39	2504.13
13	Kerala	904.03	802.78	1217.30	1084.73
14	Madhya Pradesh	3050.41	2708.78	4107.48	3660.14
15	Maharashtra	3383.28	3004.37	4555.70	4059.55
16	Manipur	46.36	41.17	62.43	55.63
17	Odisha	1991.48	1768.44	2681.59	2389.54
18	Punjab	920.58	817.48	1239.58	1104.58
19	Rajasthan	3067.8	2724.22	4130.90	3681.01
20	Sikkim	33.41	29.67	44.99	40.09
21	Tamil Nadu	1975.07	1753.87	2659.50	1821.11
22	Telangana	1209.53	1071.59	1628.68	1451.30
23	Tripura	75.53	67.07	101.71	90.63
24	Uttar Pradesh	8050.34	7148.74	10840.04	9659.47
25	Uttarakhand	423.64	376.19	570.44	508.31
26	West Bengal	3193.39	2740.69	4300.01	3703.25
	Total	45069.16	39762.32	60687.13	52461.65

* Jammu & Kashmir converted into Union Territory during FY 2019-20.

(Annexure referred to in reply to parts (d) & (e) of the Lok Sabha Unstarred Question No. 87 answered on 02.02.2021)

Statement showing the amount of interest paid by States to Gram Panchayats for delayed release of Basic Grant under Fourteenth Finance Commission (FFC) during 2018-19 and 2019-20.

Sl. No.	State	Interest paid (Rs. In lakh)		Total Interest paid (Rs. In lakh)
		For FY 2018-19	For FY 2019-20	
1	Arunachal Pradesh	163.49	-	163.49
2	Assam	16.01	-	16.01
3	Bihar	349.50	-	349.50
4	Chhattisgarh	436.64	-	436.64
5	Goa	2.58	-	2.58
6	Jharkhand	536.26	-	536.26
7	Kerala	-	26.75	26.75
8	Punjab	228.04	-	228.04
9	Rajasthan	339.60	1895.35	2234.95
10	West Bengal	-	639.19	639.19
Total		2072.12	2561.29	4633.41