

GOVERNMENT OF INDIA  
MINISTRY OF PANCHAYATI RAJ  
**LOK SABHA**  
**STARRED QUESTION NO. \*132**  
ANSWERED ON: 29.07.2025

**FINANCIAL AUTONOMY OF PANCHAYATS**

\*132. SMT. ROOPKUMARI CHOUDHARY:

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) the details of steps taken by the Government for financial autonomy of Panchayats in the country;
- (b) the details of the training programmes and regular workshops being conducted to enhance administrative capacity;
- (c) the present status of use of digital tools and e-governance-in Panchayats;
- (d) the manner in which transparency and accountability in decision making process are being ensured;
- (e) the details of the schemes being run by the Ministry for empowerment of weaker sections and women;
- (f) the plans formulated to encourage innovation and model projects in Panchayats;
- (g) whether the Government has received any representations to curb pseudo/proxy leadership in Panchayati Raj Institutions, if so, the details thereof along with any punitive measures recommended for preventing such practices; and
- (h) the steps taken for implementing suggestions such as Mahila Lokpal, public oath taking and counselling by women leaders?

**ANSWER**

THE MINISTER OF PANCHAYATI RAJ

(SHRI RAJIV RANJAN SINGH ALIAS LALAN SINGH)

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (h) OF THE LOK SABHA  
STARRED QUESTION NO. 132 ANSWERED ON 29.07.2025 REGARDING  
FINANCIAL AUTONOMY OF PANCHAYATS**

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(a) Panchayati Raj being a State subject, it is the sole responsibility of the States to devolve finance, functions, and functionalities to the Panchayats in such a manner that the Panchayats are empowered and capable of mobilising their financial resources. As per Article 243H of the Constitution of India, legislature of the 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 Panchayats 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. Panchayati Raj being a State subject, Ministry of Panchayati Raj does not maintain the data pertaining to Own Sources of Revenue (OSR) of Panchayats. Furthermore, States as well as Panchayats often do not share OSR data related to Panchayats.

However, Central Finance Commission grants are provided to the Panchayats of all tiers. There has been huge increase in financial devolution to Panchayats as the per capita per annum allocation of Central Finance Commission grants increased from Rs.176 in 13<sup>th</sup> Finance Commission to Rs. 674 in 15<sup>th</sup> Finance Commission. In addition to the provision of grants under the Central Finance Commission (Now, under Fifteenth Finance Commission) to the Rural Local Bodies (RLBs) in all the three tiers of Panchayats and Traditional Bodies in 28 States, the Government has taken the following steps to enable the Panchayats to generate own sources of revenue to become financially self-reliant:

- (i) Ministry of Panchayati Raj (MoPR), in collaboration of Indian Institute of Management- Ahmedabad (IIM-A), has developed specialised modules on generation of Own Sources Revenue (OSR) by the Panchayats and started imparting training to the State level master trainers;
- (ii) MoPR, through the National Institute of Applied Economic Research (NCAER) and National Institute of Public Finance and Policy (NIPFP), New Delhi has got the studies conducted to assess potential and challenges in mobilization and augmentation of OSRs by the Panchayats with suggestions on viable financial model/s for revenue (both tax and non-

tax) generation and shared the reports with the States for implementation of the recommendations.

(iii) MoPR has conducted surveys on status of devolution to Panchayats and estimated the Devolution Index that includes, inter alia, index on fiscal devolution and shared with the States for corrective action.

(iv) To encourage mobilisation and augmentation of OSRs by the Panchayats, an Award named-Atma Nirbhar Panchyats Visesh Puraskar under National Panchayat Awards has been instituted and Panchayats have been awarded for the first time in the Award Year-2025.

(v) Various awareness activities on best practices on OSR generation and sensitization of the rural citizens and leaders have been undertaken including playing of an episode on OSR generation on OTT platform.

(b) Under the Centrally Sponsored Scheme of Rashtriya Gram Swaraj Abhiyan (RGSA), through the State Institute of Rural Development and & Panchayati Raj (SIRD&PRs), National Institute of Rural Development & Panchayati Raj (NIRD&PR), Indian Institute of Management, other organizations like District Panchayat Resource Centres (DPRCs), various training programme for the Elected Representatives (ERs) of the PRIs are conducted by the respective State Government and Central Government on a continuous basis for building of governance capabilities and leadership roles in management, planning, implementation, resource mobilization, etc. In addition, thematic workshops on sectors like health, education, gender parity, environment protection and preservation, social security, good governance etc. have been conducted for the members and functionaries of the PRIs with sole objective of enhancing their capacity to contribute towards attainment of sustainable goals.

(c) & (d) Under the Digital India initiative, the Ministry is implementing the e-Panchayat Mission Mode Project scheme for promoting transparency, efficiency, and accountability at the grassroots level governance by developing and popularising various digital platforms and applications. The eGramSwaraj application has facilitated digital planning, accounting, monitoring, and online payments at the Panchayat level. The integration of eGramSwaraj with the Public Financial Management System (PFMS) enables real-time payments to vendors and service providers, ensuring seamless fund flow and reducing delays. The eGramSwaraj application has been integrated with the Government e-Marketplace (GeM) to bring transparency to Panchayat procurement. Further, applications like Meri Panchayat has endeavored to bring transparency in Panchayat Governance by making public accessible to

information on planning, activities, and progress of works in Panchayat. Similarly, Panchayat NIRNAY is an online application aims at bringing transparency and better management in conduct of Gram Sabhas by Panchayats. An application 'AuditOnline' has been developed for online audits of Panchayat accounts and their financial management.

(e) Under the RGSA scheme, Ministry provides training to Elected Representatives including Women Elected Representatives (WER) and representatives from the weaker sections, to develop their governance capabilities for leadership roles and to function effectively. Women Panchayat Leaders are trained on different aspects of rural governance in multiple training program for effective delivery of their roles & responsibilities at grassroots level. Further, Ministry has launched comprehensive Specialized Training Module for assisting the States/UTs for the Capacity Building of Women Elected Representatives (WER) of Panchayati Raj Institutions to further strengthen their leadership, managerial, communication and negotiation skills for effective delivery of good governance.

(f) Under the RGSA scheme, financial support in the form of viability gap funding for the components like Economic Development & Income Enhancement Projects have been supported for micro projects for Gram Panchayats and cluster of Gram Panchayats which includes eco-tourism, homestay infrastructure, cultural heritage sites etc. to promote innovative models in the rural governance.

(g) & (h) The MoPR is already seized of issue of pseudo/proxy leadership in PRIs and has been taking various awareness activities against the unethical practice of Sarpanch Pati. Recently, a Public Interest Litigation (PIL) was filed before the Hon'ble Supreme Court of India, raising the issue of Pradhan Pati. After duly hearing the case, the Hon'ble Court, in its Order dated 06/07/2023, directed the Petitioner to seek remedy from the Ministry of Panchayati Raj in the first instance. The MoPR had constituted an Advisory Committee to address the issue of women Pradhans being represented by male family members. The committee submitted its report with recommendations of over 70 actionable strategies which have been developed, and key stakeholders have been identified for their implementation. A Facilitation Committee has been constituted to oversee the implementation of the recommendations.

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