

GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
LOK SABHA
UNSTARRED QUESTION NO. 2813
ANSWERED ON 10.03.2026

FUNDS ALLOCATED FOR PANCHAYATI RAJ INSTITUTIONS

2813. SHRI AZAD KIRTI JHA:

Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) the details of the fund allocation to Panchayati Raj Institutions (PRIs) during each of last five Union Budgets;

(b) whether the Government has reviewed the reasons for the observed decline in allocations, as noted by Standing Committee on Rural Development and Panchayati Raj, if so, the details thereof;

(c) the details of average Own Source Revenue (OSR) per panchayat at national level during each of last five years, State-wise;

(d) whether the assessment of current OSR levels are adequate to support local development and fiscal autonomy, if so, the details thereof;

(e) whether the Government has taken note that certain States such as West Bengal, Kerala and Goa have reported relatively higher OSR and stronger local governance performance, and if so, whether such models are being considered for replication; and

(f) the measures taken or proposed by the Government to strengthen fiscal devolution, enhance untied and performance-linked transfers and support capacity-building of PRIs to improve their financial self-reliance and service delivery?

ANSWER

THE MINISTER OF PANCHAYATI RAJ

(SHRI RAJIV RANJAN SINGH ALIAS LALAN SINGH)

(a) & (b) The year-wise funds allocated to the Rural Local Bodies during the last five Union Budgets are as under:

Financial Year	(Rs. in crore) Budget Estimates
2020-21	69,224.79
2021-22	44,901.00
2022-23	46,513.00
2023-24	47,018.00
2024-25	49,800.00

The fund allocation to the RLBs after 2020-21 has consistently increased.

(c) The details of average Own Sources of Revenue (OSR) per Panchayat at national level are not maintained centrally. However, details of OSR generated by Rural Local Bodies (RLBs) as compiled by the 16th Finance Commission for the period 2019-20 to 2023-24 is at **Annexure**.

(d) In para. No. 10.50 of its Report, the 16th Finance Commission has observed that the own resources generated by the vast majority of local bodies, are minuscule. They remain heavily, if not entirely, dependent on the Union and State Governments to carry out their mandate. In para. No. 10.51, the Commission has further observed that successive Finance Commissions have stated that the primary responsibility for the provision of fiscal resources for local bodies rests with the State Governments.

(e) The Ministry of Panchayati Raj shares study/survey reports on various aspects of the PRIs including study on status of devolution to Panchayats as also the scores of Panchayat Advancement Index (PAI) with the States/UTs showing the comparative pictures that serves the principal sources of inspiration to low performing States/UTs to improve their position. Also, the best practices of the Award-winning Panchayats are disseminated through various means with a view to adopting or replicating by low performing Panchayats to improve their lot. The State of West Bengal has not participated in the Panchayat Advancement Index (PAI) exercise nor has it won any National Panchayat Awards on OSR.

(f) Panchayat is a State subject and therefore it is the responsibility of the State Government to devolve power including fiscal to their Panchayats in accordance with the provisions contained in their respective State Panchayati Raj Acts. The Ministry of Panchayati Raj (MoPR) supplements and complements the efforts of State Governments, including financial support under its schemes towards strengthening and efficient functioning of the Panchayati Raj Institutions (PRIs) on a continuous basis. The Ministry has been advising the States to devolve more and more powers to their Panchayats to make them self-reliant in all matters, particularly generation of own sources of revenue (OSR) through transfer of financial power to them. In order to strengthen the financial autonomy and technical support to Panchayats to enable them to undertake local development projects effectively, all Finance Commission grants are deposited directly into the accounts of Panchayats by the States. The Ministry undertakes periodical studies like the Panchayat Devolution Index (PDI) which reviews the status of devolution to the Panchayats by the States/UTs in the areas of funds, functions and functionalities to foster competitiveness among the States to devolve more and more powers to the Panchayats.

The Ministry, through its memorandum to the Sixteenth Finance Commission (SFC), had recommend higher allocation to the RLBs in view of their roles and responsibilities and as a result of which the SFC has recommended a total grant of ₹4,35,236 crore for the RLBs, which is an increase of nearly 84% compared to the allocations made under the Fifteenth Finance Commission. Further, the SFC has recommended OSR generation performance-linked grants to Panchayats of all tiers. In addition, the Commission has also recommended performance grants to States provided they transfer funds to the RLBs out of their own resources. These recommendations have been accepted by the Government.

The Ministry has been focusing on the capacity building of the PRIs in various areas with due emphasis on mobilisation of own sources of revenue and service delivery having potential of generation of own revenue for attaining financial and self-reliance. For this the Ministry has been implementing Revamped Rashtriya Gram Swaraj Abhiyan scheme. During 2022-23 and till date 1.54 crore cumulative number of elected representatives of the PRIs and their functionaries have been imparted training. The Ministry, in collaboration with IIM Ahmedabad, has developed a training module on the generation of Own Sources Revenue (OSR) to strengthen the financial autonomy of Gram Panchayats. The module enables elected representatives and Panchayat functionaries to understand OSR generation through tax and non-tax sources. So far, 2,39,943 participants have been imparted training under OSR.

Annexure

Annexure referred to in reply to Part (c) of the Lok Sabha Unstarred Question No. 2813 answered on 10.03.2026 regarding Funds Allocated for Panchayati Raj Institutions

State-wise details of Own Sources of Revenue Generated by Rural Local Bodies

(₹ crore)

State	2019-20	2020-21	2021-22	2022-23	2023-24
Andhra Pradesh	1,536.75	1,413.05	1,385.19	1,712.05	1,315.01
Arunachal Pradesh	0.00	0.00	0.00	0.00	0.00
Assam	42.08	81.03	35.95	42.22	44.79
Bihar	53.50	53.50	53.11	52.45	55.39
Chhattisgarh	71.86	50.49	58.32	78.01	89.46
Goa	53.18	52.24	67.91	85.26	96.60
Gujarat	348.61	325.38	363.87	347.90	435.70
Haryana	480.43	353.36	634.04	691.67	1,104.85
Himachal Pradesh	124.66	154.94	141.27	163.71	157.18
Karnataka	1,891.00	2,106.08	3,156.80	2,415.74	2,792.42
Kerala	816.71	821.43	1,674.10	1,831.82	2,330.09
Madhya Pradesh	160.47	132.69	182.50	148.68	233.78
Maharashtra	3,906.52	3,416.93	4,146.94	4,311.55	4,744.93
Manipur	0.39	0.51	0.24	0.18	0.08
Odisha	65.60	55.41	52.60	63.92	74.00
Punjab	511.30	531.93	522.26	539.89	559.01
Rajasthan	99.54	109.50	120.44	132.49	145.74
Sikkim	5.75	5.03	5.86	6.86	7.10
Tamil Nadu	855.74	1,152.64	1,396.31	1,520.67	1,195.81
Telangana	487.19	481.09	546.52	521.65	514.91
Tripura	3.12	4.25	3.47	4.15	4.63
Uttar Pradesh	176.67	229.08	243.26	276.00	294.91
Uttarakhand	41.63	37.96	151.15	57.96	56.17
West Bengal	1,503.68	987.12	1,138.06	1,104.68	1,029.48
Total	13,236.37	12,555.64	16,080.17	16,109.50	17,282.01

Source: Data provided by the States on Portal of Sixteenth Finance Commission (as on 31 August 2025)

Note: Jharkhand, Mizoram and Nagaland reported NA and Meghalaya provided only ADCs OSR which have been excluded from the RLBs OSR
