

GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
LOK SABHA
UNSTARRED QUESTION NO. 2828
ANSWERED ON- 10.03.2026

FUNDS FOR PANCHAYATS

†2828. SHRI BHOJRAJ NAG:
SMT. MALA RAJYA LAXMI SHAH:
SHRI VISHNU DAYAL RAM:
SHRI KRISHNA PRASAD TENNETI:
SHRI VIJAY BAGHEL:
SHRI PRAVEEN PATEL:
SHRI SHANKAR LALWANI:
SHRI BIBHU PRASAD TARAI:

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

- (a) the assessment of the extent of devolution of Funds, Functions and Functionaries (3Fs) to Panchayats as of January 2026, State/UT-wise;
- (b) whether the Ministry has instituted any mechanism for periodic review or monitoring of actual devolution;
- (c) if so, the details thereof, including transfer of untied funds and posting of functionaries at the Panchayat level;
- (d) the measures taken by the Ministry to encourage States to enhance the financial and administrative autonomy of Panchayats;
- (e) whether any performance-based incentive, ranking or grant-linked mechanism exists to reward States demonstrating higher levels of effective devolution; and
- (f) if so, the details thereof?

ANSWER

THE MINISTER OF PANCHAYATI RAJ

(SHRI RAJIV RANJAN SINGH)

(a) to (d) “Panchayat”, being “Local Government”, is a State subject and part of State List of Seventh Schedule of the Constitution of India. Panchayats are set up and operate through the respective State Panchayati Raj Acts which may vary from State to State, subject to the provisions of the Constitution. Article 243G of the Constitution empowers the Legislature of a State to make provisions, by law, for the devolution of power and responsibilities upon Panchayat at the appropriate level, subject to such conditions as may be specified, 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 listed in the Eleventh Schedule to the

Constitution. The State legislatures are to consider the 29 subjects listed in the Eleventh Schedule for devolution of power and responsibilities to Panchayats. Accordingly, all matters relating to Panchayats, including, assessment of the extent of devolution of Funds, Functions and Functionaries to Panchayats, periodic review or monitoring of actual devolution, transfer of untied funds, posting of functionaries at the Panchayat level and enhancement of the financial and administrative autonomy of Panchayats, fall within the purview of State Government.

However, the Ministry of Panchayati Raj reviews performance of Panchayats, from time to time, through studies, review meetings, field visits, video conferencing, Information Technology applications etc.

The Ministry has released a report titled “Status of Devolution to Panchayats in States - An Indicative Evidence-Based Ranking, 2024” in February 2025 to assess the effectiveness of devolution and the role of local governments in strengthening grassroots democracy. This report presents the Devolution Index, which provides the overall scores and ranks for all States/Union Territories covered under Part-IX of the Constitution, based on six identified dimensions: Framework, Functions, Finances, Functionaries, Capacity Enhancement, and Accountability. This report reveals that the extent of devolution has increased from 39.9% to 43.9% between the period 2013-14 to 2021-22. Ranking of States/UTs in Devolution Index and Sub-indices is attached as **Annexure-I**.

The Ministry has implemented a Centrally Sponsored Scheme, namely the Revamped Rashtriya Gram Swaraj Abhiyan (RGSA), w.e.f. financial year 2022-23, with the objective of supporting Panchayati Raj institutions by imparting trainings to Elected Representatives and other stakeholders to develop leadership abilities, thereby enabling Gram Panchayats to function effectively across all States/UTs. Under the scheme, capacity building support is provided to elected representatives, functionaries, and other stakeholders of Panchayats under different categories, viz. basic orientation and refresher programmes, thematic interventions, specialized trainings and Panchayat Development Plan-related programmes, etc. The scheme also supports exposure visits to facilitate experiential learning and replication of best practices for strengthening Panchayat governance, as well as development of training modules and materials etc.

Further, to enhance skills and knowledge, a major step has also been taken to build capacity and train elected representatives and functionaries of Panchayats through Institutes of excellence such as IIMs/IITs under the Leadership/Management Development Program (MDP).

The Ministry of Panchayati Raj, in collaboration with IIM Ahmedabad, has also developed a training module on Own Source Revenue (OSR) to strengthen the financial self-reliance of Gram Panchayats. The module helps elected representatives and Panchayat functionaries understand how OSR is generated through tax and non-tax sources.

Additionally, the Ministry has launched a Specialized Training Module for the capacity building of Women Elected Representatives of Panchayati Raj Institutions. The focus of this training module is to build the capacity of Women Elected Representatives across different aspects of rural governance and enhance their knowledge and practical skills for the effective discharge of roles and responsibilities as elected representatives, thereby

promoting women-led governance. .

(e) & (f) No, Sir. However, the 16th Finance Commission (Financial Year 2026-31) has earmarked Rs. 87,048 Crores as Performance Grants. These Performance Grants have been divided in two components– (i) Local Body Performance Grant, which shall be released depending on the quantum of Own Source Revenue generated and enhanced by the Rural Local Bodies and (ii) State Performance Grant, which shall be contingent upon the quantum of fund transferring by the State from its own resources.

ANNEXURE-I

Statement referred to in reply to part (a) to (d) of Lok Sabha Unstarred Question No. 2828 for answer on 10.03.2026

Ranking of States/UTs in Devolution Index and Sub-indices

Rank	PDI		Framework		Functions		Finances		Functionaries		Capacity Building		Accountability	
	State	Score	State	Score	State	Score								
General Category States														
1	Karnataka	72.23	Kerala	83.56	Tamil Nadu	60.24	Karnataka	70.65	Gujarat	90.94	Telangana	86.19	Karnataka	81.33
2	Kerala	70.59	Maharashtra	74.74	Karnataka	57.62	Kerala	62.89	Tamil Nadu	84.25	Tamil Nadu	84.29	Kerala	81.18
3	Tamil Nadu	68.38	Karnataka	74.43	Odisha	57.46	Tamil Nadu	55.78	Kerala	82.99	Gujarat	83.96	Maharashtra	80.36
4	Maharashtra	61.44	Haryana	73.3	Rajasthan	56.13	Rajasthan	54.56	Karnataka	80.11	Goa	77.7	Uttar Pradesh	76.07
5	Uttar Pradesh	60.07	Madhya Pradesh	70	Kerala	53.86	Odisha	53.57	Chhattisgarh	78.33	Andhra Pradesh	76.69	Tamil Nadu	71
6	Gujarat	58.26	Odisha	69.2	Uttar Pradesh	46.89	West Bengal	52.96	Bihar	75.13	Uttar Pradesh	74.44	Andhra Pradesh	60.49
7	Rajasthan	56.67	Rajasthan	68.54	Maharashtra	46.52	Uttar Pradesh	51.76	Maharashtra	73.63	Maharashtra	73.35	Telangana	60.43
8	West Bengal	56.52	Chhattisgarh	68.51	Chhattisgarh	42.39	Chhattisgarh	51.45	Andhra Pradesh	68.78	Karnataka	71.59	Chhattisgarh	58.17
9	Chhattisgarh	56.26	Tamil Nadu	66.83	Gujarat	41.23	Telangana	46.86	West Bengal	67.76	Kerala	71.11	West Bengal	57.87
10	Telangana	55.1	West Bengal	62.3	Madhya Pradesh	39.47	Bihar	43.86	Rajasthan	64.03	West Bengal	70.63	Odisha	51.92
11	Andhra Pradesh	54.43	Gujarat	61.65	Telangana	38.77	Andhra Pradesh	43.19	Uttar Pradesh	63.13	Madhya Pradesh	70	Bihar	51.64

12	Madhya Pradesh	50.94	Andhra Pradesh	60.08	West Bengal	33.07	Maharashtra	42.96	Madhya Pradesh	62.22	Rajasthan	61.43	Gujarat	47.9
13	Odisha	50.03	Uttar Pradesh	54.64	Punjab	31.97	Madhya Pradesh	42.34	Telangana	58.01	Bihar	55.27	Haryana	41.93
14	Bihar	48.24	Goa	52.88	Andhra Pradesh	30.5	Gujarat	41.63	Goa	46.31	Chhattisgarh	47.61	Rajasthan	41.43
15	Haryana	39.33	Bihar	49.76	Jharkhand	27.56	Haryana	40.38	Haryana	38.48	Odisha	43.43	Madhya Pradesh	36.55
16	Goa	37.71	Punjab	47.26	Bihar	18.69	Punjab	36.36	Jharkhand	27.83	Haryana	35.35	Goa	31.75
17	Punjab	29.34	Telangana	45.35	Haryana	16.82	Jharkhand	30.05	Odisha	27.42	Punjab	26.34	Punjab	24.87
18	Jharkhand	27.73	Jharkhand	42.3	Goa	6.63	Goa	26.88	Punjab	8.2	Jharkhand	24.72	Jharkhand	16.47

Northeastern / Hilly Area States

1	Tripura	57.58	Uttarakhand	70.95	Sikkim	42.59	Tripura	59.16	Himachal Pradesh	70.06	Himachal Pradesh	83.68	Tripura	70.69
2	Himachal Pradesh	53.17	Tripura	66.5	Assam	28.66	Himachal Pradesh	48.41	Assam	65.12	Tripura	76.82	Assam	57.14
3	Uttarakhand	49.11	Sikkim	65.27	Himachal Pradesh	23.01	Uttarakhand	47.11	Uttarakhand	60.49	Assam	71.96	Uttarakhand	52.72
4	Assam	49.06	Himachal Pradesh	62.22	Tripura	21.5	Sikkim	43.5	Tripura	52.22	Uttarakhand	56.02	Himachal Pradesh	39.41
5	Sikkim	43.81	Assam	54.04	Uttarakhand	16.68	Assam	34.06	Sikkim	31.42	Sikkim	53.23	Sikkim	34.94
6	Arunachal Pradesh#	17.96	Arunachal Pradesh#	41.5	Arunachal Pradesh#	12.7	Manipur#	13.17	Manipur#	21.4	Arunachal Pradesh#	37.4	Manipur#	28.75
7	Manipur#	17.13	Manipur#	34.05	Manipur#	11.23	Arunachal Pradesh#	6.83	Arunachal Pradesh#	5.74	Manipur#	3.75	Arunachal Pradesh#	22.56

Union Territories

1	Jammu and Kashmir	27.85	Andaman & Nicobar Islands	55.21	Jammu and Kashmir	11.88	Puducherry	16.16	Lakshadweep #	39.53	Jammu and Kashmir	55.08	Andaman & Nicobar Islands	45.73
2	Andaman & Nicobar Islands	27.15	Lakshadweep#	31.42	Ladakh	11.08	Jammu and Kashmir	13.29	Jammu and Kashmir	36.97	Andaman & Nicobar Islands	54.82	Jammu and Kashmir	39.76
3	Lakshadweep#	18.32	Jammu and Kashmir	23.07	Lakshadweep #	10.36	Andaman & Nicobar Islands	9.09	Dadra & Nagar Haveli and Daman & Diu#	31.69	Ladakh	29.32	Puducherry	29.33
4	Ladakh	16.18	Ladakh	22.21	Puducherry	4.63	Dadra & Nagar Haveli and Daman & Diu#	5.45	Ladakh	25.25	Lakshadweep #	15.18	Lakshadweep #	28.13
5	Puducherry	16.16	Dadra & Nagar Haveli and Daman & Diu#	22.06	Andaman & Nicobar Islands	4.5	Lakshadweep#	3.99	Puducherry	21.49	Puducherry	13.75	Ladakh	27.43
6	Dadra & Nagar Haveli and Daman & Diu#	13.62	Puducherry	9.31	Dadra & Nagar Haveli and Daman & Diu#	0	Ladakh	0	Andaman & Nicobar Islands	20.94	Dadra & Nagar Haveli and Daman & Diu#	8.57	Dadra & Nagar Haveli and Daman & Diu#	24.91
	National Average	43.89		54.29		29.18		37.04		50.96		54.63		47.51

Source: Report titled “Status of Devolution to Panchayats in States - An Indicative Evidence-Based Ranking, 2024”

Note: #States for which previous data is used.

*Provisions of Part IX (Panchayat) do not apply to these states.

** *Panchayats* are not operational in these UT.