

GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
LOK SABHA
UNSTARRED QUESTION NO. 2731
ANSWERED ON 16.12.2025

FUNCTIONING OF PANCHAYATS

†2731. SHRI NARAYAN DAS AHIRWAR:

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) whether the panchayats have adequate and independent financial resources to carry out their functions or are they primarily dependent on Government grants;
- (b) whether all the State Governments have fully transferred all the subjects listed in the 11th Schedule of the Constitution to the Panchayats, if not, the reasons therefor;
- (c) the steps being taken by the Government to provide trained staff, office buildings and basic facilities like internet for the effective functioning of the Panchayats; and
- (d) whether any special campaign is being run by the Government to increase awareness among the people at the local level about the rights and importance of the Panchayati Raj?

ANSWER

THE MINISTER OF PANCHAYATI RAJ

(SHRI RAJIV RANJAN SINGH ALIAS LALAN SINGH)

(a): Panchayat, being a “Local Government”, is a State subject and part of the State List of the 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. 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.

Despite this enabling framework, Panchayats across many States continue to face significant challenges in mobilising adequate and independent financial resources, owing to restrictive State-level authorisations, outdated tax assessment systems, limited administrative capacity, and low levels of taxpayer compliance. As a result, panchayats remain heavily dependent on State and Central Government grants, including grants recommended by Finance Commissions under Articles 243I and 280 of the Constitution of India. This has also been highlighted in multiple studies and Committee Reports e.g. Expert Committee on Own Source Revenue (OSR) of Rural Local Bodies (2022) and the National Institute of Public Finance and

(b): 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 appropriate level, subject to such conditions as may be specified, with respect to the preparation of plans 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 to the Constitution. The State legislatures are to consider the 29 subjects set out in the Eleventh Schedule for devolution of power and responsibilities upon Panchayats. Accordingly, the functioning and autonomy of local Governments depend on the extent of powers and resources devolved to them by the States concerned, which varies across States.

(c): The primary responsibility of providing basic facilities like Panchayat Bhawan, computer and internet connectivity in Panchayats lies with States/UTs. However, the Ministry has been implementing a Centrally Sponsored Scheme of Rashtriya Gram Swaraj Abhiyan (RGSA) with the major objective of Capacity Building & Training (CB&T) of Elected Representatives, Functionaries and other stakeholders of Panchayats across all States/UTs for improving Panchayat Governance. In addition, under the Scheme, the Ministry also supplements the efforts of States/UTs in building Panchayat infrastructure, viz., construction of Panchayat Bhawan and procurement of computers & peripherals, at a limited scale, with particular focus on the North Eastern States.

To enhance internet connectivity, the BharatNet project is being implemented by the Department of Telecommunications (DoT), Government of India in a phased manner to provide high-speed internet connectivity to all GPs and Traditional Local Bodies (TLBs) across the country. Further, the Union Cabinet approved the Amended BharatNet Programme on 04.08.2023. This includes upgradation of the existing networks under Phase-I and Phase-II of BharatNet and extending connectivity to the remaining uncovered GPs. Bharat Sanchar Nigam Limited (BSNL) has been nominated as the Project Management Agency for this initiative

(d): The Ministry has been rolling out the People's Plan Campaign as 'Sabki Yojana Sabka Vikas' since 2018 for the preparation of evidence-based, holistic and inclusive Development Plans at the grassroots level in a structured manner, including Gram/Village Panchayats, Block/Intermediate Panchayats and District Panchayats. The main objective is active participation of Sarpanches, Panchayat members and residents to facilitate the identification of local development issues, needs and priorities, and based on the same thematic Sankalp is taken for the preparation of a comprehensive Gram Panchayat Development Plan, aiming at the saturation of services and infrastructure in all the sectors contained in a particular theme.
