

GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
LOK SABHA
UNSTARRED QUESTION No. 1459
ANSWERED ON 28.07.2026

FUNDS RELEASED UNDER RGSA

1459. SHRI SRIBHARAT MATHUKUMILLI:

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) the details of Own Source Revenue (OSR) generated in Andhra Pradesh along with the funds released under Rashtriya Gram Swaraj Abhiyan (RGSA) Finance Commission Grants and other Centrally Sponsored Schemes during the last three years, district-wise and Gram Panchayat-wise;
- (b) whether the Ministry has assessed the relationship between Panchayats' Own Source Revenue mobilisation and their financial sustainability, if so, the details thereof;
- (c) whether the Government has undertaken any assessment of the impact of the revised Centre-State funding pattern under Centrally Sponsored Schemes on the fiscal capacity of State Governments and Gram Panchayats, if so, the details thereof;
- (d) whether the Government proposes to introduce performance-based incentives or additional assistance for Panchayats demonstrating sustained improvement in Own Source Revenue mobilisation, digital governance and financial management, if so, the details thereof; and
- (e) the measures being taken to strengthen the revenue-generating capacity of Gram Panchayats while reducing their dependence on grants?

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. All matters relating to Panchayat including OSR comes within the purview of State.

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. Ministry of Panchayati Raj does not

maintain or monitor the status of Own Source Revenue (OSR) mobilization by Gram Panchayats (GPs) in States, including Andhra Pradesh.

The details of funds released under RGSA to the State of Andhra Pradesh during the last three years is as under:

(Rs. in crore)

2023-24	2024-25	2025-26
0.00*	2.52	35.00

Note: Funds under the Revamped RGSA are released State/UT-wise, not District/GP-wise.

*No funds were released to the State of Andhra Pradesh in FY 2023-24, as the State had an unspent balance of Rs. 64.70 crore.

The details of grants released under 15th Finance Commission to Rural Local Bodies in the State of Andhra Pradesh during the last three years is as under:

(Rs. in crore)

2023-24	2024-25	2025-26
1997.45	2109.97	2053.81

Note: Grants under 15th Finance Commission are released State-wise, not District/GP-wise.

(b): The Ministry of Panchayati Raj has conducted two studies on Panchayats' Own Source Revenue (OSR) mobilization—one by National Institute of Public Finance and Policy (NIPFP) in 2022 and the other by National Council of Applied Economic Research (NCAER) in 2025. Both studies underscore the need to augment OSR in order to strengthen Panchayats' financial autonomy, efficiency, and accountability.

In 2022, the Ministry constituted an Expert Committee on OSR of Rural Local Bodies to review the existing status and recommend measures for enhancing their financial position. The Committee's report highlights that OSR currently accounts for only 6–8 per cent of Panchayats' total expenditure. Moreover, despite being legally empowered to levy and collect various taxes and fees, many Panchayats are unable to effectively mobilize these revenues due to unclear statutory or administrative provisions, limited capacity, and weak enforcement mechanisms.

(c): The Ministry of Panchayati Raj has been implementing the Centrally Sponsored Scheme of Rashtriya Gram Swaraj Abhiyan (RGSA) since the financially year 2022-23 in States/ UTs. The funding pattern for State Components is in the ratio of 60:40 among Centre and States respectively, except North East, Hilly States and Union Territory (UT) of Jammu & Kashmir where Central and State share is in the ration of 90:10. For other UTs, Central share is 100%. No revision in the funding pattern of this Scheme has been made.

(d): No, Sir. However, in order to bolster the financial self-sufficiency of the local bodies and to ensure that States discharge their Constitutional obligations, the Sixteenth Finance Commission (FC-16) has recommended Performance grants subject to the fulfilment of entry-level and qualifying conditions. The amount earmarked as Performance Grants for the FC-16 Award Period (2026-31) is Rs. 87,048 Crore. The Performance grant is divided into two components namely (i) Rural Local Bodies (RLB) Performance component (Rs. 43,524 Crore)(ii) State Performance component (Rs. 43,524 Crore).

(e): The Ministry of Panchayati Raj has undertaken the following measures:-

(i) The Ministry of Panchayati Raj, in collaboration with Indian Institute of Management (IIM) Ahmedabad, has 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. As on 10.07.2026, under the Rashtriya Gram Swaraj Abhiyan (RGSA), a total of 2,75,893 participants have been trained through the Specialised Module on Own Source Revenue (OSR).

(ii) In 2025, the Ministry of Panchayati Raj has launched the Atma Nirbhar Panchayat Special Award (ANPSA) to promote Atmanirbharta through the augmentation of Own Source Revenue (OSR) by Panchayats.

(iii) The Ministry of Panchayati Raj (MoPR) has also developed the “SAMARTH Panchayat portal”, a dedicated digital platform that facilitates the generation of tax & non-tax demands and collection thereof, maintenance of tax registers, and online tracking of revenue.

(iv) The implementation of the SVAMITVA (Survey of Villages Abadi and Mapping with Improved Technology in Village Areas) Scheme, launched in April, 2020, lays a robust foundation for the growth of property taxes in rural areas, ultimately leading to enhanced OSR generation and improved financial self-sufficiency for Rural Local Bodies (RLBs).
