

GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
LOK SABHA
UNSTARRED QUESTION NO- 1601
ANSWERED ON- 28.07.2026

FUNDS TO PANCHAYATI RAJ INSTITUTION

1601. DR. MALLU RAVI:

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

(a) whether the Government has reviewed the status of devolution of Funds, Functions and Functionaries (3Fs) to Panchayati Raj Institutions in view of the findings of the latest Devolution Index and Panchayat Advancement Index (PAI) 2.0;

(b) whether the Government has assessed the reasons for inadequate functional and fiscal devolution, delays in State Finance Commission recommendations and weak Gram Sabha participation in several States, including Telangana;

(c) whether the Government has examined the impact of these gaps on local planning, implementation of Centrally Sponsored Schemes and achievement of Sustainable Development Goals; and

(d) whether the Government proposes to introduce performance-linked incentives and a national framework for strengthening fiscal decentralisation, digital governance and accountability of Panchayati Raj Institutions, if so, the details thereof?

ANSWER

THE MINISTER OF PANCHAYATI RAJ

(SHRI RAJIV RANJAN SINGH ALIAS LALAN SINGH)

(a) & (b) “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. States have made their own Panchayati Raj Act, subject to the provisions of the Constitution.

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 of Panchayati Raj 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 (UTs) covered under Part-IX of the Constitution of India, 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**.

Further, this Ministry has also developed the Panchayat Advancement Index (PAI) as a composite assessment framework to measure the performance of Gram Panchayats/Equivalent across nine themes aligned with the Localization of Sustainable Development Goals (LSDGs). Under PAI, Panchayats are assigned scores for each of these nine themes, along with an overall/composite score. The Index intends to support the Gram Panchayat in the preparation of an evidence-based plan by formulating local actions through the convergence of funds & schemes.

The Ministry has also released the "Report on Datasets for State Finance Commissions" wherein it has been highlighted that limited availability of disaggregated local-level data, fragmented data systems which impede evidence-based fiscal analysis, lack of consolidated accounts etc. contribute to delays in the formulation of State Finance Commission recommendations.

This Ministry has also released a "National Study Report on Low Participation in Gram Sabha across States and Union Territories". This report highlights several systemic and operational bottlenecks contributing to low turnout, including livelihood and occupational constraints, lack of prior publicity, inconvenient scheduling, inadequate representation of women and marginalized communities etc.

(c) Yes, Sir. This Ministry has undertaken an assessment of the impact of institutional and capacity gaps on local planning, implementation of Centrally Sponsored Schemes and the achievement of Sustainable Development Goals (SDGs) through an independent third-party evaluation of the Centrally Sponsored Scheme of Revamped Rashtriya Gram Swaraj Abhiyan (RGSA), conducted by the Institute of Rural Management Anand (IRMA). The evaluation assessed the design, implementation strategies, outcomes, and impact of capacity-building interventions undertaken for Panchayati Raj Institutions (PRIs). The findings indicate that structured, multi-layered capacity-building interventions, including classroom and thematic training, exposure visits and digital learning, have significantly enhanced the capacities of PRIs in Gram Panchayat Development Plan (GPD) preparation, implementation of Centrally Sponsored Schemes, digital governance, financial management and citizen participation.

(d) Yes, Sir. The 16th Finance Commission (Financial Year 2026-27 to 2030--31) has recommended 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.

To strengthen fiscal decentralisation, digital governance and accountability of Panchayati Raj Institutions, the Ministry has implemented the e-Panchayat Mission Mode Project

(MMP) under Revamped RGSA, which has significantly enhanced transparency, efficiency, and governance at the grassroots level. The eGramSwaraj application, developed as part of the e-Panchayat MMP, 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 Ministry has strengthened the e-GramSwaraj platform through integration with other national digital platforms. Integration with the Government e-Marketplace (GeM) facilitates transparent, efficient and rule-based procurement by Gram Panchayats.

Further, 'AuditOnline', an application has been developed for online audits of Panchayat accounts and their financial management. AuditOnline for transparent auditing of Central Finance Commission funds utilization to strengthen financial management of Panchayats launched in April 2020.

Furthermore, applications developed by the Ministry like Meri Panchayat have endeavoured to bring transparency in Panchayat Governance by making information on planning, activities and progress of works in Panchayat accessible to public. Similarly, Panchayat NIRNAY is an online application that aims at bringing transparency and better management in conduct of Gram Sabhas by Panchayats.

ANNEXURE-I

Annexure referred to in reply to part (a) &(b) of Lok Sabha Unstarred Question No. 1601 for answer on 28.07.2026

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

Rank	DI		Framework		Functions		Finances		Functionaries		Capacity Building		Accountability	
	State	Score	State	Score	State	Score	State	Score	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	62.3	Madhya	39.4	Bihar	43.8	Rajasthan	64.0	West	70.6	Odisha	51.92

	a		Bengal		Pradesh	7		6		3	Bengal	3		
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	17.9	Arunachal	41.5	Arunachal	12.7	Manipur#	13.1	Manipur#	21.4	Arunachal	37.4	Manipur#	28.7

	Pradesh#	6	Pradesh#		Pradesh#			7			Pradesh#			5
7	Manipur#	17.1 3	Manipur#	34.0 5	Manipur#	11.2 3	Arunachal Pradesh#	6.83	Arunachal Pradesh#	5.74	Manipur#	3.75	Arunachal Pradesh#	22.5 6
Union Territories														
1	Jammu and Kashmir	27.8 5	Andaman & Nicobar Islands	55.2 1	Jammu and Kashmir	11.8 8	Puducherry	16.1 6	Lakshadweep#	39.5 3	Jammu and Kashmir	55.0 8	Andaman & Nicobar Islands	45.7 3
2	Andaman & Nicobar Islands	27.1 5	Lakshadweep#	31.4 2	Ladakh	11.0 8	Jammu and Kashmir	13.2 9	Jammu and Kashmir	36.9 7	Andaman & Nicobar Islands	54.8 2	Jammu and Kashmir	39.7 6
3	Lakshadweep#	18.3 2	Jammu and Kashmir	23.0 7	Lakshadweep#	10.3 6	Andaman & Nicobar Islands	9.09	Dadra & Nagar Haveli and Daman & Diu#	31.6 9	Ladakh	29.3 2	Puducherry	29.3 3
4	Ladakh	16.1 8	Ladakh	22.2 1	Puducherry	4.63	Dadra & Nagar Haveli and Daman & Diu#	5.45	Ladakh	25.2 5	Lakshadweep#	15.1 8	Lakshadweep#	28.1 3
5	Puducherry	16.1 6	Dadra & Nagar Haveli and Daman & Diu#	22.0 6	Andaman & Nicobar Islands	4.5	Lakshadweep#	3.99	Puducherry	21.4 9	Puducherry	13.7 5	Ladakh	27.4 3
6	Dadra & Nagar Haveli and Daman & Diu#	13.6 2	Puducherry	9.31	Dadra & Nagar Haveli and Daman & Diu#	0	Ladakh	0	Andaman & Nicobar Islands	20.9 4	Dadra & Nagar Haveli and Daman & Diu#	8.57	Dadra & Nagar Haveli and Daman & Diu#	24.9 1
	National	43.8		54.2		29.1		37.0		50.9		54.6		47.5

	Average	9		9		8		4		6		3		1
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Source: Report titled “Status of Devolution to Panchayats in States - An Indicative Evidence-Based Ranking, 2024”

Note: #States for which previous data is used.