



LOK SABHA SECRETARIAT
STANDING COMMITTEE ON RURAL DEVELOPMENT AND PANCHAYATI RAJ
P R E S S R E L A S E
(29 July 2025)

Shri Ramashankar Rajbhar, M.P., Member, Standing Committee on Rural Development and Panchayati Raj (2024-25) presented to Lok Sabha today the Fifteenth Report of the Standing Committee on Rural Development and Panchayati Raj on 'Devolution of Funds under Panchayati Raj System' of the Ministry of Panchayati Raj. Some of the important recommendations contained in the Reports are as follows:

<u>Fifteenth Report (Ministry of Panchayati Raj)</u>		
1.	Re-structuring of Tied and Untied Grants	The Committee recommended that MoPR should work out a mechanism for reallocation of grants between Tied and Untied for optimum utilization of allocated funds upon saturation of one service area to achieve the development goals. (Rec. No. 1)
2.	Constitution of State Finance Commission	Since the regular constitution of SFC is necessary for the devolution of funds to PRIs from State finances, the Committee recommended that MoPR should take up this matter at the highest level and impress upon the State Governments to constitute SFCs regularly without any delay so that the flow of central grants is not stopped or minimised. The Committee also recommended that MoPR should prevail over the State Governments and ensure that a uniform, simple and easy format is prepared for SFCs report and if need be, to provide training to SFC members and Panchayat officials in this regard. (Rec. No. 5)
3.	Strengthening District Planning Committees	The Committee recommended that the MoPR, in consultation with State Planning Departments and NITI

	for Effective Decentralised Development	Aayog, should develop a model framework for participatory district planning, including standardised formats, digital tools, and timelines for submission and review. To incentivise meaningful decentralised planning, a portion of central and state scheme allocations should be linked to DPC-vetted plans that demonstrate convergence, local relevance, and accountability. (Rec. No. 8)
4.	Declining Allocation of Funds to Panchayati Raj Institutions: Need for Reversal and Strengthening Fiscal Decentralisation	The Committee recommended that the MoPR, in consultation with the Ministry of Finance and the Fifteenth Finance Commission, take urgent steps to reverse this trend and ensure that adequate, untied, and performance-linked resources are allocated to PRIs. Additionally, mechanisms should be developed to ring-fence PRI funds, prevent diversion by state departments, and promote transparency in inter-tier fiscal transfers. (Rec. No. 10)