

**GOVERNMENT OF INDIA  
PANCHAYATI RAJ  
LOK SABHA**

UNSTARRED QUESTION NO:1348

ANSWERED ON:17.08.2012

UTILIZATION OF FUNDS UNDER BRGF

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

(a) whether the Government has assessed the utilisation of funds, allocated/released to Panchayati Raj Institutions (PRIs) under Backward Regions Grant Fund (BRGF) Programme and other schemes during the last three years;

(b) if so, the details thereof, Scheme-wise and State/UT-wise;

(c) the reasons for poor utilisation of funds by some States/UTs and remedial measures taken by the Government to ensure optimum utilisation of funds by them;

(d) the measures taken by the Government in removal of backwardness of districts in backward regions and for ensuring balanced development of villages along with success achieved therefrom;

(e) the details of funds allocated/sanctioned and released to PRIs under BRGF and other schemes during the current year, State/UT-wise and scheme-wise; and

(f) the measures taken by the Government for timely allocation and release of BRGF grants including fixing of any time-frame for the same ?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF PANCHAYATI RAJ (SHRI V. KISHORE CHANDRA DEO)

(a) & (b): The Ministry of Panchayati Raj(MoPR) implements the Backward Regions Grant Fund (BRGF) in 272 identified backward districts. The State-wise details of funds allocated and released under the BRGF are at Annex-I. MoPR also implements a few other schemes for building capacity of Panchayats including Rashtriya Gram Swaraj Yojana (RGSY), Mission Mode Project on e-Panchayat, Panchayat Empowerment and Accountability Incentive Schemes (PEAIS) and Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA). Details of funds allocated and released under these schemes are at Annex-II. Utilization of funds released under the different schemes is continuously monitored while making fresh releases.

(c): Some States have not claimed their full entitlement under BRGF due to the slow pace of implementation of the scheme in those States. Reasons for the same include delay in transfer of funds by the State Governments to the Implementing Entities (IEs), less absorptive capacity by the Local Bodies and lack of proper programme management at the State/District level. The MoPR has streamlined the release procedure under BRGF. Funds are released in two installments of 90% and 10% respectively. The first installment is released after deducting the unspent balance and second installment after the district has achieved 60% utilization of the available funds. In this way, the districts have a steady flow of funds to undertake projects. At the same time, excess funds are not released. The Ministry of Panchayati Raj undertakes constant and regular follow up with the States for submission of proposals for release of funds. BRGF districts have also been facilitated in preparing participatory plans by commissioning the services of Technical Support Institutions (TSIs). In case the States delay the transfer of funds to the IEs, they are required to pay penal interest.

(d): Under the Backward Regions Grant Fund, untied funds are given to Panchayats and Urban Local Bodies for filling critical gaps in the development of 272 identified backward districts. An independent evaluation of BRGF by the World Bank in 2009 showed that Local Bodies are able to effectively deploy BRGF funds to address local felt needs. The funds are allocated/sanctioned and released to the State Governments to be transferred to the Implementing Entities (IEs) in BRGF districts. Under the BRGF guidelines, the State Governments have to decide the formula by which the district entitlement is to be allocated to the Local Bodies at different levels to address backwardness.

(e): The details of funds allocated / sanctioned and released to PRIs under BRGF and other schemes during the current year, State/UT-wise and scheme-wise figure in Annexure I & II.

(f): Under the BRGF guidelines, State Governments are required to transfer the BRGF funds to the IEs within 15 days of the release of funds to the State Consolidated Fund. In case of delay, State Governments are required to pay penal interest. MoPR processes BRGF proposals immediately upon receipt of the Action Plan along with supporting documents such as audit reports, physical and financial progress reports and utilization certificates.