

**GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA**

UNSTARRED QUESTION NO:3342

ANSWERED ON:30.08.2013

CRITERIA FOR ALLOCATION OF FUNDS TO PANCHAYATS

Choudhary Shri Nikhil Kumar;Mahendrasinh Shri Chauhan

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) the criteria for allocation of funds to gram panchayats;
- (b) whether the Union Government has consulted the State Governments in this regard; and
- (c) if so, the details thereof?

Answer

MINISTER OF PANCHAYATI RAJ (SHRI V. KISHORE CHANDRA DEO)

(a) to (c): No funds are allocated directly to the Gram Panchayats under any scheme/programme administered by the Ministry of Panchayati Raj. However, under the District component of Backward Regions Grant Fund (BRGF) scheme funds are provided to 272 identified backward districts, through the State Governments, for supplementing and converging existing developmental inflows with a view to bridge critical gaps in local infrastructure and other development requirements.

The funds under this scheme are distributed among the identified districts in the following manner:

- (a) Every district receives a fixed minimum amount of Rs.10 crore per annum.
- (b) 50% of the balance allocation under the Scheme is allocated on the basis of the share of the population of the district in the total population of all backward districts.
- (c) The remaining 50% is distributed on the basis of the share of the area of the district in the total area of all backward districts.

Each State decides the normative formula to be used for the allocation of BRGF funds to Panchayats and Urban Local Bodies, excluding capital cities/cities with a population of 1million and more.

Under the Rajiv Gandhi Panchayat Sashaktikaran Abhiyan(RGPSA), there is provision for providing funds to States for Panchayats that have a low revenue base. The criteria regarding the same are defined by States. Funds are also provided for award winning Panchayats as per criteria defined by States.

Further, grants recommended by Thirteenth Finance Commission are released to rural local bodies, through the State Governments as Basic Grants and Performance Grants, by the Ministry of Finance. These Grants have been recommended for both General Areas and Special Areas covered under Schedule V and VI of the Constitution and the areas exempted from the purview of Parts IX and IXA of the Constitution. The Ministry of Panchayati Raj monitors the release of these Grants on fulfilment of the following stipulated conditions as laid down in the guidelines framed by the Ministry of Finance

- (i) For Basic Grants – Having elected Panchayats in place and submission of Utilisation certificates for the previous instalment drawn;
- (ii) For Performance Grants – Over and above the conditions stipulated for release of Basic Grants, States are also required to fulfil the following six conditions which include reforms related to budget and accounts; technical guidance and supervision by the C&AG for audit of Local Bodies; transfer of funds to Panchayats within 5/10 days; appointment of Ombudsman/ Lokayukta to look into the complaints of corruption and mal-administration against the functionaries of local bodies both elected and officials and recommend suitable action; prescribing eligibility qualifications for appointment as members of State Finance Commission and empowering Panchayats to levy property tax.