

**GOVERNMENT OF INDIA  
PANCHAYATI RAJ  
LOK SABHA**

UNSTARRED QUESTION NO:3907  
ANSWERED ON:19.03.2015  
FINANCIAL POWERS TO PANCHAYATS  
Hansdak Shri Vijay Kumar

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

- (a) whether the Union Government proposes to give more financial powers to the panchayats in the country;
- (b) if so, the details thereof;
- (c) whether the said proposal will benefit the living standard of the people of rural areas; and
- (d) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF PANCHAYATI RAJ (SHRI NIHAL CHAND)

(a) to (d): Article 243H of the Constitution of India provides that the Legislature of a State may, by law, authorize a Panchayat to levy, collect and appropriate taxes, duties, tolls and fees in accordance with such procedure and subject to such limits as may be specified in law. The State may also assign to a Panchayat such taxes, duties, tolls and fees collected by the State for specific purposes and subject to certain conditions.

However, the Fourteenth Finance Commission has recommended devolution of grants to the tune of Rs. 2,00,292.20 crores to Gram Panchayats for the award period 2015-20 to ensure stable flow of resources at regular intervals which will augment resources available with them to discharge their statutorily assigned functions. The grants are intended to be used to improve the status of basic services including water supply, sanitation including septage management, sewerage and solid waste management, storm water drainage, maintenance of community assets, maintenance of roads, footpaths and street- lighting, and burial and cremation grounds. Further, the Commission has also recommended certain measures to be taken by the State Governments to enhance own resource base of the panchayats. The recommendations are expected to improve the living conditions of the people in the rural areas as these relate to the provision of basic services and other essential infrastructure for the people in the villages.