

**GOVERNMENT OF INDIA  
PANCHAYATI RAJ  
LOK SABHA**

UNSTARRED QUESTION NO:2943

ANSWERED ON:06.08.2015

Income of Village Panchayats

Vichare Shri Rajan Baburao

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

- a) the plans to increase the sources of income of the village Panchayats in the country including Madhya Pradesh;
- (b) whether the Union Government is aware of the fact that rural development has stopped after implementation of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS); and
- (c) if so, the manner in which Panchayati Raj Institutions would be strengthened?

**Answer**

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

(a): Article 243H of the Constitution of the India bestows upon the Legislature of State the powers to 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. However, the Fourteenth Finance Commission has recommended devolution of grants to the tune of Rs. 2,00,292.20 crore 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, etc. The State of Madhya Pradesh has been allocated grants to the tune of Rs.13, 556.36 crore during the award period. The Commission has also recommended certain measures to be taken by the State Governments to enhance the own resource base of the panchayats.

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(b): The objective of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is to bring about overall improvement in the quality of life in rural areas through guaranteed employment generation and development of rural infrastructure. The provisions of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) are effected through schemes formulated by States under the Act. Details of works taken up/works completed for rural development since inception of MGNREGS are given as Annexure-I.

(c): Panchayats have been given a pivotal role in the planning and implementation of projects under MGNREGA. The Act provides that Gram Panchayats shall be responsible for identification of projects in the Gram Panchayat area to be taken up under the scheme as per the recommendations of the Gram Sabha and Ward Sabhas and the Panchayats at district, intermediate and village levels shall be the principal authorities for planning and implementation of the schemes made under the Act. MGNREGA further mandates that at least 50% of the works in terms of cost to be implemented shall be allotted through Gram Panchayats. Further, the centrally sponsored scheme of Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA) was launched for strengthening the Panchayati Raj system across the country during the 12th five year plan. The scheme provided financial support to the States for need based activities including engaging administrative and technical staff, construction of Gram Panchayat bhawans, training and creation of training infrastructure for elected representatives and functionaries of Panchayats, e-enablement of Panchayats, special support for Panchayat process, etc., for strengthening of Panchayats. The financial assistance provided to state annual plans under RGPSA scheme during last three years is given in Annexure-II. The State component of the Scheme of RGPSA has been transferred to States w.e.f the financial year 2015-16.