

**GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA**

UNSTARRED QUESTION NO:2247

ANSWERED ON:10.03.2016

Allocation of Grants to PRIs

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Bhaurao;Puttaraju Shri C.S.

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) the salient features of the recommendations made by the Fourteenth Finance Commission for allocation of grants to various States with regard to the Panchayati Raj Institutions (PRIs);
- (b) whether such grants have now been curtailed or any tier of PRIs such as intermediate/district levels has been excluded from such grants as a result of implementation of these recommendations;
- (c) if so, the details and the objectives thereof;
- (d) the reaction of the Government thereto along with the implementation status of the said recommendations for PRIs;
- (e) whether the Government proposes to review these issues in consultation with various State Governments and ensure allocation of grants up to Panchayat level and if so, the details thereof; and
- (f) whether the Government has any data regarding the total number of PRIs in the country and if so, the details thereof, State/UT-wise?

Answer

MINISTER OF STATE FOR PANCHAYATI RAJ
(SHRI NIHAL CHAND)

(a) to (c): The Fourteenth Finance Commission (FFC) has recommended grants to the tune of Rs. 2,00,292.20 crore for the award period from 2015 to 2020 to Gram Panchayats constituted under Part IX of the Constitution, for delivering basic services, technical & administrative support towards operations and maintenance, creation of reliable data base of local bodies' receipts & expenditure through audited accounts and for improvement of own source revenue of the Gram Panchayats. The Commission has recommended that these grants should go only to

Gram Panchayats as they are directly responsible for delivery of basic services without any share for other levels.

(d) : The recommendations of the FFC have been accepted in toto by the Government and are under implementation. The grants are allocated and released to various States by the Ministry of Finance (Department of Expenditure) in accordance with the guidelines issued by that Ministry. A statement showing State-wise total allocation of the grants to Rural Local Bodies for the financial year 2015-16 and total amount released by Ministry of Finance as on 02.03.2016 is attached as Annexe-I.

(e) : All the three tiers of Panchayats receive funds from various sources including awards of the Union Finance Commission, State Finance Commissions (SFCs), programmes of Union and State Governments. These Panchayats are also mandated under various laws to generate their own resources through various tax/non-tax measures. Thus the grants received through the Union Finance Commission award are merely an additionality, as the States also have to provide sufficient resources to the Panchayats. The Finance Commission have inter alia also observed that "the State Governments are expected to take care of the needs of the Taluk and Zila Panchayats and it is incumbent upon the State Governments to utilise the enhanced fiscal space made available to the States by the FFC on account of higher devolution from 32% to 42% of the Centre's net tax receipts". The Ministry of Panchayati Raj has already reiterated the recommendations of the FFC to the State Governments for providing adequate funds to other two levels of Panchayats.

(f): As per information received from the States there are 248255 Gram Panchayats, 6618 Intermediate Panchayats and 618 Zila Panchayats in the country. The number of PRIs keeps on changing due to delimitation of boundaries of Panchayats by the States/UTs. The status of number of PRIs State/UT-wise is given as Annexe-II.
