STANDING COMMITTEE ON RURAL DEVELOPMENT AND PANCHAYATI RAJ (2024-25)

13

EIGHTEENTH LOK SABHA

MINISTRY OF PANCHAYATI RAJ

[Action taken on the recommendations contained in the Third Report (Eighteenth Lok Sabha) on 'Demands for Grants (2024-25) of the Ministry of Panchayati Raj']

THIRTEENTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT

NEW DELHI

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[Action taken on the recommendations contained in the Third Report (Eighteenth Lok Sabha) on 'Demands for Grants (2024-25) of the Ministry of Panchayati Raj']

Presented to Lok Sabha on 24.07.2025

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LOK SABHA SECRETARIAT
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Shri Saptagiri Sankar Ulaka --   *Chairperson*

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5. Shri Vijay Kumar Dubey
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16. Shri Ramashankar Rajbhar
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18. Shri Parshottambhai Rupala
19. Shri Devendra Singh *alias* Bhole Singh
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21. Shri Vivek Thakur

Rajya Sabha Members

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30. ---Vacant---
31. ---*Vacant*---

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2. Shri V.K. Shailon   -   Director
3. Shri L. Singson   -   Deputy Secretary
4. Shri Sushil Kumar   -   Executive Officer

INTRODUCTION

I, the Chairperson of the Standing Committee on Rural Development & Panchayati Raj (2024-2025) having been authorised by the Committee to present the Report on their behalf, present the 13th Report on the action taken by the Government on the recommendations contained in the Third Report (18th Lok Sabha) of the Standing Committee on Rural Development & Panchayati Raj on 'Demands for Grants (2024-25) of the Ministry of Panchayati Raj'.

2.   The Third Report was presented to the Lok Sabha on 12.12.2024 and was laid on the Table of Rajya Sabha on 12.12.2024. Replies of the Government to all the recommendations contained in the Report were received on 15.03.2025.

3.   The Report was considered and adopted by the Committee at their sitting held on 01.07.2025.

4.   An analysis of the action taken by the Government on the recommendations contained in the Third Report (18th Lok Sabha) of the Committee is given in **Appendix-II**.

NEW DELHI   SAPTAGIRI SANKAR ULAKA
<u>21 July, 2025</u>   Chairperson
30 Ashadha, 1947 (Saka)   Standing Committee on Rural Development & Panchayati Raj

CHAPTER I

REPORT

This Report of the Standing Committee on Rural Development and Panchayati Raj (2024-25) deals with the action taken by the Government on the Observations/ Recommendations contained in their Third Report (Eighteenth Lok Sabha) on 'Demands for Grants' (2024-25) pertaining to Ministry of Panchayati Raj'.

1.2 The Third Report was presented to Lok Sabha on 12th December 2024 and was laid on the Table of Rajya Sabha on 12th December 2024. The Report contained 09 Observations/ Recommendations.

1.3 Action Taken Notes in respect of all the Observations/Recommendations contained in the Report have been received from the Government. These have been examined and categorized as follows:

(i) Observations/Recommendations which have been accepted by the Government:

Serial Nos. 1, 2, 5, 6

<div align="right">

Total: 04

Chapter II
</div>

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of replies of the Government: NIL

<div align="right">

Total: NIL

Chapter III
</div>

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:

Serial Nos. 3, 4, 7, 8 & 9

<div align="right">

Total: 05

Chapter IV
</div>

(iv) Observations/Recommendations in respect of which final replies of the Government are still awaited: NIL

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Total: NIL

Chapter V
</div>

1.4   The Committee trust that utmost importance will be given to the implementation of the recommendations accepted by the Government. In case where it is not possible for any reasons to implement the recommendations in letter and spirit, the matter shall be reported to the Committee with reasons for non-implementation. The Committee desire that Final Action Taken Notes on the Observations/ Recommendations contained in Chapter I of this Report may be furnished to the Committee within three months of the presentation of this Report.

1.5   The Committee will now deal with action taken by the Government on some of their Observations/Recommendations that require reiteration or merit comments.

I.   **Recommendation (Serial No. 3)**

e-GramSwaraj

1.6   With regard to e-GramSwaraj, the Committee had recommended as under:

> "The committee is of the view that e-GramSwaraj application has been developed under e-panchayat Mission Mode Project (MMP) with an aim for tracking every expenditure incurred for each of the activities proposed under the Gram Panchayat Development Plans (GPDPs). During the evidence, the Ministry apprised the Committee that two apps viz. Meri Panchayat Application and Panchayat NIRNAY, respectively, have already been launched. The Meri Panchayat Application app provides updates on demography, elected representatives, panchayat officials, funds received, income and expenditure, bank accounts and bank statements etc. Whereas the Panchayat NIRNAY is a user- friendly app to record meetings of Gram Sabha, scheduled meetings, uploading of meeting agenda, capture meeting photos and uploading, GPS location of venue etc. The Committee further note that so far more than 50 lakh downloads have been made from Meri Panchayat app. The committee feel that this is a useful app to obtain real time information on the various aspects of the functioning of PRIs, but at the same time the Committee are of the view that unless and until all villages have Panchayat Bhawans with internet facilities, the e-GramSwaraj application would not serve its purpose being implemented by the Government. The Committee therefore strongly recommend that Government should make adequate budgetary provisions for construction of Panchayat Bhawan in such villages with internet facilities working on ground with complete gadgets and adequate staff to run them."

II.   **Recommendation (Serial No. 4)**

Shortage of Panchayat Bhawans and Computers

1.7   Regarding Shortage of Panchayat Bhawans and Computers, the Committee had recommended as under:

> "The Committee observe the significant progress made in the construction of Panchayat Bhawans and equipping Gram Panchayats with computers, but the Committee also noted that out of a total of 2,68,938 Gram Panchayats (GPs) and

Traditional Local Bodies (TLBs), only 2,29,958 have Panchayat Bhawans, leaving a considerable gap. Additionally, while 2,13,140 Panchayats are equipped with computers, several States still lack sufficient digital infrastructure, which could hinder the implementation of e-Governance initiatives and real-time monitoring systems such as e-GramSwaraj. This variation impacts the overall efficiency and digital enablement of Panchayats. The Committee strongly recommend that MoPR should introduce targeted schemes and adequate financial assistance for lagging States to accelerate the construction of Panchayat Bhawans and digitalization projects."

1.8   In regard to the above recommendations of the Committee, the Ministry of Panchayati Raj in their action taken reply have stated as below:

"1. Panchayat being State subject, providing Panchayat infrastructure viz. Gram Panchayat Bhawan and procurement of computer is primarily the responsibility of States. However, under the revamped Rashtriya Gram Swaraj Abhiyan (RGSA), Ministry supplements the efforts of States/UTs with focus on NE States, by providing construction of Gram Panchayat Bhawan, co-location of Common Service Centre (CSC) and procurement of computer as proposed by States/UTs in their Annual Action Plan and approved by Central Empowered Committee (CEC) on a limited scale.

2. Almost all the Panchayats have internet facility, being provided by BSNL and other private internet service providers, as all the Gram Panchayats have been using eGramSwaraj Portal for fund management and also for preparation of plans. Panchayats can utilize the XVFC grant or any other source of revenue available with them for payment for internet services.

3. Further, it is important to highlight that the Ministry has already taken significant steps during the current financial year for improving infrastructure in GPs. To ensure that all GPs with a population of more than 3000 persons have a Gram Panchayat building, the Ministry has provided funds for construction of 3301 Gram Panchayat Bhawan (GPB) along with CSC Co-location in Gram Panchayats. A total of 3,929 Gram Panchayat Bhawans and the procurement of 15,454 computers have been approved, as proposed by the States/ UTs in their respective Annual Action Plans of RGSA. Also, procurement of 20164 computers has been approved for 7 States (Andhra Pradesh, Chhattisgarh, Haryana, Punjab, Tamil Nadu, Telangana, Uttarakhand) to saturate the requirement of computers in the Gram Panchayat in these States and also approved 2000 computers to the State of Bihar. In addition to above, the eGramSwaraj portal of this Ministry has been integrated with the BSNL portal to facilitate panchayats across the nation to apply for a new internet connection and payment of monthly bills."

Further Observations/Comments of the Committee

1.9   The Committee note that the Ministry in their reply have stated that providing Panchayats infrastructure like Panchayats Bhawan and procurement of computers is primary responsibility of States/UTs. The Committee in their recommendations have

emphasized the need for accelerating construction of Panchayats Bhawans in every Gram Panchayats and equipped them with computers/internet facilities by making adequate budgetary provisions and also introducing targeted scheme and additional financial assistance for lagging States. The Committee are also seriously concerned about shortage of 38,980 Panchayats Bhawans and 55798 Computers in GPs in the country. The Ministry in its reply have stated that a total of 3929 GP Bhawans and the procurement of 15,454 computers have been approved. Further, the Ministry stated that 20164 computers have also been approved for 7 States (Andhra Pradesh, Chhattisgarh, Haryana, Punjab, Tamil Nadu, Telangana, Uttarakhand) and 2000 computers for Bihar to meet the requirement of computers in these States. However, the Committee note that the Ministry have not outlined any specific time bound roadmap for construction of Panchayat Bhawans and providing computers and internet facilities to all the GPs in the Country. The Committee opine that computers are pre-requisites even for using e-Gram Swaraj application launched by the Ministry and for uploading of Gram Panchayat Development Plans. Therefore, the Committee reiterate their recommendations that the Ministry in coordination with States Governments/UTs should prepare a roadmap and take sincere and concrete steps for speedy construction of Panchayat Bhawans equipped with computers and internet facilities in all GPs in the country in a time bound manner. The progress of the said work may also be assessed from time to time and Committee be informed accordingly. The Committee also desire that the status of construction of 3929 GP Bhawans and 35618 computers already approved for procurement and installation be furnished to the Committee for information. Further, Government must chalk out concrete plan for providing Panchayat Bhawans and Computers in all Panchayats in a fixed time frame work so as to provide benefits to all residents living in rural areas.

III.   **(Recommendation (Serial No. 7)**

Implementation of PESA Rules

1.10   Regarding Implementation of PESA Rules, the Committee had recommended as under:

> "The Committee observe that despite the enactment of the Panchayats Extension to the Scheduled Areas (PESA) Act in 1996, it has not been fully implemented in States like Jharkhand and Odisha. Meanwhile the Ministry has developed seven training manuals on the PESA subjects for the first time to support action-oriented capacity building but there are challenges in operationalizing these training manuals in other states. The Committee note that the Ministry has already conducted a series of trainings of State Level Master Trainers on each trainings manual and further 7 trainings have been conducted in the states of Andhra Pradesh, Chhattisgarh, Himachal Pradesh, Madhya Pradesh, Maharashtra, Odisha and Telangana, but the seven PESA states of North-East have been left out. The Committee, therefore, recommend that the Ministry should intensify its advocacy for implementation of these training modules to all PESA States with special focus on seven PESA States of North-East so that the primary goal of ensuring guaranteed delivery of services directly to the doorsteps of rural people in a timely and effective manner."

1.11   In regard to the above recommendations of the Committee, the Ministry of Panchayati Raj in their action taken reply have stated as below:

> "1. The Parliament enacted "The Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996" (PESA), for applicability of provisions of Part-IX of the Constitution with certain exceptions and modifications to Fifth Schedule Areas as per article 243M (4) (b) of the Constitution.
>
> 2. "Scheduled Areas", mentioned in the PESA Act, are those areas which are referred to in clause (1) of Article 244, read with Fifth Schedule, of the Constitution of India. Article 244(1) of the Constitution makes special provisions for the administration of certain areas called "Scheduled Areas" in States other than Assam, Meghalaya, Tripura and Mizoram.
>
> 3. Para-6 of the Fifth Schedule of the Constitution of India provides that "Scheduled Areas" means such areas as the President may by order declare to be Scheduled Areas.
>
> 4. As per data available with the Ministry of Panchayati Raj, the President has declared certain areas as "Scheduled Areas" which falls only in the 10 States viz. Andhra Pradesh, Chhattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan and Telangana. Further, the President has so far not declared any area in the North-Eastern States as "Scheduled Areas", therefore, the PESA Act and the seven training modules are not applicable to any of the North-Eastern States."

Further Observations/Comments of the Committee

1.12   With a view to ensure guaranteed delivery of services directly to the doorsteps of rural people in a timely and effective manner, the Committee had recommended to the Ministry to intensify its advocacy and implementation of training modules to all PESA states and with special focus on seven PESA states of North-East. However, the Ministry in its reply has stated that the PESA Act, 1996 is applicable only in "Schedule Areas" in 10 States which is declared by the President of India under Para-6 of the 5th Schedule of the Constitution of India. The 10 States having "Schedules Areas" under the 5th Schedule of the Constitution are Andhra Pradesh, Chhattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan and Telangana but in the two States of Jharkhand and Odisha the PESA Act, 1996 has not been fully implemented. Further, it has been stated that the President of India has so far not declared any area as "Scheduled Areas" in the North Eastern States and therefore the PESA Act and the seven training modules are not applicable in North-East States. Inspite of this stated position, the Committee noted that the Ministry did not state any information/plan/strategy in place to expedite the implementation of the training modules in all PESA States. The Committee, therefore reiterate its recommendation that the Ministry should intensify its advocacy for implementation of these training modules charting out a proper strategy and by organising extensive series of such trainings for State Level Master Trainers on each training manual on key PESA subjects for effective implementation of PESA Act, 1996 in all "Scheduled Areas" of PESA States including Jharkhand and Odisha, where PESA Act is not fully implemented. The Committee would like to have a separate self-contained note explaining the reasons for not fully implementing the PESA Act in Jharkhand and Odisha States. The Ministry should also set achievable milestones to track the progress in this regard.

IV.   **Non-utilization of Tied and Untied Grant**

(Recommendation (Serial No. 8)

1.13   With regard to non-utilization of tied and untied grant, the Committee had recommended as under:

> "The Committee observe there are substantial unspent balances under tied and untied grants in various States like Uttar Pradesh, Madhya Pradesh and Maharashtra despite large allocations. Non-utilization of allocated funds exacerbates these issues, hindering timely local development projects. States with weaker faulty planning systems face non-implementation and low fund absorption, reflected high unspent balances. The Committee raise concerns about the diversion of funds to non-priority areas, delay in disbursal of funds, lack of transparency, and inadequate planning that undermine the potential of untied grants to address local needs effectively. The Committee recommend streamlining the process for timely fund disbursal and expenditure plans should be aligned with local development priorities. A strong monitoring mechanism should be established to review plans before fund release. Further the Committee also recommend a comprehensive policy framework by the Ministry of Finance and Ministry of Panchayati Raj, with performance-linked incentives and penalties to promote efficient fund utilization wherein States demonstrating effective utilization should be rewarded with additional grants or flexible terms in future allocations."

1.14   In regard to the above recommendations of the Committee, the Ministry of Panchayati Raj in their action taken reply have stated as below:

> "1. Panchayat as a state subject comes within the purview of State Government. However, various initiatives have been taken and various tools have been developed for adequately monitor the functioning of Gram Panchayat. Panchayats / Rural Local Bodies (RLBs) in the States are provided with financial devolution recommended by the Central Finance Commissions. Article 280 of the Constitution of India provides the basis for the Central Finance Commissions to assess the status of finances of the Union, States and their respective local bodies and recommend sharing of taxes as well as grants for various purposes to the States and Local Bodies.
>
> 2. MoPR while recommending XV FC untied grants to the RLBs in a State follow the guidelines stipulated by Ministry of Finance (MoF) enumerated as under:
>   1. RLBs shall be deemed to be eligible for the grants, if they are duly constituted i.e. if duly elected bodies are in place except for States/ Areas where Part IX of the Constitution does not apply. In case, all the bodies are not duly constituted grants shall be released to the State on actual allocation / pro-rata basis for duly constituted only.
>   2. Uploading of GPDPs/BPDPs/ DPDPs of the RLBs for FY under consideration, as the case may be in eGramSwaraj.
>   3. RLBs have to mandatorily onboard on eGramSwaraj – PFMS for XV FC Grants' transactions.
>   4. All RLBs (100%) of RLB's audit of annual accounts for year before previous year are completed on AuditOnline.

5. All RLBs (100%) of RLB's provisional accounts for previous year are available in eGramSwaraj.
6. Unspent Balance of XIV FC Grants with the State should not be more than 10 % of the installment under consideration.
7. At least 50 % of the Untied grants released during the previous year have been utilized (valid only for release of 2nd installment of the FY).
8. All states which have not done so, must constitute State Finance Commission (SFC), act upon their recommendations and lay the explanatory memorandum as to the action taken thereon before the State legislature on or before March 2024. After March 2024, no grants shall be released to State that has not complied with the Constitutional provisions in respect of the SFC and these conditions.

3. Further, the following measures help in strengthening the functioning of 3-tier PRIs:

(i) Timely Fund Disbursal: On receipt of the XV-FC recommended grants from the Union Government the State Governments are required to transfer the same to the panchayats/traditional bodies concerned within 10 working days. Any delay beyond 10 working days the State Government is required to release the grant with interest for the period of delay as per the average effective rate of interest on market borrowings/State Development Loans for the previous year.

(ii) Expenditure Plans aligned with the local development priorities: The Untied grants will be utilized by RLBs for location-specific felt needs, under the twenty-nine subjects enshrined in the Eleventh Schedule of the Constitution, except for salaries and other establishment costs. The tied grants can be used for the basic services of (a) sanitation and maintenance of ODF status, and this should include management and treatment of household waste, and human excreta and fecal sludge management in particular and (b) supply of drinking water, rainwater harvesting and water recycling.

(iii) Review of plan before release of funds: As per the MoF guidelines for release of grants under the FC-XV, MoPR ensures the mandatory condition uploading of GPDPs/BPDPs/ DPDPs on e-Gramswaraj for respective year for which grants is to be released by RLBs failing which the grant is released on pro-rata basis only to those RLBs which have uploaded the plans on e-Gramswaraj. e-Gramswaraj Portal facilitates States and Panchayati Raj Institutions effectively monitor and evaluate the use of Panchayat funds, including Central Finance Commission grants, the Ministry of Panchayati Raj launched the eGramSwaraj application in 2020. This application enables monitoring of various aspects of Panchayat functioning, such as planning, budgeting, accounting and audit.

The Planning module allows states to track how PRIs incorporate identified needs into their development plans, ensuring alignment with budget allocations. Subsequently, the Progress Reporting module facilitates the monitoring of physical and financial progress

related to activities funded by Untied Grants, while the accounting module enables detailed tracking of financial transactions and expenditure patterns.

Ministry has also integrated eGramSwaraj with Public Financial Management System (PFMS)for Gram Panchayats (GPs) to make real-time payments to vendors/service providers. Further, an application 'AuditOnline' has been developed for online audits of Panchayat accounts and their financial management. AuditOnline, launched in April 2020, facilitates transparent auditing of Central Finance Commission funds utilization and strengthens financial management of Panchayats.

(iv)   <u>Policy framework for performance linked incentive and penalty to promote efficient fund utilization</u>: During the presentation made before XVI Finance Commission and Finance Commission conclave held in November 2024 under the chairmanship of Hon'ble Chairman, XVI FC, the CFC has been duly apprised about these issues. The CFC may consider and take a call on the same and recommend accordingly."

Further Observations/Comments of the Committee

1.15   The Committee note that the Ministry of Panchayati Raj is the nodal Ministry for the financial devolution recommended by the Central Finance Commission to Panchayats/Rural Local Bodies (RLBs) in the States. As per the Action Taken Replies, Ministry follows the guidelines stipulated by the Ministry of Finance for releasing the grants to RLBs in the States. Further, the Ministry stated that it has integrated two online platform i.e. eGramswaraj with Public Financial Management System (PFMS) for Gram Panchayats to make real-time payments to vendors/service providers. Further an application 'Audit online' has been developed to facilitate transparent auditing of Central Finance Commission funds utilization and strengthen financial management of Panchayats. The Committee note that despite taking so many novel steps the desired results have not been actually achieved on the ground. Being the nodal Ministry for releasing grants of FFC to States, the Committee strongly urge the Ministry of Panchayati Raj to rigorously follow-up the issue with the States on the inevitability of strict compliance of prerequisite condition for the release of funds. Moreover, Central and the State Governments should exert substantial pressure on the local Administration/ bodies

to prioritise the effective implementation of various programmes and achieve their

targets leading to full utilisation of the available/allocated funds.

V.   (Recommendation (Serial No. 9)

Accountability for non-utilization of funds/non-keeping of financial records

1.16   Regarding accountability for non-utilization of funds/non-keeping of financial records, the Committee had recommended as under:

> "Based on the data from the eGramSwaraj "Observation Count Report," the committee observe that the critical lapses in grant management, non-utilization of funds, financial reporting and record-keeping across various States such as Gujarat (10,127 cases), Madhya Pradesh (4,215 cases), and Uttar Pradesh (4,995 cases) and Odisha (3097 cases) show alarmingly high instances of non-utilization of grants, highlighting inefficiencies in fund deployment and diversion of tied and untied grants are particularly concerning in Chhattisgarh (6,156 cases), Madhya Pradesh (1,902 cases), and Telangana (1,120 cases), indicating that funds earmarked for essential services such as water and sanitation are being used for unintended purposes. Further the Committee note that the non-production of records by the various States like Madhya Pradesh (41,281 cases), Uttar Pradesh (19,732 cases), and Telangana (12,129 cases) undermines transparency and complicates audits. The Committee also note that the significant variations in account figures, as seen in Rajasthan (21,243 cases), Uttar Pradesh (13,210 cases), and Chhattisgarh (10,940 cases), Bihar (4747 cases) and suggest deficiencies in financial reporting and training of panchayat-level personnel. The committee recommend the MoPR take corrective measures in consultation with State Governments/UTs in order to utilize fund allocated under various scheme, enhancing accountability mechanisms, improving staff training, and leveraging technology for better fund tracking and management."

1.17   In regard to the above recommendations of the Committee, the Ministry of Panchayati Raj in their action taken reply have stated as below:

> "Given the substantial amount of funds allocated to the 3-tier of Panchayats, system have been put in place to ensure robust mechanisms for monitoring of public expenditure. Accordingly audits of accounts of all the panchayats are mandated every year to ensure effective utilization of funds released to them. In this regard, Ministry of Panchayati Raj has rolled out an application called "AuditOnline" for carrying out online audits of Panchayat accounts of all the 3-tiers of PRIs. This application strengthens financial management, accountability, and transparency in overall functioning of Panchayati Raj Institutions. Accordingly, audits have been completed for 84% of PRI accounts for the audit period 2020-21, 97% for 2021-22, 97% for 2022-23, and 80% for 2023-24 (ongoing). Subsequent to completion of audits, these audit reports are generated online which are shared with local PRIs as well as State Governments for their compliance.

Further, in order to monitor compliance of these recorded audit observations, Ministry of Panchayati Raj has introduced an Action Taken Report (ATR) Module in the AuditOnline, providing a more structured conclusion to online audit process. This module will also assist in tracking compliance effectively. The aim of such an ATR Module is to bring in better accountability through visibility on the actions taken by the Panchayats against the audit observations. The ATR module on Audit Observations will reinforce transparency and accountability at the grassroots level and will also ensure that public funds are utilized for their intended purpose.

Further, in order to ensure that allocated funds are utilised under the various schemes for which they are meant, specialised trainings are being conducted under RGSA particularly relating to thematic subjects as well as financial management. Further Technology has been leveraged to a large extent through e-GramSwaraj portal which is a user-friendly web-based portal and aims to bring in transparency in decentralized planning, progress reporting and work-based accounting. The mobile applications namely 'Panchayat Nirnay' and 'Meri Panchayat' further help in streamlining activities of the panchayat as well as in improving visibility of activities and funds available with panchayats to ensure transparency for fund tracking and management.

All the above initiatives have substantially improved utilisation of fund, accounts keeping & financial management, proper and timely closing of Panchayat accounts, submission of utilisation certificate, Auditing of all the expenses incurred by them, thematic planning & monitoring etc. "

Further Observations/Comments of the Committee

1.18   The Committee note that the Ministry of Panchayati Raj have launched an application "Audit Online" for carrying out online audits of Panchayats accounts of all the 3-tier of Panchayati Raj Institutions (PRIs) and it is compulsory every year to ensure effective utilization of funds released to them. In this regard, the Committee note that despite high audit percentages only 97% of audits were completed for 2021-22 and 2022-23 and the audit of 2023-24 (80%) is still ongoing. This delay in auditing process allows room for unmonitored fund utilization and financial mismanagement in unaudited Panchayats. As the auditing is essential for financial accuracy, transparency and compliance, therefore, the Committee urge the MoPR to devise a proper machinery to ensure timely completion of audit process fully and also develop a dashboard based real time monitoring systems to track ATR submissions and the status of each audit observations.

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No. 1)

2.1   It has been observed from the data provided for Budget Estimates/Revised Estimates for last three years (2021-24) that the Ministry has consistently utilized approximately 100% of Revised Estimates (RE) during the last three years whereas the unspent balances and delays in fund release by States have inhibited timely implementation of activities. During the Current Financial year 2024-25 only ₹402.64 Crore (on 30.09.2024) had been utilized from the allocated ₹916.50 Crore under Rashtriya Gram Swaraj Abhiyan (RGSA) due to delays caused by General Elections and State-level issues. The Ministry is confident of utilizing the balance funds well before the end of the current Financial Year. The Committee hope that Ministry will utilise the available fund fully as done in the past three years. The Committee, recommend that the Ministry should adopt a stringent timeline for release of funds and utilization and thereby ensuring that States comply with mandatory prerequisites like releasing matching shares and submitting utilization certificates on time. The Committee, further recommend that fund utilization should be closely monitored through tools like e-Gram Swaraj and expedite utilisation of funds within the same financial year.

Reply of the Government

2.2   "1.   Ministry has already utilized Rs. 605 crore under Rashtriya Gram Swaraj Abhiyan (RGSA) as against an RE of Rs. 674 crore as on 28.02.2025 which comes to 88.8%. The remaining unspent balance will also be fully utilized by the end of this Financial Year. Ministry is making all efforts through stringent timelines for release and utilization of funds under RGSA through following interventions:

    1. Monitoring of release and expenditure under RGSA on daily basis based on the reports generated from PFMS.

    2. Monthly meeting through virtual mode by senior officers to review the expenditure and progress under different components of the scheme.

    3. Analysis of Quarterly Progress Reports (QPRs) submitted by the States/UTs and writing to the States/UTs based on the findings for specific interventions of the competent authority.

    4. Follow-up with the States/UTs for compliance of orders issued by Department of Expenditure, Ministry of Finance for release of funds under Centrally Sponsored Scheme.

    5. Regular communication with the States for releasing their matching State share, liquidate unspent balances and submit the requisite documents viz. UCs etc. for timely release of funds.

6. Physical and financial progress is reviewed by Central Empowered Committee of the scheme before approval of Annual Action Plan of next financial year.

2.   Further, it is mandatory to release funds through Public Finance Management System (PFMS) till last level of Executing Agency to track the status of expenditure done by States/ UTs."

[O.M. No. H-11024/1/2025-Parl. Dated: 15th March, 2025]

Recommendation (Serial No. 2)

2.3   The Committee observe that drone surveys for property demarcation under the SVAMITVA scheme have progressed, but achieving full coverage by the 2025 target may face delays and approximately 30,000 villages across the States/UTs are yet to be surveyed. As of July 2024, ₹20.00 Crore out of the ₹70 crore allocated had been utilized, reflecting slower than anticipated progress. The Committee recommend that the Ministry accelerate drone surveys and issuance of property cards by providing targeted technical and logistic support to lagging States. Moreover, comprehensive timeline/milestones should be fixed and published State-wise with the consultation of respective State Government along with its progress monitored regularly to ensure timely completion. The Committee feel that pace of implementation of SVAMITVA is very slow and also funds provided by the Government are not sufficient. Committee also observe that in rural areas there are so many complications on the title of the property due to joint/undivided families and common/community land ownership by the tribal society. As the legal action is a State subject. These issues need due thought by the Government to resolve them in a systematic and within the legal framework. For the purpose they need to deploy adequately trained, technically and legally qualified persons, adequate funds for implementation of the same. The Committee may be apprised about the progress made by the Government in this regard.

Reply of the Government

2.4   "1.   The Ministry of Panchayati Raj has set targets for the successful implementation of the SVAMITVA (Survey of Villages and Mapping with Improvised Technology in Village Areas) Scheme. As per the timeline, States and Union Territories (UTs) are expected to complete the drone survey by **March 2025** and the preparation of property cards for the rural Abadi areas by **March 2026**. The SVAMITVA scheme aims to provide legal ownership of property to rural inhabited areas, particularly in villages, through precise mapping and the issuance of property cards.

2.   The SVAMITVA Scheme has made significant progress nationwide, with drone surveys completed in nearly 3.18 lakh villages against 3.46 lakh villages which comes to 91%. Also 2.38 crores property cards have been issued in nearly 1.59 lakh villages. The State-wise progress is

at Annexure-I. Work in the remaining villages are in progress and will be completed by the end of FY 2025-26.

3.   Weekly review meetings are being conducted with the states, Union Territories, and the Survey of India, to monitor progress against the targets and ensuring that any challenges are identified and addressed promptly. This proactive approach ensures that the scheme's implementation stays on track and any bottlenecks are resolved in a timely manner. The Ministry has also placed special emphasis on areas that are traditionally more challenging in terms of implementation, such as the 6th Scheduled areas in states like Mizoram. These regions have shown little progress in the SVAMITVA scheme due to unique challenges such as land ownership laws and customary practices. The Ministry is engaging with 6th Scheduled areas in Mizoram namely, Lai, Chakma and Mara ADC offering handholding support to overcome these challenges and facilitate the smooth rollout of the scheme.

4.   A significant milestone in the implementation of the SVAMITVA scheme was achieved by the national event organized on January 18, 2025, when the Hon'ble Prime Minister e-distributed 65 lakh property cards in 50,000 villages across the country. This event was a pivotal moment in the scheme, reflecting the scale and success of the initiative. The virtual event was attended by dignitaries from across the country and showcased the widespread impact of the SVAMITVA scheme in providing property cards to rural households.

5.   In addition to the property card distribution, the Ministry has been actively involved in building the capacity of local governments to implement the scheme. In over 33,000 Gram Panchayats, various stakeholders have been sensitized, oriented and trained about the benefits of the SVAMITVA scheme, ensuring that local leaders are well-equipped to support the initiative and guide the rural population through the process. Through these capacity-building efforts, the Ministry is not only advancing the implementation of the scheme but also fostering greater awareness and ownership at the grassroots level.

6.   Ministry has sufficient budget allocation for completion of the scheme. The EFC has approved Rs. 566.23 crores for the Scheme. The total expenditure will remain within the approved Expenditure Finance Committee (EFC) limit of Rs. 566.23 crores. The BE 2025-26 of Rs. 70 crore for the SVAMITVA scheme is within this limit. The Ministry does not require any further funds beyond this amount.

7.   The following tables outline the component-wise and year-wise allocation and expenditure of funds under the scheme: -

EFC Approved Component-Wise Budget Allocation and Expenditure

(in Rs. crores)

Component	EFC Approved	Actual Expenditure as on 31.12.2024
CORS	136.08	116.54
LSM	346.03	249.53
IEC and SPMU	40.40	6.76
NICSI	40.22	30.23
Workshop	3.50	0.33
Total	**566.23**	**403.39**

[O.M. No. H-11024/1/2025-Parl. Dated: 15th March, 2025]

Recommendation (Serial No. 5)

2.5   The Committee note that Panchayats from 14 States/UTs were awarded by National Panchayat Awards in 2023, highlighting geographical diversity. However, low-performing Panchayats were identified, and their challenges shared with States/UTs, alongside suggested interventions like planning and thematic training. The Committee recommend that the MoPR should collaborate with States/UTs and prioritize targeted capacity-building initiatives for low-performing Panchayats provide tailored support, including resources for planning and thematic training of elected representatives. Moreover, Ministry should vigorously monitor the progress of above efforts so that more Panchayats should be awarded by National Panchayat Awards in future.

Reply of the Government

2.6   "1.   Under RGSA, States have been conducting training programme for elected representatives and PRI officials for development of GPDP. Further in order to provide capacity building for low performing panchayats a Special Model Cluster Gram Panchayat Development programme has been taken up to support weak Gram Panchayats for their effective functioning. In addition, in order to track the progress under various SDG themes special survey through Panchayat Advancement Index (PAI) is done every year.
2.   A number of thematic trainings have been designed for training PRIs. A special training programme for women elected representatives have been launched on 8th March, 2025 to build leadership skills in them.
3.   Subsequent to the recently concluded National Panchayat Awards 2024, Ministry has shared the performance status with States and advised them for (i) effective awareness on Awards among Panchayats through regular workshops and training, (ii) regular performance monitoring of Panchayats on key performance indicators relevant to awards, (iii) sharing success stories of award-winning Panchayats to inspire other Panchayats to work and apply for awards and (iv) create a dedicated support team from existing resources at State level to guide and support Panchayats in preparing their entries for the awards."

[O.M. No. H-11024/1/2025-Parl. Dated: 15th March, 2025]

Recommendation (Serial No. 6)

2.7   The Committee appreciate that approximately 40 lakh Elected Representatives, Panchayat Functionaries and other stakeholders have been imparted training on Capacity Building & Training (CB&T) of Panchayati Raj Institutions in FY 2023-24. However, the Committee feel that the training programs need to address gaps in thematic areas like digital literacy, local planning for Sustainable Development Goals (SDGs), and development of sector-specific expertise. The Ministry has also highlighted challenges in creating awareness about SDG localization among PRIs. The Capacity Building and Training of PRIs being one of the major activities of Revamped RGSA Scheme, the Committee recommend that the Ministry should take appropriate steps to prioritize diversified capacity-building programs with special

emphasis on SDG- linked thematic training. The Committee further desire that innovative methods like virtual training modules and exposure visits should be resorted to more vigorously so as to ensure uniform and wider outreach across all Panchayats."

Reply of the Government

2.8 "1. The scheme of Revamped RGSA is being implemented for strengthening of Panchayats, which endeavours for graduated capacity building of Elected Representatives (ERs), Panchayat Functionaries and other stakeholders. As a fresh approach to capacity building of Panchayats, leveraging of technology for greater outreach amongst the elected representatives of Panchayats by distant mode through IP based technology, utilizing short films on best practices for wide reach, training on 9 themes viz. Poverty Free and Enhanced Livelihoods in Panchayats, Healthy Panchayat, Child-Friendly Panchayat, Water Sufficient Panchayat, Clean & Green Panchayat, Self-Panchayat with Sufficient Infrastructure; Socially Just and Socially Secured Panchayat, Panchayat with Good Governance; and Women Friendly Panchayat are being promoted.

2. The scheme mandates the orientation training of newly elected PRI Representatives (ERs) within six months of their election, followed by refresher courses within two years. Further, the scheme also supports for exposure visit within and outside the State for cross State learning, partnership and networking with Institutions of Excellence/ Universities/ Colleges, for preparation of quality training modules and developing pool of Master Trainers for PRIs from academics/faculties etc.

3. Ministry has recently launched a unique training programme, designed to provide capacity building for elected women representatives. All the 14 lakh women PRIs are going to be trained through a 03 days training module. Special primer has been developed for training PRI members on 'gender-based violence' with the help of UNFPA.

4. Ministry has taken initiatives to strengthen the training of Panchayat elected members and has signed Memorandum of Understanding (MoU) with Indian Institute of Management – Ahmedabad (IIM-A), IIM- Bodh Gaya, IIM-Jammu, IIM- Amritsar, IIM- Rohtak, IIM-Shillong, Institute of Rural Management –Anand (IRMA) and IIT Dhanbad for conducting Leadership/ Management Development Program (MDP). Under the scheme of RGSA, the States/UTs can also sign MoU with the Institutes of Excellence (IoE) in their own States or nearby States to develop such kind of programmes for the Capacity Building & Training of Elected Representatives and Functionaries of Panchayat."

[O.M. No. H-11024/1/2025-Parl. Dated: 15th March, 2025]

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF REPLIES OF THE GOVERNMENT

NIL

[O.M. No. H-11024/1/2025-Parl. Dated: 15th March, 2025]

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Serial No. 3)

4.1   The committee is of the view that e-GramSwaraj application has been developed under e-panchayat Mission Mode Project (MMP) with an aim for tracking every expenditure incurred for each of the activities proposed under the Gram Panchayat Development Plans (GPDPs). During the evidence, the Ministry apprised the Committee that two apps viz. Meri Panchayat Application and Panchayat NIRNAY, respectively, have already been launched. The Meri Panchayat Application app provides updates on demography, elected representatives, panchayat officials, funds received, income and expenditure, bank accounts and bank statements etc. Whereas the Panchayat NIRNAY is a user-friendly app to record meetings of Gram Sabha, scheduled meetings, uploading of meeting agenda, capture meeting photos and uploading, GPS location of venue etc. The Committee further note that so far more than 50 lakh downloads have been made from Meri Panchayat app. The committee feel that this is a useful app to obtain real time information on the various aspects of the functioning of PRIs, but at the same time the Committee are of the view that unless and until all villages have Panchayat Bhawans with internet facilities, the e-GramSwaraj application would not serve its purpose being implemented by the Government. The Committee therefore strongly recommend that Government should make adequate budgetary provisions for construction of Panchayat Bhawan in such villages with internet facilities working on ground with complete gadgets and adequate staff to run them."

Recommendation (Serial No. 4)

4.2   The Committee observe the significant progress made in the construction of Panchayat Bhawans and equipping Gram Panchayats with computers, but the Committee also noted that out of a total of 2,68,938 Gram Panchayats (GPs) and Traditional Local Bodies (TLBs), only 2,29,958 have Panchayat Bhawans, leaving a considerable gap. Additionally, while 2,13,140 Panchayats are equipped with computers, several States still lack sufficient digital infrastructure, which could hinder the implementation of e-Governance initiatives and real-time monitoring systems such as e-GramSwaraj. This variation impacts the overall efficiency and digital enablement of Panchayats. The Committee strongly recommend that MoPR should introduce targeted schemes and adequate financial assistance for lagging States to accelerate the construction of Panchayat Bhawans and digitalization projects."

Reply of the Government

4.3   "1. Panchayat being State subject, providing Panchayat infrastructure viz. Gram Panchayat Bhawan and procurement of computer is primarily the responsibility of States. However, under the revamped Rashtriya Gram Swaraj Abhiyan (RGSA), Ministry supplements the efforts of States/UTs with focus on NE States, by providing construction of Gram Panchayat Bhawan, co-location of Common Service Centre (CSC) and procurement of computer as proposed by States/UTs in their Annual Action Plan and approved by Central Empowered Committee (CEC) on a limited scale.

2. Almost all the Panchayats have internet facility, being provided by BSNL and other private internet service providers, as all the Gram Panchayats have been using e-GramSwaraj Portal for fund management and also for preparation of plans. Panchayats can utilize the XVFC grant or any other source of revenue available with them for payment for internet services.

3. Further, it is important to highlight that the Ministry has already taken significant steps during the current financial year for improving infrastructure in GPs. To ensure that all GPs with a population of more than 3000 persons have a Gram Panchayat building, the Ministry has provided funds for construction of 3301 Gram Panchayat Bhawan (GPB) along with CSC Co-location in Gram Panchayats. A total of 3,929 Gram Panchayat Bhawans and the procurement of 15,454 computers have been approved, as proposed by the States/ UTs in their respective Annual Action Plans of RGSA. Also, procurement of 20164 computers has been approved for 7 States (Andhra Pradesh, Chhattisgarh, Haryana, Punjab, Tamil Nadu, Telangana, Uttarakhand) to saturate the requirement of computers in the Gram Panchayat in these States and also approved 2000 computers to the State of Bihar. In addition to above, the e-GramSwaraj portal of this Ministry has been integrated with the BSNL portal to facilitate panchayats across the nation to apply for a new internet connection and payment of monthly bills."

[O.M. No. H-11024/1/2025-Parl. Dated: 15th March, 2025]

Comments of the Committee

(Please see Paragraph No. 1.9 of Chapter I of the Report)

(Recommendation (Serial No. 7)

4.4   The Committee observe that despite the enactment of the Panchayats Extension to the Scheduled Areas (PESA) Act in 1996, it has not been fully implemented in States like Jharkhand and Odisha. Meanwhile the Ministry has developed seven training manuals on the PESA subjects for the first time to support action-oriented capacity building but there are challenges in operationalizing these training manuals in other states. The Committee note that the Ministry has already conducted a series of trainings of State Level Master Trainers on each trainings manual and further 7 trainings have been conducted in the states of Andhra Pradesh, Chhattisgarh, Himachal Pradesh, Madhya Pradesh, Maharashtra, Odisha and Telangana, but the seven PESA states of North-East have been left out. The Committee, therefore, recommend that the Ministry should intensify its advocacy for implementation of these training modules to all

PESA States with special focus on seven PESA States of North-East so that the primary goal of ensuring guaranteed delivery of services directly to the doorsteps of rural people in a timely and effective manner.

Reply of the Government

4.5 "1. The Parliament enacted "The Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996" (PESA), for applicability of provisions of Part-IX of the Constitution with certain exceptions and modifications to Fifth Schedule Areas as per article 243M (4) (b) of the Constitution.

2. "Scheduled Areas", mentioned in the PESA Act, are those areas which are referred to in clause (1) of Article 244, read with Fifth Schedule, of the Constitution of India. Article 244(1) of the Constitution makes special provisions for the administration of certain areas called "Scheduled Areas" in States other than Assam, Meghalaya, Tripura and Mizoram.

3. Para-6 of the Fifth Schedule of the Constitution of India provides that "Scheduled Areas" means such areas as the President may by order declare to be Scheduled Areas.

4. As per data available with the Ministry of Panchayati Raj, the President has declared certain areas as "Scheduled Areas" which falls only in the 10 States viz. Andhra Pradesh, Chhattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan and Telangana. Further, the President has so far not declared any area in the North-Eastern States as "Scheduled Areas", therefore, the PESA Act and the seven training modules are not applicable to any of the North-Eastern States."

[O.M. No. H-11024/1/2025-Parl. Dated: 15th March, 2025]

Comments of the Committee

(Please see Paragraph No. 1.12 of Chapter I of the Report)

(Recommendation (Serial No. 8)

4.6 The Committee observe there are substantial unspent balances under tied and untied grants in various States like Uttar Pradesh, Madhya Pradesh and Maharashtra despite large allocations. Non-utilization of allocated funds exacerbates these issues, hindering timely local development projects. States with weaker faulty planning systems face non-implementation and low fund absorption, reflected high unspent balances. The Committee raise concerns about the diversion of funds to non-priority areas, delay in disbursal of funds, lack of transparency, and inadequate planning that undermine the potential of untied grants to address local needs effectively. The Committee recommend streamlining the process for timely fund disbursal and expenditure plans should be aligned with local development priorities. A strong monitoring mechanism should be established to review plans before fund release. Further the Committee also recommend a comprehensive policy framework by the Ministry of Finance and Ministry of

Panchayati Raj, with performance-linked incentives and penalties to promote efficient fund utilization wherein States demonstrating effective utilization should be rewarded with additional grants or flexible terms in future allocations."

Reply of the Government

4.7 "1. Panchayat as a state subject comes within the purview of State Government. However, various initiatives have been taken and various tools have been developed for adequately monitor the functioning of Gram Panchayat. Panchayats / Rural Local Bodies (RLBs) in the States are provided with financial devolution recommended by the Central Finance Commissions. Article 280 of the Constitution of India provides the basis for the Central Finance Commissions to assess the status of finances of the Union, States and their respective local bodies and recommend sharing of taxes as well as grants for various purposes to the States and Local Bodies.

2. MoPR while recommending XV FC untied grants to the RLBs in a State follow the guidelines stipulated by Ministry of Finance (MoF) enumerated as under:

1. RLBs shall be deemed to be eligible for the grants, if they are duly constituted i.e. if duly elected bodies are in place except for States/ Areas where Part IX of the Constitution does not apply. In case, all the bodies are not duly constituted grants shall be released to the State on actual allocation / pro-rata basis for duly constituted only.
2. Uploading of GPDPs/BPDPs/ DPDPs of the RLBs for FY under consideration, as the case may be in eGramSwaraj.
3. RLBs have to mandatorily onboard on eGramSwaraj – PFMS for XV FC Grants' transactions.
4. All RLBs (100%) of RLB's audit of annual accounts for year before previous year are completed on AuditOnline.
5. All RLBs (100%) of RLB's provisional accounts for previous year are available in eGramSwaraj.
6. Unspent Balance of XIV FC Grants with the State should not be more than 10 % of the installment under consideration.
7. At least 50 % of the Untied grants released during the previous year have been utilized (valid only for release of 2nd installment of the FY).
8. All states which have not done so, must constitute State Finance Commission (SFC), act upon their recommendations and lay the explanatory memorandum as to the action taken thereon before the State legislature on or before March 2024. After March 2024, no grants shall be released to State that has not complied with the Constitutional provisions in respect of the SFC and these conditions.

3. Further, the following measures help in strengthening the functioning of 3-tier PRIs:

(i) Timely Fund Disbursal: On receipt of the XV-FC recommended grants from the Union Government the State Governments are required to transfer the same to the panchayats/traditional bodies concerned within 10 working days. Any delay beyond 10 working days the State Government is required to release the grant with interest for the period of delay as per the average effective rate of interest on market borrowings/State Development Loans for the previous year.

(ii) Expenditure Plans aligned with the local development priorities: The Untied grants

will be utilized by RLBs for location-specific felt needs, under the twenty-nine subjects enshrined in the Eleventh Schedule of the Constitution, except for salaries and other establishment costs. The tied grants can be used for the basic services of (a) sanitation and maintenance of ODF status, and this should include management and treatment of household waste, and human excreta and fecal sludge management in particular and (b) supply of drinking water, rainwater harvesting and water recycling.

(iii) <u>Review of plan before release of funds</u>: As per the MoF guidelines for release of grants under the FC-XV, MoPR ensures the mandatory condition uploading of GPDPs/BPDPs/ DPDPs on e-Gramswaraj for respective year for which grants is to be released by RLBs failing which the grant is released on pro-rata basis only to those RLBs which have uploaded the plans on e-Gramswaraj. e-Gramswaraj Portal facilitates States and Panchayati Raj Institutions effectively monitor and evaluate the use of Panchayat funds, including Central Finance Commission grants, the Ministry of Panchayati Raj launched the eGramSwaraj application in 2020. This application enables monitoring of various aspects of Panchayat functioning, such as planning, budgeting, accounting and audit.

The Planning module allows states to track how PRIs incorporate identified needs into their development plans, ensuring alignment with budget allocations. Subsequently, the Progress Reporting module facilitates the monitoring of physical and financial progress related to activities funded by Untied Grants, while the accounting module enables detailed tracking of financial transactions and expenditure patterns.

Ministry has also integrated eGramSwaraj with Public Financial Management System (PFMS)for Gram Panchayats (GPs) to make real-time payments to vendors/service providers. Further, an application 'AuditOnline' has been developed for online audits of Panchayat accounts and their financial management. AuditOnline, launched in April 2020, facilitates transparent auditing of Central Finance Commission funds utilization and strengthens financial management of Panchayats.

(iv) <u>Policy framework for performance linked incentive and penalty to promote efficient fund utilization</u>: During the presentation made before XVI Finance Commission and Finance Commission conclave held in November 2024 under the chairmanship of Hon'ble Chairman, XVI FC, the CFC has been duly apprised about these issues. The CFC may consider and take a call on the same and recommend accordingly.

[O.M. No. H-11024/1/2025-Parl. Dated: 15th March, 2025]

Comments of the Committee

(Please see Paragraph No. 1.15 of Chapter I of the Report)

(Recommendation (Serial No. 9)

4.8   Based on the data from the e-GramSwaraj "Observation Count Report," the committee observe that the critical lapses in grant management, non-utilization of funds, financial reporting and record-keeping across various States such as Gujarat (10,127 cases), Madhya Pradesh (4,215 cases), and Uttar Pradesh (4,995 cases) and Odisha (3097 cases) show alarmingly high

instances of non-utilization of grants, highlighting inefficiencies in fund deployment and diversion of tied and untied grants are particularly concerning in Chhattisgarh (6,156 cases), Madhya Pradesh (1,902 cases), and Telangana (1,120 cases), indicating that funds earmarked for essential services such as water and sanitation are being used for unintended purposes. Further the Committee note that the non-production of records by the various States like Madhya Pradesh (41,281 cases), Uttar Pradesh (19,732 cases), and Telangana (12,129 cases) undermines transparency and complicates audits. The Committee also note that the significant variations in account figures, as seen in Rajasthan (21,243 cases), Uttar Pradesh (13,210 cases), and Chhattisgarh (10,940 cases), Bihar (4747 cases) and suggest deficiencies in financial reporting and training of panchayat-level personnel. The committee recommend the MoPR take corrective measures in consultation with State Governments/UTs in order to utilize fund allocated under various scheme, enhancing accountability mechanisms, improving staff training, and leveraging technology for better fund tracking and management."

Reply of the Government

4.9   Given the substantial amount of funds allocated to the 3-tier of Panchayats, system have been put in place to ensure robust mechanisms for monitoring of public expenditure. Accordingly audits of accounts of all the panchayats are mandated every year to ensure effective utilization of funds released to them. In this regard, Ministry of Panchayati Raj has rolled out an application called "AuditOnline" for carrying out online audits of Panchayat accounts of all the 3-tiers of PRIs. This application strengthens financial management, accountability, and transparency in overall functioning of Panchayati Raj Institutions. Accordingly, audits have been completed for 84% of PRI accounts for the audit period 2020-21, 97% for 2021-22, 97% for 2022-23, and 80% for 2023-24 (ongoing). Subsequent to completion of audits, these audit reports are generated online which are shared with local PRIs as well as State Governments for their compliance.

Further, in order to monitor compliance of these recorded audit observations, Ministry of Panchayati Raj has introduced an Action Taken Report (ATR) Module in the AuditOnline, providing a more structured conclusion to online audit process. This module will also assist in tracking compliance effectively. The aim of such an ATR Module is to bring in better accountability through visibility on the actions taken by the Panchayats against the audit observations. The ATR module on Audit Observations will reinforce transparency and accountability at the grassroots level and will also ensure that public funds are utilized for their intended purpose.

Further, in order to ensure that allocated funds are utilised under the various schemes for which they are meant, specialised trainings are being conducted under RGSA particularly relating to thematic subjects as well as financial management. Further Technology has been leveraged to a large extent through e-GramSwaraj portal which is a user-friendly web-based portal and aims to bring in transparency in decentralized planning, progress reporting and work-based accounting. The mobile applications namely 'Panchayat Nirnay' and 'Meri Panchayat' further help in streamlining activities of the panchayat as well as in improving visibility of activities and funds available with panchayats to ensure transparency for fund tracking and management.

All the above initiatives have substantially improved utilisation of fund, accounts keeping & financial management, proper and timely closing of Panchayat accounts, submission of utilisation certificate, Auditing of all the expenses incurred by them, thematic planning & monitoring etc.

[O.M. No. H-11024/1/2025-Parl. Dated: 15th March, 2025]

Comments of the Committee

(Please see Paragraph No. 1.18 of Chapter I of the Report)

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT
ARE STILL AWAITED

NIL

[O.M. No. H-11024/1/2025-Parl. Dated: 15th March, 2025]

NEW DELHI

<u>21 July, 2025</u>

30 Ashadha, 1947 (Saka)

SAPTAGIRI SANKAR ULAKA

Chairperson

Standing Committee on Rural Development & Panchayati Raj

STANDING COMMITTEE ON RURAL DEVELOPMENT AND PANCHAYATI RAJ (2024-25)

MINUTES OF THE TWENTY-NINTH SITTING OF THE COMMITTEE HELD ON TUESDAY, THE 1st JULY, 2025

The Committee sat from 1100 hrs to 1150 hrs in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Saptagiri Sankar Ulaka, *Chairperson*

MEMBERS

Lok Sabha

2. Shri Raju Bista
3. Dr Sanjay Jaiswal
4. Shri Bhajan Lal Jatav
5. Dr. Mohammad Jawed
6. Shri Jugal Kishore
7. Shri Imran Masood
8. Shri Janardan Mishra
9. Shri Kota Srinivasa Poojary
10. Shri K. Radhakrishnan
11. Shri Parshottambhai Rupala

Rajya Sabha

12. Smt. Geeta *alias* Chandraprabha
13. Shri H. D. Devegowda
14. Shri Iranna Kadadi

Secretariat

1. Shri D. R. Shekhar   -   Additional Secretary
2. Shri V. K. Shailon   -   Director
3. Shri L. Singson   -   Deputy Secretary

1.   At the outset, after introductory speech of the Chairperson, the Committee considered and adopted the following two Draft Action Taken Reports on Demands for Grants (2024-25):

    i.   XXX XXX XXX XXX XXX XXX
   ii.   Draft Action Taken Report on the recommendations contained in the 3rd Report on Demands for Grants (2024-25) of the Ministry of Panchayati Raj
2.   XXX XXX XXX XXX XXX XXX

The Committee then adjourned.
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XXX Not related to the Draft Report.

[Vide para 4 of Introduction of Report]

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE THIRD REPORT (18TH LOK SABHA) OF THE
STANDING COMMITTEE ON RURAL DEVELOPMENT AND PANCHAYATI RAJ

I.   Total number of recommendations   09

II.   Recommendations that have been accepted by the Government
      Serial Nos. 1, 2, 5, 6

                                                                              Total: 04
                                                                              Percentage: 44%

III. Recommendations which the Committee do not desire to pursue in
      view of the Government's replies:
      Serial Nos. NIL
                                                                              Total: 00
                                                                              Percentage: 00%

IV.   Recommendations in respect of which replies of the Government
      have not been accepted by the Committee:
      Serial Nos. 3, 4, 7, 8 & 9

                                                                              Total: 05
                                                                              Percentage: 56%

V.   Recommendations in respect of which final replies of the
      Government are still awaited:
      Serial Nos. NIL   Total: 00
                                                                              Percentage: 00%