

**GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA**

UNSTARRED QUESTION NO:2295
ANSWERED ON:08.12.2005
FINANCIAL POWERS TO PANCHAYATS
Mandal Shri Sanat Kumar

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) the details of powers the Government has provided at Panchayat level;
- (b) whether any policy decision has been taken not to vest the financial powers at Panchayat level and to keep the same under the control of District Administrator;
- (c) if so, the details thereof;
- (d) whether there is any proposal to allow the Panchayats to raise their own resources to meet the needs of Panchayats on themselves; and
- (e) if so, the details thereof ?

Answer

MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) Article 243G of the Constitution provides for endowment by State legislatures of powers and authority to Panchayats at the Village, Intermediate and District levels to function as institutions of self-government for

- (i) making plans for economic development and social justice for their respective areas, and
- (ii) implementing programmes of economic development and social justice in their respective areas, in respect of those matters devolved to them as the State may, by law, specify, including those listed in the Eleventh Schedule of the Constitution, subject to such conditions as they may specify. As the Constitution provides that it is legislatures of States that will endow the Panchayati Raj Institutions with powers and authority, States have devolved powers and responsibilities to the Panchayats in varying measure.

(b): No, Sir.

(c): Does not arise.

(d) & (e): Article 243H of the Constitution provides that the legislature of 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 First Round Table of State Ministers of Panchayati Raj and the Union Minister held at Kolkata in July 2004 recommended that State Government might attempt to prepare a road map, which would, inter-alia, include taking steps to encourage PRIs to raise their own resources, especially through the provision to `appropriate` revenues raised by them for their own purposes, as enunciated in Article 243-H of the Constitution. A copy of the relevant conclusions of the Kolkata Round Table is annexed.

Article 243I further provides for the constitution of Finance Commissions by States to make recommendations, inter-alia, as to the principles which should govern the distribution between the State and the Panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under this Part and the allocation between the Panchayats at all levels of their respective shares of such proceeds; the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Panchayats; the grants-in-aid to the Panchayats from the Consolidated Fund of the State; the measures needed to improve the financial position of the Panchayats; and any other matter referred to the Finance Commission by the Governor in the interests of sound finance of the Panchayats.