



ASSESSMENT OF OWN SOURCE REVENUE

Posted On: 24 MAR 2026 2:01PM by PIB Delhi

The Ministry of Panchayati Raj constituted an “Expert Committee on Own Source Revenue (OSR) of Rural Local Bodies” in 2022 to review the status of OSR of Panchayats. As per the report of the Expert Committee, around Rs. 25,595 crores of OSR have been collected by Panchayati Raj Institutions (PRIs) in the 30 States/UTs, during 2017-18 to 2021-22 and per capita OSR at the national level was around Rs. 59/- annually, for the same period. The per capita OSR varies significantly across the States, ranging up to Rs. 1635/- per annum in Goa. As per this Report, challenges faced by Panchayats in generating OSR include absence or outdated nature of State-level rules and guidelines; inadequate devolution of taxation powers to Panchayats; lack of willingness among Panchayats to impose taxes and fees; limited cooperation from citizens and weak enforcement mechanisms against defaulters etc. Findings of other studies on this subject are also on similar lines. Ministry of Panchayati Raj has shared these reports with States for implementation.

Further, in Para. No. 10.50 of its Report, the 16th Finance Commission has observed that the own resources generated by the vast majority of local bodies, are minuscule. They remain heavily, if not entirely, dependent on the Union and State Governments to carry out their mandate. In Para. No. 10.51, the Commission has further observed that successive Finance Commissions have stated that the primary responsibility for the provision of fiscal resources for local bodies rests with the State Governments.

The Ministry of Panchayati Raj has undertaken a significant step to digitise the OSR collection of the Panchayats by developing the “SAMARTH Panchayat portal”, a dedicated digital platform that facilitates the generation of tax & non-tax demands, maintenance of tax registers, online payment of dues through payment gateway, and online tracking of revenue. This digital empowerment is designed to bring transparency, efficiency, and scalability to local financial administration. The portal has been successfully pilot tested in the State of Himachal Pradesh and Chhattisgarh. All the States, including Punjab, have been requested to onboard on the SAMARTH Panchayat Portal.

The incentivization of Panchayats is being carried out under the revamped Rashtriya Gram Swaraj Abhiyan (RGSA) scheme. Under this scheme, in 2025, the Ministry of Panchayati Raj has launched the Atma Nirbhar Panchayat Special Award (ANPSA) on National Panchayati Raj Day (NPRD), and it is for the first time that the Ministry has institutionalized dedicated Special Category Awards to incentivize and acknowledge exemplary efforts of Gram Panchayats in Atmanirbharta (Self-Reliance) through augmentation of Own Sources Revenue (OSR). Atma Nirbhar Panchayat Special Award (ANPSA) is to promote Atmanirbharta through augmentation of Own Source Revenue (OSR) by Panchayats. Each award includes a financial incentive of Rs.1 crore (Rank 1), Rs.75 lakh (Rank 2), and Rs.50 lakh (Rank 3) respectively.

Further, the Sixteenth Finance Commission has recommended an allocation of Rs. 43,524 crores as Rural Local Body (RLB) performance grant, which has been linked to the generation and enhancement of OSR by the RLBs.

State Government of Chhattisgarh has informed that in tribal and aspirational regions-including the Surguja district of Chhattisgarh-it is encouraging Panchayats to collect taxes through the 'Samarth Panchayat' portal, with the aim of assisting them in augmenting their revenue sources and making the process transparent.

This information was given by Union Minister Shri Rajiv Ranjan Singh alias Lalan Singh in a written reply in Lok Sabha on 24th March 2026.

AA

(Release ID: 2244371) Visitor Counter : 128

Read this release in: Urdu , हिन्दी