National Workshop of State Panchayati Raj Ministers Deliberates on Effective Implementation of Sixteenth Finance Commission Recommendations

Union Minister Shri Rajiv Ranjan Singh Urges States to Focus on Own Source Revenue Mobilization; Enhance Preparedness to Unlock Performance-Based Grants

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The Ministry of Panchayati Raj organized a National Workshop of State Panchayati Raj Ministers on the Recommendations of the Sixteenth Finance Commission in New Delhi, today. The Workshop was convened in the context of the recommendations of the Sixteenth Finance Commission (2026 to 2031), which has recommended a devolution of Rs. 4,35,236 crore to Rural Local Bodies for the period 2026-27 to 2030-31 and the Operational Guidelines issued by the Department of Expenditure, Ministry of Finance, for their effective implementation. The Workshop was graced by the Union Minister of Panchayati Raj and Fisheries, Animal Husbandry and Dairying (FAHD), Shri Rajiv Ranjan Singh alias Lalan Singh and Union Minister of State for Panchayati Raj and FAHD, Prof. S. P. Singh Baghel. Panchayati Raj Ministers from 18 States participated in the deliberations, while the remaining States and Union Territories were represented by senior officers of their respective Panchayati Raj and Rural Development Departments. Shri Vivek Bharadwaj, Secretary, Ministry of Panchayati Raj, Shri Sushil Kumar Lohani, Additional Secretary, Ministry of Panchayati Raj along with senior officers of the Ministry and the States were also present on this occasion.

Chairing the Workshop, Union Minister Shri Rajiv Ranjan Singh in his keynote address stated that Viksit Panchayat is the foundation of Viksit Bharat. He highlighted the unprecedented increase in financial devolution to Rural Local Bodies recommended by the Sixteenth Finance Commission as compared to earlier Finance Commissions, describing it as a historic opportunity for strengthening grassroots democracy across the country. He assured States that all constructive suggestions received during the Workshop would be duly examined and incorporated wherever feasible. The Union Minister called upon all States and Union Territories to undertake necessary readiness and preparedness and to carry forward accelerated work under the framework of the Operational Guidelines for Rural Local Body Grants recommended by the Sixteenth Finance Commission for its award period from 2026-27 to 2030-31, so as to ensure the best utilization of Sixteenth Finance Commission grants. Underlining the importance of fiscal self-reliance, he urged States to promote Own Source Revenue generation and informed that the Ministry is preparing a Model OSR Rules Framework to support States in this regard. He reaffirmed the Government's unwavering commitment to cooperative federalism and to building future-ready Panchayats across the country. Speaking on the Ministry's digital governance initiatives, the Union Minister highlighted that the **SAMARTH Panchayat Portal**, developed as an independent digital platform for strengthening Panchayat financial administration, will enhance transparency, improve operational efficiency and promote sound financial management across Panchayati Raj Institutions. He urged all States/UTs to expedite the onboarding onto the **SAMARTH Panchayat Portal** and strengthen **Own Source Revenue (OSR)** mobilisation to foster **financially resilient, accountable and sustainable Panchayats**.

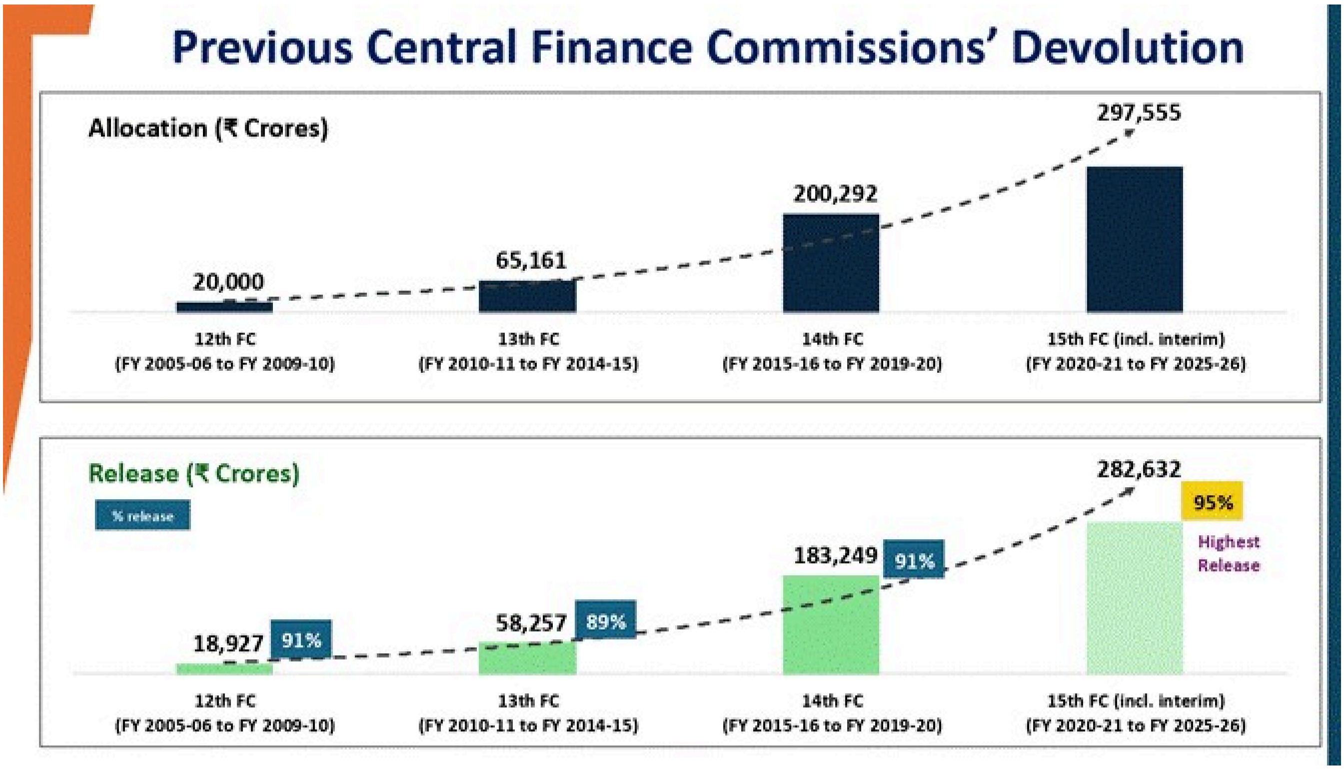
The Union Minister of State, Prof. S. P. Singh Baghel, observed that the substantial increase in devolution to Rural Local Bodies under the Sixteenth Finance Commission has translated into the highest-ever per capita allocation for Panchayats, underlining the Government's strong commitment to fiscal decentralisation and grassroots empowerment. He noted that flagship initiatives such as SVAMITVA, eGramSwaraj, AuditOnline and the Panchayat Advancement Index have significantly strengthened rural local governance, and described performance-based grants as a major reform encouraging better governance and financial management by Panchayats. Shri Vivek Bharadwaj, Secretary MoPR, thanked the States for their valuable suggestions and stated that the enhanced flexibility under the Sixteenth Finance Commission's tied and untied grant structure would provide greater operational flexibility to States. He emphasized upon the need for appropriate legal and policy frameworks, including guidelines for strengthening Own Source Revenue, to enable PRIs to become financially empowered and self-reliant.

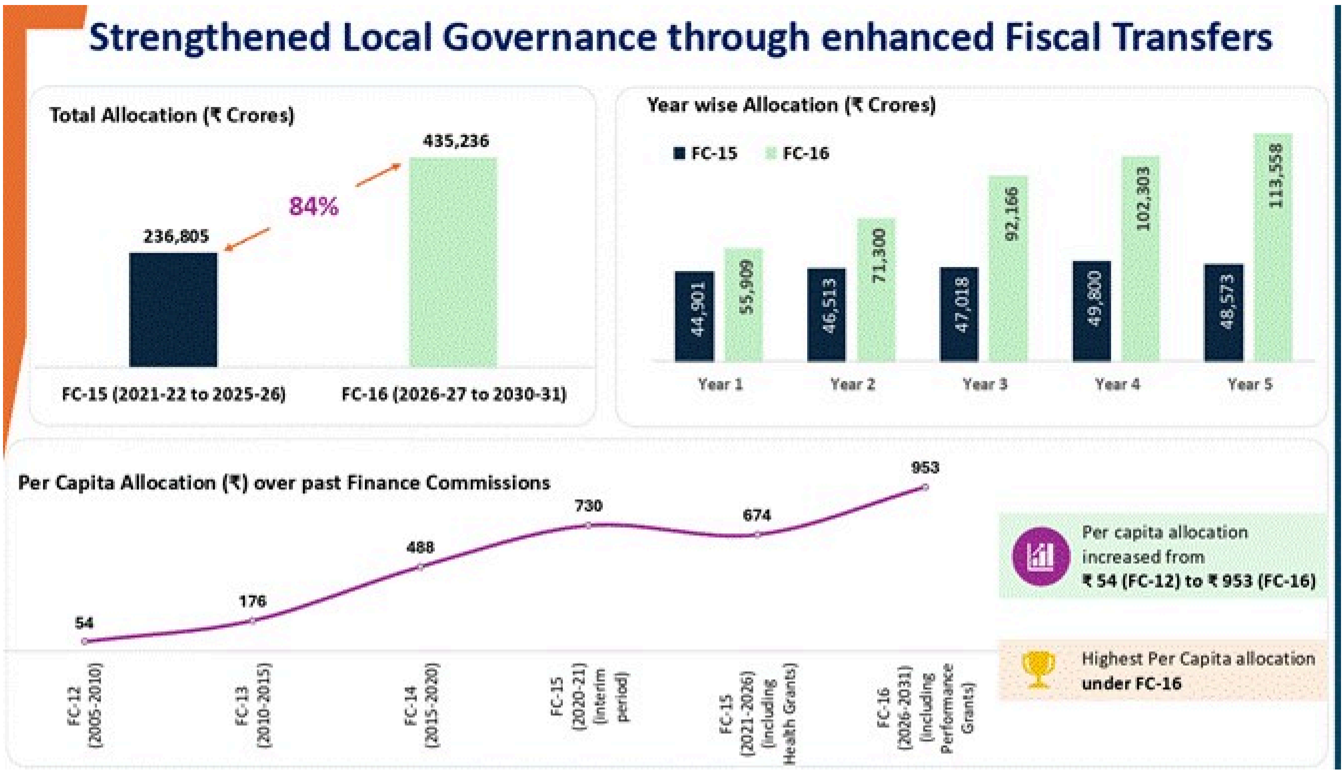
The Workshop provided a valuable platform for States to share their experiences and offer constructive suggestions for the effective operationalization of the Sixteenth Finance Commission recommendations. Discussions focused on the need for greater flexibility in the implementation of certain guidelines for geographically challenging, hilly, tribal and disaster-prone areas, timely release of Finance Commission grants, and adequate consideration of local conditions while assessing performance-linked incentives. The States acknowledged the need to strengthen Own Source Revenue while highlighting the importance of reducing the compliance burden, enhancing digital integration between Central and State portals, supporting asset maintenance and capacity building, and ensuring that the implementation framework remains responsive to diverse local governance needs, with the shared objective of building stronger and financially empowered PRIs. During the workshop, a detailed presentation was made by Smt. Mukta Shekhar, Joint Secretary MoPR, covering an overview of performance under the Fifteenth Finance Commission, the salient recommendations of the Sixteenth Finance Commission and the provisions of the Operational Guidelines for implementation of Sixteenth Finance Commission grants for Rural Local Bodies. The Operational Guidelines for RLB Grants provide a transparent, predictable and performance-oriented framework for the timely release and effective utilization of Finance Commission grants. By combining assured Basic Grants with incentive-based Performance Grants, the guidelines strengthen fiscal decentralization, empower PRIs, promote local priority-based planning, encourage improved financial management, own source revenue mobilisation and accountable grassroots governance.

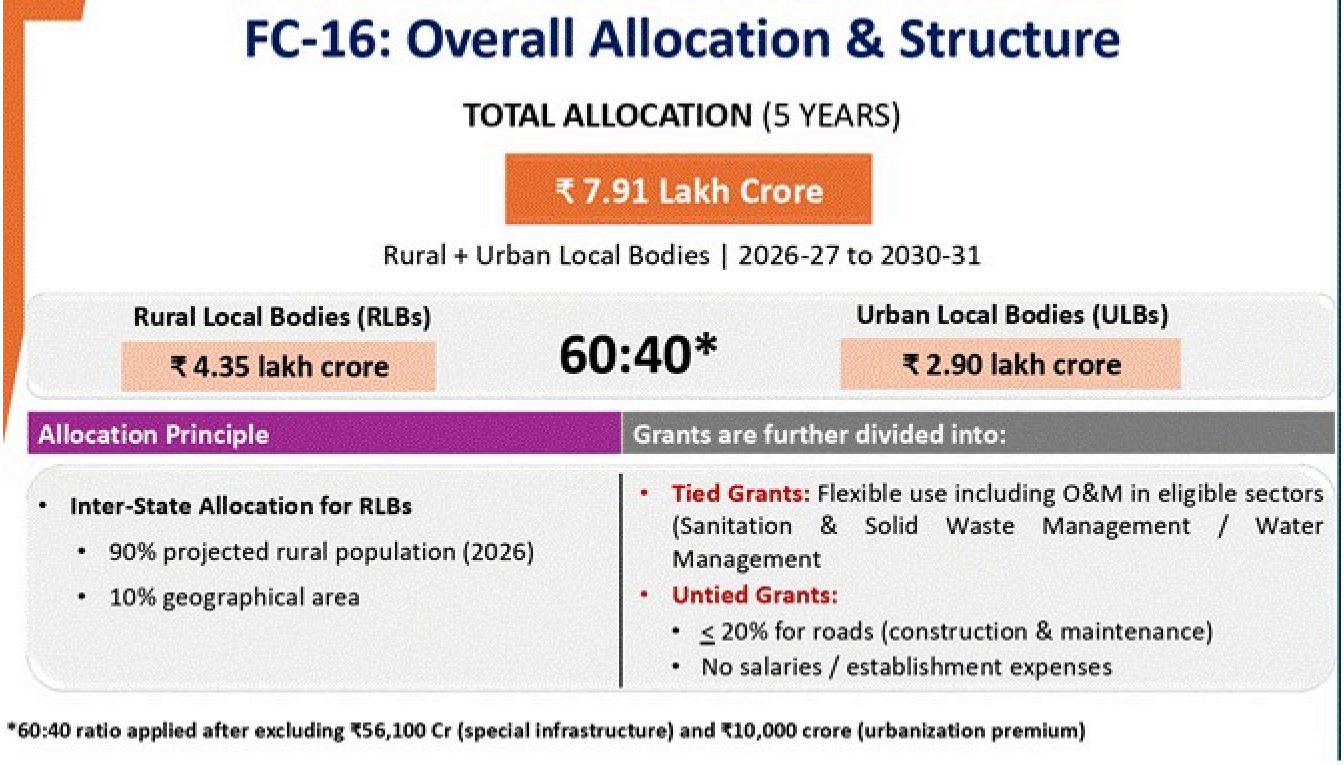
<u>Key Highlights of the Sixteenth Finance Commission Recommendations for Rural Local Bodies</u>

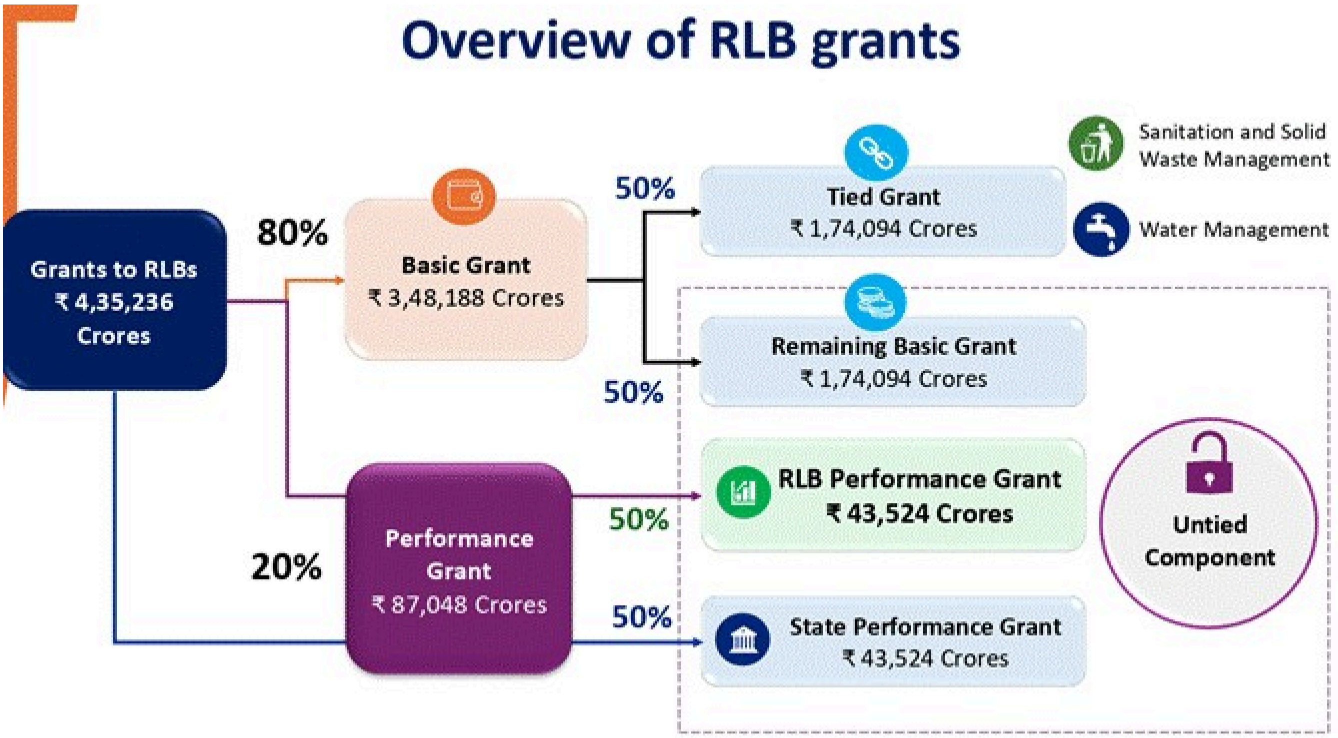
- Total devolution of Rs. 4,35,236 crore recommended for Rural Local Bodies during 2026-27 to 2030-31, an increase of nearly 84 per cent over the comparable allocation of Rs. 2,36,805 crore under the Fifteenth Finance Commission (2021-26).
- Grants comprise Basic Grants of Rs. 3,48,188 crore, divided equally into Tied Grants of Rs. 1,74,094 crore for sanitation, solid waste and water management, and Untied Grants of Rs. 1,74,094 crore, along with Performance Grants of Rs. 87,048 crore, shared equally between Rural Local Body Performance Grants and State Performance Grants.
- Per capita allocation to Rural Local Bodies has risen from Rs.176 under the Thirteenth Finance Commission (2010–15) to Rs. 953 under the Sixteenth Finance Commission (2026–31), the highest so far.

- Under the Fifteenth Finance Commission (2020-26), the Ministry facilitated release of Rs. 2,82,632 crore, about 95 per cent of the total allocation of Rs. 2,97,555 crore, the highest release percentage achieved under any Finance Commission for local bodies.
- The country has 2,62,738 Panchayati Raj Institutions, comprising 2,55,308 Gram Panchayats, 6,756 Block Panchayats and 674 District Panchayats, taking the total number of local bodies, including Traditional Local Bodies, to 2,76,901.
- An integrated digital ecosystem comprising eGramSwaraj, AuditOnline, the PFMS interface, the SAMARTH Portal and integration of SVAMITVA property data is being strengthened to support planning, accounting, auditing and Own Source Revenue generation by Panchayats.









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