



FUNCTIONING OF PANCHAYATI RAJ INSTITUTIONS

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“Panchayat”, being “Local Government”, is a State subject and part of State List of Seventh Schedule of the Constitution of India. Panchayats are set up and operate through the respective State Panchayati Raj Acts. States have made their own Panchayati Raj Act, subject to the provisions of the Constitution. Article 243G of the Constitution empowers the Legislature of a State to make provisions, by law, for the devolution of power and responsibilities upon Panchayat at the appropriate level, subject to such conditions as may be specified, with respect to the preparation of plans for economic development and social justice and implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to matters listed in the Eleventh Schedule to the Constitution. The State legislatures are to consider the 29 subjects listed in the Eleventh Schedule for devolution of power and responsibilities to Panchayats. Accordingly, all matters relating to Panchayats, including, to review the functioning of Panchayati Raj Institutions, to devolve greater administrative, financial and functional powers to Gram Panchayats, details of the funds, functions and functionaries devolved to Panchayats and to take steps to strengthen local self-Governance and ensure greater autonomy, accountability and capacity of Panchayati Raj Institutions, fall within the purview of State Government.

However, the Ministry of Panchayati Raj reviews performance of Panchayats, from time to time, through studies, review meetings, field visits, video conferencing, Information Technology applications etc. Year-wise details of the funds, functions and functionaries devolved to Panchayats by States are not maintained by Ministry of Panchayati Raj.

The Ministry has released a report titled “Status of Devolution to Panchayats in States - An Indicative Evidence-Based Ranking, 2024” in February 2025 to assess the effectiveness of devolution and the role of local governments in strengthening grassroots democracy. This report presents the Devolution Index, which provides the overall scores and ranks for all States/Union Territories (UTs) covered under Part-IX of the Constitution, based on six identified dimensions: Framework, Functions, Finances, Functionaries, Capacity Enhancement, and Accountability. This report reveals that the extent of devolution has increased from 39.9% to 43.9% between the period 2013-14 to 2021-22. Ranking of States/UTs in Devolution Index and Sub-indices is attached as **Annexure-I**.

In these six identified dimensions, **Framework** includes reservation of seats for Scheduled Castes/Scheduled Tribes and women, Panchayats elections & State Election Commission, Panchayats duration, dissolution & bye elections, constitution and function of District Planning Committee, role of Panchayats in Committees and parallel bodies/institutions, autonomy to Panchayats. **Functions** include functions assigned to Panchayats including Activity Mapping, expenditure incurred and actual involvement of Panchayats, involvement of Panchayats in important Schemes. **Finances** include Fifteenth Finance Commission Grants to the Panchayats, State Finance Commission (SFC), money transfers to Panchayat on accounts of the SFC recommendations, empowerment of Panchayats to impose and collect revenue, funds available with Panchayats, expenditure of Panchayats, initiatives related to finance, accounts and budget.

Functionaries include physical infrastructure of Panchayats, e-connectivity of Panchayats, Panchayats officials. **Capacity Enhancement** includes training institutions, training activities–training of elected representative and officials. **Accountability** includes accounting and audit of Panchayats, social audit of Panchayats, functioning of Gram Sabha, transparency & anti-corruption, Panchayats assessment & incentivization.

To strengthen local self-Governance and ensure greater autonomy, accountability and capacity of Panchayati Raj Institutions, the Ministry has implemented a Centrally Sponsored Scheme, namely the Revamped Rashtriya Gram Swaraj Abhiyan (RGSA), w.e.f. financial year 2022-23, with the objective of supporting Panchayati Raj institutions by imparting trainings to Elected Representatives and other stakeholders to develop leadership abilities, thereby enabling Gram Panchayats to function effectively across all States/UTs. Under the scheme, capacity building support is provided to elected representatives, functionaries, and other stakeholders of Panchayats under different categories, viz. basic orientation and refresher programmes, thematic interventions, specialized trainings and Panchayat Development Plan-related programmes, etc. The scheme also supports exposure visits to facilitate experiential learning and replication of best practices for strengthening Panchayat governance, as well as development of training modules and materials etc.

Further, to enhance skills and knowledge, a major step has also been taken to build capacity and train elected representatives and functionaries of Panchayats through Institutes of excellence such as IIMs/IITs under the Leadership/Management Development Program (MDP).

The Ministry of Panchayati Raj, in collaboration with IIM Ahmedabad, has also developed a training module on Own Source Revenue (OSR) to strengthen the financial self-reliance of Gram Panchayats. The module helps elected representatives and Panchayat functionaries understand how OSR is generated through tax and non-tax sources.

Additionally, the Ministry has launched a Specialized Training Module as a part of “Shashkta Panchayat Netri Abhiyan” for the capacity building of Women Elected Representatives of Panchayati Raj Institutions. The focus of this training module is to build the capacity of Women Elected Representatives across different aspects of rural governance and enhance their knowledge and practical skills for the effective discharge of roles and responsibilities as elected representatives, thereby promoting women-led governance.

ANNEXURE-I

Ranking of States/UTs in Devolution Index (DI) and Sub-indices

Rank	DI		Framework		Functions		Finances	
	State	Score	State	Score	State	Score	State	Score
General Category States								
1	Karnataka	72.23	Kerala	83.56	Tamil Nadu	60.24	Karnataka	60.24
2	Kerala	70.59	Maharashtra	74.74	Karnataka	57.62	Kerala	60.24
3	Tamil Nadu	68.38	Karnataka	74.43	Odisha	57.46	Tamil Nadu	60.24

4	Maharashtra	61.44	Haryana	73.3	Rajasthan	56.13	Rajasthan	4
5	Uttar Pradesh	60.07	Madhya Pradesh	70	Kerala	53.86	Odisha	4
6	Gujarat	58.26	Odisha	69.2	Uttar Pradesh	46.89	West Bengal	4
7	Rajasthan	56.67	Rajasthan	68.54	Maharashtra	46.52	Uttar Pradesh	4
8	West Bengal	56.52	Chhattisgarh	68.51	Chhattisgarh	42.39	Chhattisgarh	4
9	Chhattisgarh	56.26	Tamil Nadu	66.83	Gujarat	41.23	Telangana	4
10	Telangana	55.1	West Bengal	62.3	Madhya Pradesh	39.47	Bihar	4
11	Andhra Pradesh	54.43	Gujarat	61.65	Telangana	38.77	Andhra Pradesh	4
12	Madhya Pradesh	50.94	Andhra Pradesh	60.08	West Bengal	33.07	Maharashtra	4
13	Odisha	50.03	Uttar Pradesh	54.64	Punjab	31.97	Madhya Pradesh	4
14	Bihar	48.24	Goa	52.88	Andhra Pradesh	30.5	Gujarat	4
15	Haryana	39.33	Bihar	49.76	Jharkhand	27.56	Haryana	4
16	Goa	37.71	Punjab	47.26	Bihar	18.69	Punjab	3
17	Punjab	29.34	Telangana	45.35	Haryana	16.82	Jharkhand	3
18	Jharkhand	27.73	Jharkhand	42.3	Goa	6.63	Goa	2
Northeastern / Hilly Area States								
1	Tripura	57.58	Uttarakhand	70.95	Sikkim	42.59	Tripura	4

2	Himachal Pradesh	53.17	Tripura	66.5	Assam	28.66	Himachal Pradesh	4
3	Uttarakhand	49.11	Sikkim	65.27	Himachal Pradesh	23.01	Uttarakhand	4
4	Assam	49.06	Himachal Pradesh	62.22	Tripura	21.5	Sikkim	
5	Sikkim	43.81	Assam	54.04	Uttarakhand	16.68	Assam	3
6	Arunachal Pradesh#	17.96	Arunachal Pradesh#	41.5	Arunachal Pradesh#	12.7	Manipur#	3
7	Manipur#	17.13	Manipur#	34.05	Manipur#	11.23	Arunachal Pradesh#	

Union Territories

1	Jammu and Kashmir	27.85	Andaman & Nicobar Islands	55.21	Jammu and Kashmir	11.88	Puducherry	3
2	Andaman & Nicobar Islands	27.15	Lakshadweep#	31.42	Ladakh	11.08	Jammu and Kashmir	3
3	Lakshadweep#	18.32	Jammu and Kashmir	23.07	Lakshadweep#	10.36	Andaman & Nicobar Islands	
4	Ladakh	16.18	Ladakh	22.21	Puducherry	4.63	Dadra & Nagar Haveli and Daman & Diu#	
5	Puducherry	16.16	Dadra & Nagar Haveli and Daman & Diu#	22.06	Andaman & Nicobar Islands	4.5	Lakshadweep#	

6	Dadra & Nagar Haveli and Daman & Diu#	13.62	Puducherry	9.31	Dadra & Nagar Haveli and Daman & Diu#	0	Ladakh	
	National Average	43.89		54.29		29.18		3

Source: Report titled “Status of Devolution to Panchayats in States - An Indicative Evidence-Based Ranking, 2024”

Note: #States for which previous data is used

This information was given by Union Minister Shri Rajiv Ranjan Singh alias Lalan Singh in a written reply in Lok Sabha on 21st July 2026.

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