



Increased Funding for Panchayats

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Why in News

Recently, in a meeting with the **15th Finance Commission**, the **Panchayati Raj Ministry** has pitched for a **fivefold increase in funding** for rural local bodies.

The Ministry asked for Rs 10 lakh crore to be allocated for the 2020-21 to 2025-26 period, in comparison to the Rs 2 lakh crore allocated under the 14th Finance Commission.

Key Points

- **Allocations had tripled** between the 13th and 14th Commissions and the **utilisation rate** for FC grants between 2015 and 2019 stands at **78%**.
- The 2.63 lakh panchayats across the country have **29 functions under their ambit**, according to the **11th Schedule of the Constitution**.
 - **Road construction, its maintenance and drinking water supply** are the major projects carried out by panchayats using FC grants.
 - **Seventy-Third Amendment Act, 1992:**
 - Granted constitutional status and protection to the **Panchayati Raj** institutions.
 - For this purpose, the Amendment added a new **Part-IX** entitled as 'the panchayats' and a new 11th Schedule containing 29 functional items of the panchayats.
- During the **Covid-19**, panchayats gained importance as crucial nodal points as they **ran isolation centres, medical camps and contact tracing**.
 - However, a major challenge during the **pandemic** and **lockdown** was that most panchayats could not provide cooked food at short notice.
 - The Ministry has proposed to set up **community kitchens** in each panchayat, operated by local **self-help groups** (SHGs).

- The role of panchayats also becomes important because now the **Garib Kalyan Rojgar Abhiyan** will also depend on them to generate employment for newly returned migrant workers.

Finance Commission

- It is a **constitutional body**, that **determines the method and formula for distributing the tax proceeds between the Centre and states and among the states** as per the constitutional arrangement and present requirements.
- Under **Article 280 of the Constitution**, the **President of India** is required to constitute a **Finance Commission** at an interval of **five years or earlier**.
- The **1st Finance Commission** was set up in **1951** and there have been fifteen so far.
- The **15th Finance Commission** was constituted by the President of India on **27th November 2017**, against the backdrop of the **abolition of the Planning Commission** and the **introduction of the Goods and Services Tax** (GST).

The 15th Finance Commission is **headed by N.K. Singh**.

- In **November 2019**, the Union Cabinet **approved** the 15th Finance Commission to **submit its first report for the first fiscal year 2020-21** and to **extend its tenure** to provide for the presentation of the **final report covering Financial Years 2021-22 to 2025-26 by 30th October, 2020**.

Source: TH