



Direct Stamp Duty Benefits

Why in News?

The **Haryana government** has decided to **allocate 1% of total stamp duty revenue** to **Panchayati Raj Institutions (PRIs)** to strengthen their financial capacity.

Key Points

- **About Stamp Duty:**
 - Stamp duty is a **tax levied by state governments in India** on property transactions, governed by the **Indian Stamp Act of 1899**.
 - The rates for stamp duty vary by state and are an essential part of the registration process for legal documents and property ownership.
- **Panchayati Raj Institution:**
 - The **73rd Constitutional Amendment Act, 1992** granted **constitutional status** to Panchayati Raj Institutions (PRIs), introducing a uniform three-tier structure across the country.
 - It mandated regular **elections**, reservation of seats for **Scheduled Castes, Scheduled Tribes**, and women, and promoted the **devolution of funds, functions, and functionaries** to strengthen grassroots governance.
 - **Three levels of Panchayats** (in most of the states)- gram sabhas (village or group of small villages), panchayat samithis (block council), and zila parishads (district).
 - **Article 243G** empowers state legislatures to enable **Panchayats to function as self-governing bodies for local planning and economic development**.
 - Constitutional Provisions for Financial Empowerment of Panchayats:
 - **Article 243H** empowers state legislatures to allow Panchayats to levy, collect, and utilize taxes, duties, tolls, and fees.
 - **Article 280(3)(bb)** requires the Central Finance Commission to recommend ways to supplement state funds for Panchayats based on the State Finance Commission's advice.
 - **Article 243-I** mandates a State Finance Commission every five years to review Panchayats' finances and advise on tax distribution, resource improvement, and related financial matters.
 - The **Ministry of Panchayati Raj** looks into all matters relating to the Panchayati Raj and Panchayati Raj Institutions. It was created in May 2004.
- **Strengthening Financial Autonomy of PRIs:**
 - The state government's decision aims to financially **empower Gram Panchayats, Panchayat Samitis, and Zila Parishads**, giving them greater autonomy in planning and executing local development works.
 - Under this scheme, the government plans to transfer Rs 572 crore to PRIs.
- **Revenue Distribution Structure:**
 - The government will transfer 1% of total stamp duty revenue to Panchayati Raj Institutions (PRIs), distributed as follows:
 - 0.5% to Gram Panchayats
 - 0.25% to Panchayat Samitis
 - 0.25% to Zila Parishads

▪ **Previous Steps to Empower Panchayats:**

- The government had already established **inter-district councils** and **enabled direct fund transfers to Panchayats**.
- These measures allow PRIs to carry out departmental functions independently, enhancing **local governance**.

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