सत्यमेव जयते

GOVERNMENT OF INDIA

MINISTRY OF PANCHAYATI RAJ

REPORT ON

DATASETS FOR STATE FINANCE COMMISSIONS

Data, Devolution and Development

Strengthening Fiscal Empowerment of Local Governments

BETTER DATA | EQUITABLE DEVOLUTION | STRONGER LOCAL GOVERNMENTS | EVIDENCE-BASED DECISIONS | SUSTAINABLE DEVELOPMENT

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Foreword

State Finance Commissions (SFCs) play a pivotal role in fiscal decentralisation in Panchayati Raj Institutions, by periodically reviewing the financial position of Panchayats and recommending principles for the devolution and distribution of financial resources to local bodies. The recommendations of SFCs are aimed at strengthening the fiscal capacity of Panchayati Raj Institutions and in supporting effective service delivery and local development. For SFCs to undertake meaningful and evidence-based assessments, access to reliable, timely, and disaggregated datasets on local government finances, assets, and service delivery is essential.

At the *"Finance Commissions' Conclave – Devolution to Development"*, organised by the Ministry of Panchayati Raj in November 2024 under the leadership of the Chairman of the Sixteenth Finance Commission, the issue of data availability for SFCs was highlighted as a major concern. It was highlighted that SFCs often face difficulties in accessing comprehensive datasets from multiple departments and agencies, which affects both the quality and timeliness of their recommendations.

To address this issue, the Ministry constituted the **Committee on Datasets for State Finance Commissions** to identify the datasets required for SFC assessments, examine existing sources of data, and recommend measures to strengthen the supporting information framework. The report of the Committee provides a structured overview of the key datasets required by SFCs and highlights the importance of strengthening data systems to support evidence-based fiscal analysis.

The recommendations contained in this report are expected to support States in improving the data ecosystem for SFCs and strengthening the institutional framework for fiscal decentralization.

Vivek Bharadwaj

Secretary Ministry of Panchayati Raj

Message

The effective functioning of State Finance Commissions is fundamental to strengthening fiscal decentralisation and enabling Panchayati Raj Institutions to discharge their constitutional responsibilities. Evidence-based assessment of the financial position, and developmental needs of local governments requires the availability of reliable, standardised, and granular datasets. However, the absence of an integrated and robust local government data ecosystem has remained a significant constraint in the functioning of SFCs across States.

The Report of the Committee on Datasets for State Finance Commissions is an important step towards addressing these gaps. The Report highlights the critical need for strengthening Panchayat-level fiscal and institutional data systems, improving interoperability across datasets, and promoting standardisation in accounting and reporting frameworks. The recommendations made by the Committee have relevance not only for improving the quality and timeliness of SFC recommendations, but also for strengthening the broader framework of intergovernmental fiscal relations and public financial management.

Particularly significant are the recommendations relating to the development of comprehensive Panchayat-level fiscal databases, standardisation of accounting heads for transfers to local bodies, improved disclosure of fiscal transfers in State budget documents, and strengthening institutional mechanisms for data management and analysis. The emphasis placed on enhancing data consistency, transparency, and accessibility will contribute to informed fiscal decision-making.

I appreciate the efforts of the Ministry of Panchayati Raj and the Committee in undertaking this important exercise towards effective fiscal decentralisation and local governance.

Dr. V. Anantha Nageswaran

Chief Economic Advisor to the Government of India

Acknowledgement

Ensuring the availability of reliable and comprehensive data is essential for enabling State Finance Commissions (SFCs) to undertake informed fiscal assessments and make evidence-based recommendations for strengthening Panchayati Raj Institutions. In this context, the Ministry of Panchayati Raj constituted the **Committee on Datasets for State Finance Commissions** to examine the data requirements of SFCs and identify datasets essential for their analytical work.

The Committee undertook a series of deliberations to identify the key datasets necessary for assessing the financial position of Panchayati Raj Institutions. It reviewed existing data platforms such as **eGramSwaraj**, the **Panchayat Advancement Index (PAI)** framework, and statistical databases maintained by the **Ministry of Statistics and Programme Implementation**, while also examining the availability of relevant data across different departments and institutions.

The report highlights major challenges faced by SFCs, including fragmented data systems, lack of consolidated financial information, and limited availability of Panchayat-level datasets. It also identifies essential datasets required for SFC analysis and proposes measures to address existing data gaps, improve institutional coordination, and strengthen the overall data ecosystem supporting SFCs. The Committee has proposed a set of recommendations aimed at strengthening the data ecosystem supporting State Finance Commissions (SFCs). These recommendations focus on improving the availability, standardisation, and accessibility of Panchayat-level datasets; enhancing institutional mechanisms for data management; and building analytical capacity within SFCs.

The Ministry of Panchayati Raj expresses sincere appreciation for the valuable guidance and contributions of **Shri S. M. Vijayanand, Former Secretary, Ministry of Panchayati Raj; Shri Yamal Vyas, Chairman, Fourth State Finance Commission, Gujarat; and Prof. Manish Gupta, Associate Professor, National Institute of Public Finance and Policy, New Delhi**, whose insights and deliberations greatly enriched the preparation of this report. The Ministry also acknowledges the contributions of **Ms. Mukta Shekhar, Joint Secretary, Shri Ram Pratap, Director, MoPR; Shri Vijay Kumar, Director, MoPR; Shri Pinaki Tahabildar, Under Secretary, MoPR; and Shri S. Mohit Rao, Consultant, MoPR**, for their support in coordinating the work of the Committee and in the preparation of this report.

Executive Summary

State Finance Commissions (SFCs), constituted under Article 243-I of the Constitution of India, play a pivotal role in advancing fiscal decentralisation by assessing the financial position of Panchayati Raj Institutions (PRIs) and recommending principles for the devolution and distribution of financial resources. However, the effective functioning of SFCs has been significantly constrained by the limited availability of reliable, timely, and disaggregated data, particularly at the level of Gram Panchayats. The absence of a robust data ecosystem has adversely impacted both the quality and timeliness of SFC recommendations, thereby weakening the broader framework of decentralised governance.

In this view, the Ministry of Panchayati Raj constituted the Committee on Datasets for State Finance Commissions to identify critical datasets, assess existing data sources, and recommend measures to strengthen the data ecosystem. The Committee has identified several systemic challenges affecting the functioning of SFCs. Foremost among these is the fragmentation of data across multiple departments, resulting in the absence of a unified and integrated database on local government finances, assets, and service delivery. Additionally, the lack of Panchayat-level granularity in available datasets severely restricts the ability of SFCs to undertake accurate and context-specific fiscal assessments. Variations in accounting practices across States further complicate the aggregation and comparison of financial data, while the limited availability of functional and sector-wise expenditure data constrains performance-based analysis. These issues are compounded by capacity constraints at the local level, including the shortage of trained personnel for maintaining accounts and managing data systems. Furthermore, delays in the constitution and submission of SFC reports, along with the heterogeneity in their methodology and quality, have reduced their utility in informing fiscal policy and intergovernmental transfers.

While several digital platforms and data sources—such as the eGramSwaraj portal, Panchayat Advancement Index (PAI), CAG audit reports, and State budget documents—are in place and contribute significantly to data-driven governance, further strengthening can be achieved through enhanced data consistency and improved interoperability. In addition, the continued reliance on outdated datasets, such as the Census 2011 and SECC data, further constrains the relevance of SFC assessments. As a result, the existing data ecosystem, though substantial in scope, falls short of meeting the analytical requirements of SFCs.

In this context, the Committee has emphasised the need for a comprehensive and standardised framework for data collection, management, and dissemination. It has identified a wide range

of essential datasets required for SFC analysis, covering demographic and socio-economic indicators, fiscal parameters such as revenue, expenditure, transfers, and debt, as well as information on governance, devolution, service delivery, infrastructure gaps, and asset inventories. The availability of such datasets at the Gram Panchayat level, in a standardised and accessible format, is critical for enabling evidence-based decision-making and improving the quality of fiscal recommendations. The detailed list of essential datasets for State Finance Commissions may be seen at Section 7 in page 12.

To address the identified gaps, the Committee has proposed a set of comprehensive recommendations. Key recommendations of the Committee are as follows:

- **Classification and Structuring of PAI Indicators:** Classify Panchayat Advancement Index indicators into *needs, performance, and equity/backwardness* categories, with State-wise disaggregation for SFC use.
- **Strengthening Panchayat-Level Fiscal Information Infrastructure:** Develop robust *time-series fiscal databases* at the Gram Panchayat level to support trend analysis and assessment of revenue capacity.
- **Capacity enhancement and awareness for SFCs:** Enhance SFC capacity through targeted training and improved awareness of datasets, including data available on *eGramSwaraj*.
- **Institutional forum for engagement with State Finance Commissions:** Establish a *formal platform for regular interaction* and knowledge-sharing among current and former SFCs.
- **Performance Audit of implementation of 73rd Constitutional Amendment Act:** Request the *Comptroller and Auditor General (CAG)* to undertake a performance audit of the implementation of the 73rd Constitutional Amendment.
- **Establishment of Permanent SFC Cells:** Establish *dedicated SFC Cells within State Governments* to maintain and regularly update fiscal and institutional data.
- **Standardisation of Accounting Framework:** Introduce *uniform accounting heads* for all transfers to local bodies to enable comparability across States, with support from CAG.
- **Supplementary document on transfer of funds to local bodies – as a part of budget document:** Inclusion of a supplementary *budget document* detailing all transfers to rural and urban local bodies, including Gram Panchayat-wise allocations- as a part of Budget document.

- **Standard Reporting Framework for SFCs:** Adopt a *common template/format* (as suggested by the Thirteenth Finance Commission) to improve consistency and quality of SFC reports.
- **Strengthening Role of NIRDPR:** Leverage the National Institute of Rural Development and Panchayati Raj for training, capacity building, and development of best practice compendiums.
- **Revival of Panchayat Statistics publication by NIRDPR:** Resume periodic publication of *Panchayat-level statistics* to strengthen the knowledge base for policymaking.
- **Ensuring GP-Level Data Availability:** Collaborate with the Ministry of Statistics and Programme Implementation to ensure systematic availability of *Gram Panchayat-level data* using standard reference frameworks (e.g., LG Directory).
- **Development of Comprehensive SFC Manual:** Prepare a *comprehensive SFC Manual* to guide future Commissions, drawing on expert institutional support.
- **Joint MoPR–MoSPI Data Handbook:** Publish a *handbook on data availability* across District, Block, and Gram Panchayat levels.
- **Revival of Local Statistics Systems:** Reactivate the *Local Statistics initiative* through an Expert Group involving key stakeholders (MoPR, MoSPI, others).

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1. Introduction

State Finance Commissions (SFCs) play a pivotal role in strengthening fiscal devolution to Panchayati Raj Institutions (PRIs) by assessing their financial position and recommending measures for equitable distribution of resources. In line with Article 243-I of the Constitution, SFCs are constituted to review the financial position of Panchayats and propose steps to enhance their fiscal capacity.

Article 243-I — Constitution of Finance Commission to review financial position of Panchayats

(1) The Governor of a State shall, as soon as may be within one year from the commencement of the Constitution (Seventy-third Amendment) Act, 1992 and thereafter at the expiration of every fifth year, constitute a Finance Commission to review the financial position of the Panchayats and to make recommendations to the Governor as to—

(a) the principles which should govern—

(i) the distribution between the State and the Panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under this Part and the allocation between the Panchayats at all levels of their respective shares of such proceeds;

(ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Panchayats;

(iii) the grants-in-aid to the Panchayats from the Consolidated Fund of the State;

(b) the measures needed to improve the financial position of the Panchayats;

(c) any other matter referred to the Finance Commission by the Governor in the interests of sound finance of the Panchayats.

(2) The Finance Commission constituted under clause (1) shall also review the financial position of the Panchayats and make recommendations to the Governor regarding the distribution and allocation of the State's financial resources to the Panchayats.

(3) The Governor shall cause every recommendation made by the Commission under this article together with an explanatory memorandum as to the action taken thereon to be laid before the Legislature of the State.

To promote greater devolution to Panchayati Raj Institutions (PRIs), the Ministry of Panchayati Raj (MoPR) organized a **One-Day *Finance Commissions' Conclave – Devolution to Development* at Vigyan Bhawan, New Delhi, on November 14th, 2024**. The Conclave was held under the leadership of Dr. Arvind Panagariya, Chairman of the 16th Finance Commission with an aim to foster dialogue

and collaboration among the various stakeholders involved in local governance and financial devolution.

Among other challenges, the Finance Commissions' Conference highlighted the challenge faced by State Finance Commissions in obtaining data from various sources upon their constitution, emphasizing the basic issue of non-availability of data/information apart from other issues. This impinges on the quality & time line of the recommendations.

With a view to facilitating their functioning, a Committee on Datasets for State Finance Commissions was constituted by the Ministry to codify the requirement of the documents, reports and other relevant information needed by any State Finance Commission during the assessment of the position/status of PRIs.

Terms of Reference of the Committee:

i. List the issues & challenges faced by a SFC on obtaining information /data/ documents from various Departments & offices.
ii. To identify the data bases required by a SFC for effective discharge of its mandate
iii. Availability of data and their sources at national & state level and their usability for SFC.
iv. Identify the data gap for SFC and solution thereof
v. Suggest an institutional framework including legal or procedural reforms, for SFCs & standardization of report & data format across the Departments/offices.

Composition of the Committee:

i. Shri Y. Vyas, Chairperson of the 4th SFC, Gujarat – (Member)
ii. Shri S M Vijayanand, former Chairperson, SFC, Kerela - (Member)
iii. Dr. Manish Gupta, Associate Professor, National Institute of Public Finance and Policy- (Member)
iv. Joint Secretary (Fiscal Devolution &Policy), Ministry of Panchayati Raj – (Convenor)

The order of constitution of the Committee is placed as **Annexure I**.

2. Overview of Committee proceedings

The Committee convened three meetings on 20th June, 28th July and 31st December 2025, during which it undertook detailed deliberations on the availability and quality of data at the national level. Discussions encompassed key platforms and indices such as the eGramSwaraj application and the Panchayat Advancement Index developed by the Ministry of Panchayati Raj.

The Committee on Datasets for State Finance Commissions focused on establishing a common understanding of its mandate and the data requirements essential for State Finance Commissions (SFCs). Members emphasized the need for accurate, Panchayat-level datasets—particularly relating to assets, infrastructure gaps, backwardness, Own Source Revenue, and expenditure trends. Proposals were also made for consultations with past and current SFCs and for creating a regular forum for interaction. To enrich the dialogue with broader statistical perspectives, the Ministry of Statistics and Programme Implementation (MoSPI) was also invited to participate in the discussion. MoSPI presented its statistical products, including the eSankhyiki and Microdata portals, and outlined available datasets under national accounts, price, social, and economic statistics. MoPR showcased the PAI 2.0 framework and its nine LSDG themes. Members noted that while national and state-level data are useful, SFCs require more granular, Panchayat-level information.

3. Major Challenges faced by State Finance Commissions

State Finance Commissions (SFCs) encounter several systemic bottlenecks in discharging their mandate effectively:

i. Lack of Consolidated Accounts: Financial statements from Panchayats are usually incomplete using varied and non-standard methods. It becomes extremely difficult for SFCs to prepare a clear, accurate, and complete picture of the overall financial position of local bodies across the entire state.

ii. Limited Disaggregated Information: Functional and sectoral expenditure data are not consistently available. Even when some financial data is available, it is mostly in broad totals. There is almost no clear breakdown showing how much money was spent on specific functions or sectors, such as drinking water supply, sanitation, street lights, roads, or other basic services. SFCs find it very hard to connect the funds given to local bodies with actual improvements in public services. This makes it difficult to make scientific and performance-based recommendations for funding in future.

iii. Capacity Gaps at the Local Level: Many Gram Panchayats do not have trained accountants, book-keepers, or staff who understand modern accounting and data management. Elected representatives and employees often have little knowledge of proper record-keeping.

iv. Fragmented Data Systems: Information about money, administration, assets, and performance is spread across many different Government Departments (Panchayati Raj, Rural Development, Public Health Engineering, Public Works Department, etc.) with almost no connection as each works in its own silo. SFCs have to collect data piece by piece from multiple sources, which takes a lot of time, leads to errors, and prevents them from getting a complete and holistic view of the real financial and physical performance of local bodies.

4. Delay in submission of SFC reports

The effectiveness of fiscal decentralisation is closely linked to the timely constitution and submission of State Finance Commission (SFC) reports. The XIII FC highlighted serious delays in the submission of SFC reports and the continuation of outdated recommendations, noting that "*in one state the SFC report for the period 2005-06 to 2009-10 was submitted to the State Government as late as 31 January 2009… In the interregnum, the recommendations of the previous State Finance Commissions are being implemented*" (XIII FC Report, para 10.123).

The Fourteenth Finance Commission (XIV FC), while analysing SFC reports, highlighted operational constraints, noting that SFCs faced "*constraints in their functioning such as **data availability**, **poor quality of available data**, reconstitution of SFCs more than once during their tenure, shortage of staff and administrative resources and support*" (XIV FC Report, para 9.51).

The Fifteenth Finance Commission (XV FC) reiterated that delays in constitution and reporting by SFCs continue to weaken the constitutional framework for fiscal decentralisation. Referring to the study conducted by the National Institute of Public Finance and Policy (NIPFP) on 'Overview of State Finance Commission Reports 2018', it observed that "*the average delay in SFCs submitting their report has been about sixteen months*" (XV FC Report, para 7.28).

A State-wise analysis of delays in submission of State Finance Commission reports is placed at **Annexure II**, based on the Study on "Overview of State Finance Commission Reports" conducted by the National Institute of Public Finance and Policy (NIPFP), 2018, supplemented by SFC reports of the respective States.

The Sixteenth Finance Commission in its report has observed that "*Reports of the SFCs have lacked uniformity in the approach adopted, periods covered and the quality of data and analyses. Time periods of appointments of SFCs by different States have also differed markedly. As a result, the past FCs have been unable to base their recommendations on the SFC reports. This Commission too has faced these difficulties and has been unable to base its recommendations on the reports of SFCs*". (XVI FC Report, para 10.4)

The challenge of timely and effective submission of SFC reports is further compounded by persistent data gaps at the local level. The Second Administrative Reforms Commission, in its Sixth Report on

Local Governance, observed that the task of State Finance Commissions is inherently complex due to wide variations in the financial position and service delivery levels of local bodies, and that the "**lack of data on various aspects of local governance makes the task of the SFCs even more difficult**". (Second Administrative Reforms Commission - Report on Local Governance, para 3.5.2.14).

Thus, a greater emphasis on timely reporting and supporting data systems would enhance the utility of SFC recommendations.

5. Quality of State Finance Commission reports

The quality of State Finance Commission (SFC) reports has a direct bearing on the effectiveness of fiscal devolution to local bodies. Over the years, variations have been noted in the quality and usability of these reports across States.

The Thirteenth Finance Commission observed that "*the quality of SFC reports continues to be patchy*" and that "*the basis for determination of support is not uniform across SFCs*", further noting that "*the recommendations of the SFCs do not follow a uniform pattern, thus detracting from their usability*" (XIII FC, para 10.126). To address these shortcomings, it endorsed a common reporting framework and recommended that "*SFCs consider this [template] for adoption*" (XIII FC, para 10.127; Annex 10.5).

The Second Administrative Reforms Commission, in its report on Local Governance, emphasised the need for stronger fiscal analysis by SFCs, recommending that "*SFCs should carry out a more thorough analysis of the finances of local bodies and make concrete recommendations for improvements in their working*", while clarifying that "*in case of smaller local bodies such recommendations could be broad in nature, but in case of larger local bodies, recommendations should be more specific*" (Second Administrative Reforms Commission - Report on Local Governance, para 3.5.2.18).

The Sixteenth Finance Commission has observed that "*we have found that many States fail to appoint them* (i.e. State Finance Commissions (SFC)) *in a timely fashion. Moreover, the available SFC reports are heterogeneous in their approach, methodology, and coverage of issues. As a result, we have not found them useful for framing our recommendations for the transfer of funds, which must follow a common set of criteria*" (XVI FC Report, para 2.27). Additionally, the Commission has also observed "*Reports of the SFCs have lacked uniformity in the approach adopted, periods covered and the quality of data and analyses".* (XVI FC Report, para 10.4).

Referring to the constitutional requirement under Articles 280(3)(bb) and 280(3)(c) that the Finance Commission make recommendations to local bodies "on the basis of the recommendations made by the Finance Commission of the State", the Commission has observed that "*this Commission has also experienced, serious obstacles remain in the way of meaningfully basing our recommendations on those provided by SFCs. As we do not anticipate these obstacles going away anytime in the foreseeable future,*

in conformity with FC-11, we recommend that the above-quoted expression be dropped from the relevant articles through a Constitutional amendment". (XVI FC Report, para 10.81).

6. Existing Sources of Data

State Finance Commissions presently have access to several national and state-level databases which provide financial, socio-economic, and developmental information. However, their coverage and applicability at the Gram Panchayat level remains uneven.

- **eGramSwaraj Portal (MoPR):** This is a major digital platform that combines planning, budgeting, accounting, and monitoring for Panchayats. It is very useful overall, but the quality and regularity of data entry differs greatly from state to state. In states like Odisha, Uttar Pradesh, and Tamil Nadu, many Panchayats already record expenditures related to State Finance Commission funds on this portal. Some states have linked it with the PFMS for real-time online payments, while others (some NE-States) still use manual entry of payment vouchers. It is therefore imperative that all expenditure on account of the grants of State Finance Commissions be mandatorily recorded in eGramSwaraj.
- **Panchayat Advancement Index (PAI 2.0, MoPR):** This Index gives comparative performance data for Gram Panchayats across nine themes aligned with Localized Sustainable Development Goals (LSDGs). It covers areas like fiscal capacity (own revenue), infrastructure availability, service delivery, and other development aspects.
- **Census of India and SECC Data:** These provide basic demographic (population, households) and socio-economic profiles of rural areas, which help understand needs and backwardness. The latest full Census data is still from 2011 (the 2021 Census was postponed; the next one — with caste enumeration — is scheduled to start in phases from 2026, with population enumeration in 2027). SECC (Socio-Economic and Caste Census) 2011 data is now quite old and less relevant for current fiscal planning. This limits its usefulness for up-to-date SFC assessments.
- **CAG's Local Body Audit Reports** These are audited financial statements of Panchayati Raj Institutions prepared by the CAG of India. They serve as a reliable source for verifying actual revenue, expenditure, and compliance data. Reports are published state-wise and cover local body finances (available on cag.gov.in).
- **AuditOnline Platform (Observation Analysis Report)** AuditOnline is a digital platform developed to support auditing of Panchayats and local bodies as per CAG standards. It includes an 'Observation Analysis Report' that classifies audit findings into categories and sub-categories. This allows detailed analysis of performance issues, trends, and statistics at state and local body levels.
- **State Budget Documents** These show the total amount of funds transferred from the State Government to local bodies (Panchayats and Municipalities), along with the overall financial

position of the state. They give a broad view of fiscal transfers but lack detailed GP-level breakdowns.

7. Data essential for State Finance Commissions:

During its meetings, the Committee identified and listed the key datasets that State Finance Commissions urgently need to do their work properly. These datasets cover financial details, socio-economic information, and sector-wise indicators — all at the level of individual Gram Panchayats. These datasets needs to be properly collected, standardized and made easily available. By systematically compiling and making these datasets accessible, the analytical capacity of State Finance Commissions can be significantly strengthened, enabling them to frame recommendations that are both data driven and context specific.

It is very important therefore, that both State Governments and the Central Government take immediate and active steps to collect and organise these datasets; standardise their format and ensure that these are seamlessly accessible to every State Finance Commission. Thus would enable the SFCs in informed, and evidence based decision making in the devolution process.

The list of these essential datasets, along with their sources, is presented in the table below:

Dataset / Indicator	Description	Source of data
Demography details		
Population (Disaggregated)	Census figures by gender, SC/ST, social groups	Census of India, JJM Projections
Human Development Indicators	Poverty, literacy, health, backwardness indices	Can be derived from Panchayat Advancement Index.
Decentralized Governance & Devolution		
Devolution of Finances	Extent of financial devolution (funds, formula)	State Finance Départements, Previous ATRs, Budget Documents
Functional Devolution & Activity Mapping	Functions devolved, official notifications, link to finances	Notifications, Activity Mapping Reports, Department of PRI
Financial Accountability	Account quality, audits, compliance, CAG oversight	CAG Reports, Audit Department, State PR/ULB Audit Wings
State Finances		
Critical Analysis of State Finances	Revenue, expenditure, debt, deficit trends	State Budgets, Finance Accounts, RBI State Finances Report
Impact of Past SFC Recommendations	Changes in transfers and outcomes post-recommendations	Comparative budget data, Outcome Reports
Direct Transfers to Rural Local Bodies	Type, amount, frequency, channels of transfer	Treasury records, Departmental data
Panchayat Finance		

Dataset / Indicator	Description	Source of data
Revenue (OSR) (Tax & non-tax)	Source-wise collections, trends, efficiency, unrealized taxes	Panchayat Accounts, Audit Reports, Revenue Registers, State Portals
Transfers from State Government.	Assigned taxes, shares, grants	Treasury, PR Department., Budget documents
Transfers from Central Government.	FC grants, centrally sponsored schemes	PFMS, Finance Commission Reports, MoPR
Capital Receipts & Debt	Borrowings, loans, repayments	Panchayat Finance Records, State Loans Register
Revenue Expenditure	Functional classification, O&M costs	Panchayat accounts, eGramSwaraj, CAG reports
State Expenditure for LBs	Salaries/pensions paid directly by State	HR/Finance Department., Treasury
Deferred / Committed Expenditure	Outstanding liabilities	Panchayat account statement, eGramSwaraj
Capital Expenditure	Infra investments, funding sources	Public Works Department , Panchayat reports, eGramSwaraj
Net Budgetary Position	Balance of receipts and expenditures	Consolidated PRI Budgets, eGramSwaraj
Fiscal & Financial Management	Budgeting process, internal control	PR Department, State Audit, AG office, eGramSwaraj, AuditOnline
Asset & Infrastructure Inventory	Panchayat-owned assets	eGramSwaraj, State PR Department.
Service Delivery at Panchayats		
Service Deficits	Benchmark vs actual coverage	Baseline Surveys, SBM reports, Jal Jeevan Mission data, Panchayat Charter
Inventory of Assets	List, condition, valuation of public assets	ULB/PRI records, Asset Registers, GIS databases
Services in Panchayats	Coverage of services, quality	Panchayat Citizens' Charter
Others		
Civic Infrastructure Availability	Facilities like water supply, sanitation, roads, parks, crematoria	Profile Module (if Panchayats have uploaded the relevant information)
State Absorption of LB Expenditure	Expenditure incurred on behalf of LBs	State Department of Finance, Panchayat/ULB Departments
Guarantees for LBs	Guarantees given, liabilities created	State Budget, CAG Report, Finance Department.
Digital Connectivity	Internet/telecom coverage and quality	BBNL, Private Telecom Service Providers
Women's Collectives (SHGs)	SHG numbers, savings, bank loan access	NRLM (MoRD), State SHG Federations

Dataset / Indicator	Description	Source of data
State Transfers	Untied/scheme-specific transfers, share of State revenues	State Budget Documents, RBI State Finances Report
Programme Data (e.g., MGNREGA)	Scheme-specific: demand, works completed, expenditure	MGNREGA MIS, PMAY-G, SBM
Panchayat Advancement Index (PAI 2.0)	Composite index across nine LSDG themes	PAI Portal

8. Key recommendations of the Committee

I. **Classification and Structuring of PAI Indicators:**

The Ministry may take necessary steps to classify the Panchayat Advancement Index (PAI) indicators into distinct categories such as "needs of Panchayats," "performance of Panchayats," and "backwardness for equity" to facilitate structured and objective analysis by the State Finance Commissions (SFCs). Further, PAI data may be systematically disaggregated and compiled State-wise to ensure direct applicability and ease of access for SFC assessments and recommendations.

II. **Strengthening Panchayat-Level Fiscal Information Infrastructure:**

State Governments, in coordination with the Ministry, may establish robust mechanisms for the collection, collation, and maintenance of a comprehensive time-series database of Gram Panchayat-level financial information. This will support SFCs in conducting fiscal trend analysis and accurately evaluating the revenue-raising capacities of Panchayats.

III. **Capacity Enhancement and Awareness for SFCs:**

Targeted efforts may be undertaken to sensitise and equip State Finance Commissions with knowledge of the full range of datasets available to them, including dataset structure, access mechanisms, and potential applications in formula design, equity assessments, and sectoral analysis. The SFCs need to be made aware on the data available on eGramswaraj application, for enabling the SFCs in preparation of their report.

IV. **Institutional Forum for Engagement with State Finance Commissions:**

A standing institutional mechanism may be established for periodic interaction between existing and former SFCs. This would promote continuous dialogue, peer learning, and sustained knowledge-sharing, thereby strengthening institutional memory and overall capacity of SFCs.

V. **Performance Audit of Implementation of the 73rd Constitutional Amendment Act:**

The Ministry may formally request the Office of the Comptroller and Auditor General (CAG) to undertake a performance audit of the implementation of the 73rd Constitutional Amendment Act to assess the extent and effectiveness of functional, financial, and administrative devolution

to Panchayati Raj Institutions. CAG has previously conducted such audits in Goa and Karnataka.

VI. **Establishment of a Permanent SFC Cell in States:**

A permanent State Finance Commission Cell may be created within the State Government to maintain all data collected by SFCs and update them at regular intervals. Ideally, this Cell should be housed in the Department of Finance or Department of Planning.

VII. **Standardization of account heads:**

Although transfers from States to Panchayats and Municipalities are embedded within state budgets, they are not segregated under uniform accounting heads, making cross-state comparison difficult. There is a need for standard accounting heads to be notified to capture all categories of transfers to local bodies, thereby enabling greater consistency across states. The O/o CAG could take necessary measures in this regard.

VIII. **Supplementary document on transfer of funds to local bodies – as a part of budget document:**

A supplementary budget document may be prepared indicating devolution to Local Governments, Urban and Rural (including for each Gram Panchayat however small it is) indicating the different streams of devolution like Union Finance Commission, State Finance Commission- share of taxes and Grants in Aid, Centrally Sponsored schemes, state schemes and others.

IX. **Format for State Finance Commissions:**

While SFC reports reflect the particular conditions of a State, it would be useful to suitably adapt the template suggested by the Thirteenth Finance Commission.

X. **Role of NIRDPR in Training and Knowledge Support to SFCs:**

The School of Excellence in Panchayati Raj at NIRDPR may be assigned the responsibility of conducting capacity-building programmes for SFCs. It may also develop a compendium of best practices on data collection methodologies used by SFCs across States.

XI. **Revival of Panchayat Statistics Publication by NIRDPR:**

NIRDPR may revive its earlier practice of publishing, at regular intervals, all available statistics on Panchayats, thereby strengthening the knowledge ecosystem for SFCs and policymakers.

XII. **Ensuring Availability of GP-Level data through MoSPI:**

As many national datasets continue to use revenue villages rather than Gram Panchayats as the unit of reporting, MoPR may engage with MoSPI to ensure that GP-level data are systematically captured. This can be facilitated by establishing a common reference system based on the LG Directory, enabling automatic GP-wise sorting of data.

XIII. **Development of a Comprehensive SFC Manual:**

The Ministry may commission the development of a comprehensive SFC Manual to guide future SFCs. The task may be entrusted to NIPFP, in partnership with Janaagraha, given their extensive experience with Finance Commissions, including urban finance matters.

XIV. **Joint MoPR–MoSPI Handbook on Data Availability:**

MoPR and MoSPI may consider jointly publishing a handbook on the current status of data availability with reference to Districts, Blocks, and Gram Panchayats, to support evidence-based analysis by SFCs.

XV. **Reactivation of the Local Statistics Initiative:**

The Government of India's earlier initiative on Local Statistics, in the erstwhile Planning Commission and later pursued by MoSPI, may be revived. MoPR and MoSPI may constitute an Expert Group on Local Statistics with a comprehensive Terms of Reference, associating MoUD and NITI Aayog as key partners.

9. Conclusion

The effective functioning of State Finance Commissions is a cornerstone of deepening fiscal decentralization and ensuring financial autonomy of Panchayati Raj Institutions. The Committee's deliberations have underscored the critical need for systematic, granular data at the Gram Panchayat level, along with robust institutional mechanisms for information sharing, capacity enhancement, and peer learning. It is therefore imperative that both State Governments and the Central Government work in close coordination to operationalize these measures in a time-bound manner. By doing so, they will not only address the persistent challenges of data availability and institutional capacity but also reinforce the broader objective of empowering Panchayati Raj Institutions as effective agents of local self-governance, in keeping with the spirit and intent of the Constitution.

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Office Order- Constitution of Committee on datasets for SFC

M-11015/6/2025-FD

Government of India

Ministry of Panchayati Raj

(Fiscal Devolution Division)

11th Floor, Jeevan Prakash Building

25th KG Marg, New Delhi – 110001

Date: 25th February 2025

Office Order

State Finance Commissions (SFCs) face significant challenges in gathering data from various sources upon their constitution, including the non-availability of crucial data and information. This along with other issues hampers the effective functioning of SFCs in assessing the financial position of Panchayati Raj Institutions (PRIs). To address these challenges, a Committee is hereby constituted with the following composition:

i. Shri Y. Vyas, Chairperson of the 4th SFC, Gujarat	Member
ii. Shri S M Vijayanand, former Chairperson, SFC,Kerela	Member
iii. Dr. Manish Gupta, Associate Professor, National Institute of Public Finance and Policy	Member
iv. Joint Secretary(Fiscal Devolution &Policy), Ministry of Panchayati Raj	Convenor

2. The Committee shall have the following Terms of Reference:

i. List the issues & challenges faced by a SFC on obtaining information /data/ documents from various Department & offices.
ii. To identify the data bases required by a SFC for effective discharge of its mandate
iii. availability of data and their sources at national & state level and their usability for SFC.
iv. Identify the data gap for SFC and solution thereof
v. Suggest an institutional framework including legal or procedural reforms, for SFC & standardization of report & data format across the department/offices.

3. The Committee may co-opt/invite domain experts from various departments/organisations/institutions in its deliberations/meetings as & when required. The group may furnish its report **within two months.**

4. For non-official & Ex-official member(s), the provision for the payment of sitting fees and allowance etc shall be in accordance with the Department of Expenditure's OM no. 19047/10/2016-E-IV dated 12th April 2017 and OM No. 19047/10/2016-E-IV dated 14th September 2017, respectively

5. Shri. S. Mohit Rao, Consultant (FD), will support the Committee in its day-to-day functioning.

6. This issues with the approval of the Secretary, Ministry of Panchayati Raj.

(Ram Pratap)
Director

Copy to:

i. PPS to SPR
ii. PS to JS (APN)
iii. Shri Y. Vyas, Chairperson of the 4th SFC, Gujarat.- Member
iv. Shri S M Vijayanand, Former Secretary, Ministry of Panchayati Raj - Member
v. Dr. Manish Gupta, Associate Professor, National Institute of Public Finance and Policy

Annexure II

Time taken by State Finance Commissions to submit reports

Sl. No.	State (SFC No.)	Award Period	Date of Appointment (as per ToR)	Date of Submission (as per ToR)	Date of Actual Submission	Delay in Submission	Actual Time Taken
1	Andhra Pradesh (3rd)	2005-06 to 2009-10	23-12-2004	28-12-2007	25-01-2008	1 month	3 years 1 month
2	Arunachal Pradesh (2nd)	2015-16 to 2019-20	23-08-2012	30-09-2013	30-06-2014	9 months	2 years 2 months
3	Assam (5th)	2015-16 to 2019-20	05-03-2013	30-09-2014	30-11-2016	2 years 7 months	3 years 8 months
4	Bihar (5th)	2015-16 to 2019-20	13-12-2013	31-03-2015	02-02-2016	11 months	3 years 2 months
5	Chhattisgarh (2nd)	2012-13 to 2016-17	23-07-2011	22-07-2012	March 2013	7 months	1 year 7 months
6	Goa (2nd)	2007-08 to 2011-12	16-08-2005	11-09-2006	31-12-2007	1 year 3 months	2 years 4 months
7	Gujarat (2nd)	2005-06 to 2009-10	19-11-2003	15-10-2005	June 2006	8 months	2 years 7 months
8	Haryana (5th)	2016-17 to 2020-21	26-05-2016	30-05-2017	13-09-2017	4 months	1 year 4 months
9	Himachal Pradesh (5th)	2017-18 to 2021-22	19-11-2014	30-04-2016	19-01-2018	1 year 9 months	4 years 2 months
10	Jammu & Kashmir (1st)	2007-08 to 2011-12	18-08-2007	September 2008	25-11-2010	2 years 2 months	3 years 3 months
11	Karnataka (4th)	2013-14 to 2017-18	21-12-2015	31-05-2016	July 2018	2 years 1 month	2 years 6 months
12	Kerala (5th)	2016-17 to 2020-21	17-12-2014	21-05-2015	March 2016	10 months	2 years 3 months
13	Madhya Pradesh (4th)	2011-12 to 2015-16	27-01-2012	31-01-2013	January 2017	4 years	4 years 11 months
14	Maharashtra (4th)	2011-12 to 2015-16	10-02-2011	30-09-2012	October 2017	5 years	6 years 8 months
15	Manipur (3rd)	2013-14 to 2017-18	18-02-2013	18-05-2013	15-12-2014	1 year 7 months	1 year 10 months
16	Mizoram (1st)	2015-16 to 2019-20	30-09-2011	30-11-2012	19-02-2015	2 years 2 months	3 years 4 months
17	Odisha (4th)	2015-16 to 2019-20	31-10-2013	30-04-2014	September 2014	5 months	11 months
18	Punjab (5th)	2016-17 to 2020-21	18-09-2013	31-12-2015	29-06-2016	5 months	2 years 8 months
19	Rajasthan (4th)	2010-11 to 2014-15	13-04-2011	31-12-2011	September 2013	1 year 9 months	2 years 5 months
20	Sikkim (5th)	2020-21 to 2024-25	17-08-2016	28-02-2017	July 2017	5 months	11 months
21	Tamil Nadu (5th)	2017-18 to 2021-22	01-12-2014	31-05-2016	27-12-2016	7 months	2 years
22	Tripura (3rd)	2009-10 to 2014-15	28-03-2008	30-04-2008	October 2009	1 year 6 months	1 year 7 months
23	Uttar Pradesh (4th)	2011-12 to 2015-16	19-12-2011	16-12-2014	16-12-2014	No delay	3 years
24	Uttarakhand (4th)	2016-17 to 2020-21	02-02-2015	31-01-2016	31-05-2016	4 months	1 year 4 months
25	West Bengal (4th)	2015-16 to 2019-20	30-04-2013	30-04-2014	February 2016	1 year 10 months	2 years 10 months

Source: Study on 'Overview of State Finance Commission Reports' by NIPFP, 2018