Cabinet approves Pradhan Mantri Viksit Gram Swaraj Yojana (PM-VGSY) as a Centrally Sponsored Scheme for 2026–27 to 2030–31; ₹7,395.55 crore

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News

The Union Cabinet chaired by PM Narendra Modi on Wednesday, 28 Oct 2026, approved the 'Pradhan Mantri Viksit Gram Swaraj Yojana' (PM-VGSY) as a Centrally Sponsored Scheme (CSS) for 2026–27 to 2030–31 (co-terminus with the 16th Finance Commission period). Total outlay ₹7,395.55 crore – Centre ₹4,869.48 crore, States ₹2,526.07 crore. About 32 lakh elected representatives and functionaries in over 2.55 lakh panchayats and traditional local bodies will benefit. The Ministry of Panchayati Raj called it a next-generation governance transformation initiative aligned with Viksit Bharat.

Key facts

Approval	28 Oct 2026 – Union Cabinet (chaired by PM)
Type / Ministry	Centrally Sponsored Scheme; Ministry of Panchayati Raj
Period	2026–27 to 2030–31 (16th Finance Commission period)
Outlay	₹7,395.55 crore (Centre ₹4,869.48 + States ₹2,526.07)

Key components	2.55 lakh GPDPs a year on eGramSwaraj; AuditOnline audits; capacity building for 32 lakh people; own-source revenue; 17-language AI platform PANCHAM
Coverage	All States/UTs, incl. traditional bodies in non-Part IX areas

Background

- Earlier scheme: Rashtriya Gram Swaraj Abhiyan (RGSA) – launched 24 April 2018 (National Panchayati Raj Day); the revamped RGSA ran from 2022–23 to 2025–26 (₹5,911 crore), focusing on capacity building and governance of panchayats.
- Constitution: Article 40 (DPSP) – organise village panchayats. 73rd Amendment (1992; in force 24.4.1993) – Part IX (Articles 243–243O), Eleventh Schedule (29 subjects); three tiers, Gram Sabha, five-year term, State Election Commission, State Finance Commission. Part IX does not apply to Nagaland, Meghalaya, Mizoram and Sixth Schedule areas (Article 243M).
- History: The Balwant Rai Mehta Committee (1957) recommended three-tier 'democratic decentralisation'; the first Panchayati Raj began at Nagaur, Rajasthan, on 2 Oct 1959. The Ashok Mehta Committee (1977) recommended a two-tier system. The Ministry of Panchayati Raj was created in 2004.
- Economy: The 16th Finance Commission (Chairman Arvind Panagariya) has recommended about ₹4.35 lakh crore in grants for rural local bodies for 2026–27 to 2030–31. Raising panchayats' own-source revenue (such as property tax) is one of the scheme's goals.

Tamil Nadu link: The inscriptions of the Vaikunda Perumal temple at Uthiramerur (Kancheepuram district), of Parantaka Chola I (10th century CE), describe the 'Kudavolai' (pot-and-palm-leaf) election of assembly members – ancient evidence of local democracy. Today, under the Tamil Nadu Panchayats Act 1994, TN has a three-tier system (village panchayat – panchayat union – district panchayat) with over 12,500 village panchayats. TN holds six Gram Sabha meetings a year – 26 Jan, 22 Mar (World Water Day), 1 May, 15 Aug, 2 Oct and 1 Nov (Local Governance Day).

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