



ABSTRACT

Rural Development and Panchayat Raj Department – Sixth State Finance Commission Grant 2024-2025 – Sanction and release a sum of **Rs.2918,75,71,071/- (Rupees Two thousand nine hundred and eighteen crore seventy five lakh seventy one thousand and seventy one only)** towards Minimum Grant for 12,482 Village Panchayats and 388 Panchayat Unions for 5 months and Population Grant for all three tiers of Panchayats for 5 months from April 2025 to August 2025 - Orders – Issued.

Rural Development and Panchayat Raj (PR-1(2)) Department

G.O. (Ms) No.80

Dated: 30.05.2025

விசுவாவசு, வைகாசி – 16

திருவள்ளூர் ஆண்டு 2056

Read:

- 1 G.O. (Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023.
- 2 G.O. (Ms) No.30, Rural Development and Panchayat Raj (PR-1(2)) Department, Dated: 05.03.2025.
- 3 From the Commissioner of Rural Development and Panchayat Raj Letter Rc.No.31546/2025/SFC 2, dated: 10.05.2025.

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ORDER:

In the Government Order first read above, the Government have ordered that the vertical sharing ratio for devolution of State Finance Commission Grant to Rural and Urban Local Bodies will be 51:49 for the Sixth State Finance Commission Award period from 2022-2023 to 2026-2027.

2. In Government Order second read above, the Government accord sanction and release a sum of **Rs.1841,37,95,143/-** towards Minimum Grant for 12,525 Village Panchayats and 388 Panchayat Unions for 2 months and Population Grant for all three tiers of Panchayats for two months of February 2025 and March 2025.

3. In the letter third read above, the Commissioner of Rural Development and Panchayat Raj has stated as follows:-

- In G.O. (Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023, the Government have ordered that the vertical sharing ratio for devolution of State Finance Commission Grant to Rural and Urban Local Bodies will be 51:49 for the Sixth State Finance Commission Award period from 2022-2023 to 2026-2027.

(P.T.O.)

- The Government has also ordered to apportion the Devolution Grant of Rural Local Bodies among the Village Panchayats, Panchayat Unions and District Panchayats in the ratio of 55:39:6 respectively.
- As per the Sixth SFC recommendations, the horizontal distribution of SFC devolution to Rural Local Bodies should be done on the basis of multiplier formula given by the sixth State Finance Commission.
- In Budget Estimate 2025-2026, the following provisions have been made under the heads of account pertaining to SFC Devolution Grant for Rural Local Bodies for the year 2025-2026 vide the Budget Estimate for the year 2025-2026 under Rural Development and Panchayat Raj Department.

Component	Provision made in BE 2025-2026 (In Rupees)
District Panchayats (DPC 3604-00-196-AA-30902)	481,58,47,000
Panchayat Unions (DPC 3604-00-197-AA -30902)	3130,30,06,000
Village Panchayats (DPC 3604-00-198-AA-30902)	4378,12,66,000
Total	7990,01,19,000

- **Village Panchayat - Minimum Grant & Population Grant:** As per the Sixth State Finance Commission recommendations, the Government have issued following orders for the release of Minimum Lump sum Grant of Rs.7.00 lakh for each Village Panchayat per annum. (100. para.7.81)
- The basic lumpsum grant should be divided between two shares for settling the charges due to the electricity and water supply in the ratio of 70:30. From each account, the charges should be settled in first instance. In case there is excess amount available in the account after settling the electricity or the water charges as the case may be, such amount should be transferred to the other account for electricity and water charges, respectively. (101. para.7.82)
- In case there are no dues pending for water charges or electricity charges in the Panchayat, then and then alone should the amount be transferred to the General Fund account. (102. para.7.83). The balance remaining amount out of the share of Village Panchayats under SFC devolution will be distributed on the weightage formula as mentioned in para 3. (103. para.7.84).
- Funds for payments to utilities are disbursed to a common Account No.II / component B is TNPASS. This includes the dues payable for electricity bills and water charges. It is essential that the dues payable to these utilities are paid in time and no pendency is allowed, to ensure smooth functioning of these utilities there by improving their performance and their service delivery to the local bodies. Therefore, the funds devolved into Account No.II / component B is

TNPASS should be devolved into two separate accounts one each for electricity bills and for water charges. Initially, funds should be apportioned between these two accounts in the ratio of 70:30. If the pendency is nil in one of the accounts, the remaining funds are transferred to the other Account. If pendency is nil in that account as well, the funds could be transferred to the General Fund Account. (104.para.6.32)

Hence, the Minimum grant may be released to Single Nodal Account / TNPASS within a category of minimum Grant and the same will be earmarked for Payment of current consumption charges to TANGEDCO and Water charges to TWAD Board and on completion of the dues up to the month and the reserve for another two months (for both TANGEDCO and TWAD) will be kept in the minimum grant head, and the remaining amount may be transferred to General fund of the concerned Village Panchayat.

- **Panchayat Union - Minimum Grant & Population Grant:** As per the Sixth SFC recommendations, the Government has issued orders and release of Minimum Lump sum Grant of Rs.40.00 lakh for each Panchayat Union. (98.para.7.77). The remaining amount, after deducting the minimum lump sum grant from the total devolution to Panchayat Unions, should be devolved to the Panchayat Unions with the weightage formula as mentioned in para 3. (99.para.7.78).
- **District Panchayat - Population Grant:** As per the Sixth SFC recommendations, the grants should be devolved to District Panchayats based on the weightage formula as mentioned in para 3. (97.para.7.75).
- **SFC Cell and Programme Management Units:** The Finance Department in its Action Taken report on SFC recommendations vide G.O.(Ms) No.60, Finance (SFC-MC) Department, dated 28.02.2023 above has insisted for Strengthening the e-Governance initiatives and augmentation of Own Sources of Revenue. This initiative requires dedicated manpower and expert opinion. The above task requires technical manpower and other resources. Para 1 of II in page 3 of G.O.(Ms) No.60, Finance (SFC-MC) Department, dated 28.02.2023 (para 1.40) has stated that **exclusive sections should be formed in RD&PR departments to deal with the subjects relating to State Finance Commissions and also at Directorate of Rural Development and Panchayat Raj.** These sections may be formed with retired officials from the Rural Development and Panchayat Raj Department, National Informatics Centre and outsourced manpower from the concerned authorized agencies to implement the SFC recommendations. Further, to implement the State Nodal Account for 1.3 Lakh Accounts maintained in Panchayats require huge IT support at various levels. The cost towards setting up of separate sections along with State Programme Management Unit and District/ Block Programme Management may be met out from interest accrued in the Single Nodal Account operated for SFC.

4. The Commissioner of Rural Development and Panchayat Raj has requested the Government to issue orders for the release of share of Devolution Grant to Village Panchayats, Panchayat Unions and District Panchayats for the months from **April 2025 to January 2026** as detailed below:

(In Rupees)

Total share of Devolution Grant under SFC to three tiers of Panchayats for the year 2025-26		7990,01,19,000
a)	Village Panchayats	
1	State Finance Commission Grant to Village Panchayats	4378,12,66,000
2	Minimum Grant: Minimum Grant of Rs.7,00,000/- per year x 12,482 Village Panchayats from the share of State Finance Commission Grant to Village Panchayats i.e., i) Rs.60,000/- per month from April 2025 to January 2026 (10 months) and ii) Rs.50,000/- per month for February 2026 and March 2026 (2 months)	873,74,00,000
3	Now, Amount to be released as Minimum Grant for the months of April 2025 to January 2026 (10 months). (Rs.60,000 x 12,482 VPs x 10 months)	748,92,00,000
4	Population Grant: State Finance Commission Devolution Grant to Village Panchayats (14 installments) i.e., Sl. No. 1-2	3504,38,66,000
5	Out of total amount which is entitled for 14 installments as in Sl.No.4, 10 installments for the period from April 2025 to January 2026 are to be released.	2503,13,32,857
6	Balance of 4 installments for the months of February 2026 and March 2026 to be released later, based on Budget Estimate i.e., Sl.No.4-5	1001,25,33,143
7	Now, Amount requested as Population Grant for the months from April 2025 to January 2026 (10 installments). (Sl.No.(4*10)/14)	2503,13,32,857
8	Total grant amount requested for VP (3+7)	3252,05,32,857
b)	Panchayat Unions	
1	State Finance Commission Grant to Panchayat Unions	3130,30,06,000
2	Minimum Grant: Minimum Grant of Rs.40,00,000/- per year x 388 Panchayat Unions from the share of State Finance Commission to Panchayat Unions. i.e., i) Rs.3,00,000/- per month from April 2025 to January 2026 (10 months) & ii) Rs.5,00,000/- per month for February 2026 and March 2026 (2 months)	155,20,00,000

3	Now, Amount to be released as Minimum Grant for the months from April 2025 to January 2026 (10 months). (Rs.3,00,000 x 388 PUs x 10 months)	116,40,00,000
4	Population Grant: State Finance Commission Devolution Grant to Panchayat Unions i.e., Sl.No.1-2	2975,10,06,000
5	Out of the total amount which is entitled for 14 installments as in Sl.No.4, 10 installments for the period from April 2025 to January 2026 to be released.	2125,07,18,571
6	Balance of 4 installments for the months of February 2026 and March 2026 to be released later, based on Budget Estimate i.e., Sl.No.4-5	850,02,87,429
7	Now, Amount to be released as Population Grant for the months from April 2025 to January 2026 (10 installments). (Sl.No.(4*10)/14)	2125,07,18,571
	Total grant amount requested for BP (3+7)	2241,47,18,571
c)	District Panchayats	
1	Population Grant: State Finance Commission Grant to District Panchayats based on population	481,58,47,000
2	Out of the total amount which is earmarked for 14 installments, 10 installments for the period from April 2025 to January 2026 are to be released.	343,98,90,714
3	Balance of 4 installments for the months of February 2026 and March 2026 to be released later, based on Budget Estimate i.e., Sl.No.1-2	137,59,56,286
4	Now, Amount to be released as Population Grant for the months from April 2025 to January 2026 (10 installments).	343,98,90,714
	Sanction requested for the total amount for 10 months (a7+b7+c4) + (a3+b3)	5837,51,42,142
	Monthly release requested	583,75,14,214

5. The Commissioner of Rural Development and Panchayat Raj has also requested the Government to issue orders for the sanction of Minimum Grant of **Rs.748,92,00,000/-** (Rupees Seven hundred and forty eight crore ninety two lakh only) at the rate of Rs.60,000/- per month to each Village Panchayat for the months from **April 2025 to January 2026** for 10 months. An amount of **Rs.116,40,00,000/-** (Rupees One hundred and sixteen crore and forty lakh only) at the rate of Rs.3,00,000/- per month to each Panchayat Union as Minimum Grant is to be released for the months from **April 2025 to January 2026** for 10 months. Thus a total sum of **Rs.865,32,00,000/-** (Rupees Eight hundred and sixty Five crore and thirty two lakh only) is to be sanctioned towards the Minimum Grant for Village Panchayats and

Panchayat Unions for the months of **April 2025 to January 2026** for ten months under State Finance Commission Grant for the year 2025-26.

6. The Commissioner of Rural Development and Panchayat Raj has also requested the Government to sanction the Population Grant for ten months from **April 2025 to January 2026**.

- a) **Rs.2503,13,32,857/-** (Rupees Two thousand five hundred and three crore thirteen lakh thirty two thousand eight hundred and fifty seven only) to Village Panchayats,
- b) **Rs.2125,07,18,571/-** (Rupees Two thousand one hundred and twenty five crore seven lakh eighteen thousand five hundred and seventy one only) to Panchayat Unions and
- c) **Rs.343,98,90,714/-** (Rupees Three hundred and forty three crore ninety eight lakh ninety thousand seven hundred and fourteen only) to District Panchayats.
- d) Total sum of **Rs. 4972,19,42,142/- (Rupees Four thousand nine hundred and seventy two crore nineteen lakh forty two thousand one hundred and forty two only)** is to be sanctioned towards the Population Grant for all the three tiers of Panchayats from **April 2025 to January 2026** for ten months under State Finance Commission Grant for the year 2025-26.

7. The Government after careful examination of the proposal of the Commissioner of Rural Development and Panchayat Raj, have decided to accept the same and accord sanction for 5 months (i.e, April 2025 to August 2025) as follows:-

I. Minimum Grant of Rs.432,66,00,000/- for 5 months from April 2025 to August 2025

- An amount of **Rs.374,46,00,000/-** (Rupees Three hundred and seventy four crore forty six lakh only) as Minimum Grant at the rate of Rs.60,000/- per month to each Village Panchayat for the months from **April 2025 to August 2025** for 5 months.
- An amount of **Rs.58,20,00,000/-** (Rupees Fifty eight crore and twenty lakh only) at the rate of Rs.3,00,000/- per month to each Panchayat Union as Minimum Grant is to be released for the months from **April 2025 to August 2025** for 5 months.
- Thus a total sum of **Rs.432,66,00,000/- (Rupees Four hundred and thirty two four crore sixty six lakh only)** is to be sanctioned towards the Minimum Grant for Village Panchayats and Panchayat Unions for the months from **April 2025 to August 2025** for five months under State Finance Commission Grant for the year 2025-26.

II. Population Grant of Rs.2486,09,71,071/- for 5 months from April 2025 to August 2025

- a) **Rs.1251,56,66,429/-** (Rupees One thousand two hundred and fifty one crore fifty six lakh sixty six thousand four hundred and twenty nine only) to Village Panchayats,
- b) **Rs.1062,53,59,285/-** (Rupees One thousand sixty two crore and fifty three lakh fifty nine thousand two hundred and eighty five only) to Panchayat Unions and
- c) **Rs.171,99,45,357/-** (Rupees One hundred and seventy one crore ninety nine lakh forty five thousand three hundred and fifty seven only) to District Panchayats.
- d) Total sum of **Rs.2486,09,71,071/- (Rupees Two thousand four hundred eighty six crore nine lakh seventy one thousand and seventy one only)** is to be sanctioned towards the Population Grant for all the three tiers of Panchayats from **April 2025 to August 2025** for five months under State Finance Commission Grant for the year 2025-2026.

8. The expenditure sanctioned in para '7' above shall be debited under the following heads of account:-

Head of Account	Sanction of amount requested
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 198 Assistance to Gram Panchayats - State's Expenditure - AA. Grants to Village Panchayats as per the recommendations of SFC controlled by Director of Rural Development - 309 Grants-in-aid-02-Grants for Capital Expenditure (DPC 3604-00-198-AA-30902)	Minimum Grant for 5 months Rs.374,46,00,000/-
	Population Grant for 5 months Rs.1251,56,66,429/-
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 197 Assistance to Block Panchayats/Intermediate level Panchayats - State's Expenditure - AA Grants to Panchayat Unions as per the recommendation of SFC controlled by Director of Rural Development 309 Grants-in-aid-02-Grants for Capital Expenditure (DPC 3604-00-197-AA -30902)	Minimum Grant for 5 months Rs.58,20,00,000/-
	Population Grant for 5 months Rs.1062,53,59,285/-
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 196 Assistance to Zilla Parishads/District level Panchayats - State's Expenditure - AA - Grants to District Panchayats as per the recommendation of SFC controlled by Director of Rural Development 309 Grants-in-aid-02-Grants for Capital Expenditure (DPC 3604-00-196-AA-30902)	Population Grant for 5 months Rs. 171,99,45,357/-
Total	Rs. 2918,75,71,071/-

9. The Commissioner of Rural Development and Panchayat Raj is authorized to draw the amount sanctioned in para 7 above from the above mentioned Heads of Account and to disburse the same to the three tiers of Panchayat Raj Institutions after making necessary deductions for committed expenditure such as Pension Contribution and other deductions specifically authorised by the Government Orders.

10. This order issues with the concurrence of the Finance Department vide its U.O. No.3306/Fin(RD)/2025, dated 26.05.2025.

(By Order of the Governor)

GAGANDEEP SINGH BEDI,
Additional Chief Secretary to Government.

To

The Commissioner of Rural Development and Panchayat Raj, Chennai-15.

The Additional Chief Secretary / Director General,

Rural Development and Panchayat Raj (Training), Chennai-15.

All District Collectors (Except Chennai).

The Commissioner, State Institute of Rural Development, Maraimalai Nagar,
Chengalpattu District.

All Project Directors, District Rural Development Agency.

The Pay and Accounts Officer (South), Chennai-35.

The Principal Accountant General (G&SSA) / (A&E) / (E&RSA),
Chennai – 18.

The Principal Accountant General, Chennai – 9.

The Pay and Accounts Officer, Madurai.

All District Treasury Officers.

Copy to:

The Special Personal Assistant to Hon'ble Minister (Rural Development),
Chennai-9.

The Finance (Infra-IV /FC.IV) Department, Chennai-9.

The Senior Private Secretary to the Additional Chief Secretary
to Government, Rural Development and Panchayat Raj Department, Chennai-9.

The Rural Development and Panchayat Raj (B&C / SGS.1/SGS.2/
SGS.3/SGS.4/PR.3/OP.II) Department, Chennai-9.

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// Forwarded by Order //

H. Kamagalashini
30/5/2025

Section Officer

31.5.25
30/5/25