



## **ABSTRACT**

Rural Development and Panchayat Raj Department – Sixth State Finance Commission Grants for the year 2026-27 – Sanction and release a sum of Rs.5837,49,41,428/- towards Minimum Grant for 12,480 Village Panchayats and 388 Panchayat Unions for 10 months and Population Grant for all three tiers of Panchayats for 10 months (April 2026 to January 2027) - Orders – Issued.

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

G.O. (Ms) No.101

Dated: 25.05.2026

புதி பராபவ, வைகாசி - 11

திருவள்ளூர் ஆண்டு 2057

Read:

1. G.O. (Ms) No.60, Finance (SFC-MC) Department, dated 28.02.2023.
2. G.O.(Ms)No.18, Rural Development and Panchayat Raj (PR-1(2)) Department, dated: 01.02.2025.
3. From the Commissioner of Rural Development and Panchayat Raj Letter No.21500/2026/PRI SFC-2, dated 13.04.2026.

\* \* \* \*

### **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 2022-23 to 2026-27.

2. In the Government Order second read above, the Government have accorded sanction and release a sum of Rs.2152,49,75,858/- towards Minimum Grant for 12,482 Village Panchayats and 388 Panchayat Unions for 2 months and Population Grant for all three tiers of Panchayats for 2 months of 2026 (February and March).

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

- 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 2022-23 to 2026-27.

(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 Para 1 of II in G.O. (Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023, 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 (Population – 65%, Area – 15% and SC/ST Population – 20%).
- In Interim Budget Estimate 2026-27 of Rural Development and Panchayat Raj Department the following provisions have been made under the head of accounts pertaining to SFC Devolution Grant for Rural Local Bodies for the year 2026-27:-

| <b>Component</b>                                  | <b>Provision made in IBE 2026-27<br/>(In Rupees)</b> |
|---------------------------------------------------|------------------------------------------------------|
| District Panchayats<br>(DPC 3604-00-196-AA-30902) | 479,40,07,000                                        |
| Panchayat Unions<br>(DPC 3604-00-197-AA -30902)   | 3116,10,46,000                                       |
| Village Panchayats<br>(DPC 3604-00-198-AA-30902)  | 4394,50,65,000                                       |
| <b>Total</b>                                      | <b>7990,01,18,000</b>                                |

#### **Village Panchayat - Minimum Grant & Population Grant:**

As per the Sixth State Finance Commission recommendations, the Government have issued following orders

- Minimum Lump sum Grant of Rs.7.00 lakh for each Village Panchayat per annum. (Para 100 of II in G.O. (Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023-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. (Para 101 of II in G.O. (Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023-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. (Para 102 of II in G.O. (Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023-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 above. (Para 103 of II in G.O. (Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023-para.7.84).
- Funds for payments to utilities are disbursed to a common Account No.II. 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 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. (Para 104 of II in G.O. (Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023-para.6.32)

In G.O. (Ms) No.117, Rural Development and Panchayat Raj (PR1(2)) Department Dated: 28.10.2022, the Population grant and Minimum grant are being released from Single Nodal Account through TNPASS. Further, as per the above recommendations the minimum grant from Account No.II / Component B is released for Payment of current consumption charges to TANGEDCO and Water charges to TWAD Board and on fully settlement of the dues upto the month and the remaining amount may be transferred to General fund of the concerned Village Panchayat.

#### **Panchayat Union - Minimum Grant & Population Grant:**

The Government has issued orders and release of Minimum Lump sum Grant of Rs.40.00 lakh for each Panchayat Union. (Para 98 of II in G.O. (Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023-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 above. (Para 99 of II in G.O. (Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023- Para. 7.78).

#### **District Panchayat - Population Grant:**

The grants should be devolved to District Panchayats based on the weightage formula as mentioned in bullet point 3 of para 3 above. (Para 97 of II in G.O. (Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023-Para.7.75). Separate SNA account was created for District Panchayat SFC Grant. Now, the District Panchayat funds are released through TNPASS.

### SFC Cell and Programme Management Units:

- Based on the Sixth SFC recommendation, the Finance Department in G.O.(Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023 (Para 1 of II-para 1.40) has stated that exclusive sections should be formed in Rural Development and Panchayat Raj Departments to deal with the subjects relating to State Finance Commissions, and also at Directorate of Rural Development and Panchayat Raj.

4. The Commissioner of Rural Development and Panchayat Raj has also stated that 1.3 Lakh Accounts are in Panchayats and the same is maintained through TNPASS, VP Tax, Online PPA etc. The online modules are development and monitored at the Directorate by the team consists of Retired NIC Official as Senior Consultant IT, Retired Official from Rural Development and Panchayat Raj Department, SPMUs and DPMUs at the District level. The cost towards the engaged of the above team is being met out from interest accrued in the Single Nodal Account operated for SFC.

5. 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 of **April 2026 to January 2027** as detailed below:

|                                                                                                                                   |                                                                                                                                                                                                                                                                                                            | Amount<br>(In Rupees) |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| <b>Total share of Devolution Grant under SFC to three tiers of Panchayats for the year 2026-27 as per Interim Budget Estimate</b> |                                                                                                                                                                                                                                                                                                            | <b>7990,01,18,000</b> |
| <b>a)</b>                                                                                                                         | <b>Village Panchayats</b>                                                                                                                                                                                                                                                                                  |                       |
| <b>1</b>                                                                                                                          | <b>State Finance Commission Grant to Village Panchayats</b>                                                                                                                                                                                                                                                | <b>4394,50,65,000</b> |
| <b>2</b>                                                                                                                          | <b>Minimum Grant:</b><br>i) Minimum Grant of Rs.7,00,000/- per year x 12,480 V.Pts. from the share of State Finance Commission Grant to Village Panchayats i.e., Rs.60,000/- per month from April 2026 to January 2027 (10 months) and<br>ii) Rs.50,000/- per month for February and March 2027 (2 months) | <b>873,60,00,000</b>  |
| <b>3</b>                                                                                                                          | <b>Now, Amount to be released as Minimum Grant for the months of April 2026 to January 2027 (10 months) (Rs.60,000 x 12,480 VPs x 10 months)</b>                                                                                                                                                           | <b>748,80,00,000</b>  |

|    |                                                                                                                                                                                                                                                                                                               |                       |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 4  | <b>Population Grant:</b><br>State Finance Commission Devolution Grant to Village Panchayats (14 installments) i.e.,<br>Sl. No. 1-2                                                                                                                                                                            | 3520,90,65,000        |
| 5  | Out of total amount which is entitled for 14 installments as in Sl.No.4, 10 installments for the period from April 2026 to January 2027 are to be released.                                                                                                                                                   | 2514,93,32,143        |
| 6  | Balance of 4 installments for the months of February and March 2027 to be released later i.e., Sl.No.4-5                                                                                                                                                                                                      | 1005,97,32,857        |
| 7  | <b>Now, Amount requested as Population Grant for the months from April 2026 to January 2027 (10 installments). (Sl.No.(4*10)/14)</b>                                                                                                                                                                          | <b>2514,93,32,143</b> |
| 8  | <b>Total grant amount requested for VP (3+7)</b>                                                                                                                                                                                                                                                              | <b>3263,73,32,143</b> |
| b) | <b>Panchayat Unions</b>                                                                                                                                                                                                                                                                                       |                       |
| 1  | <b>State Finance Commission Grant to Panchayat Unions</b>                                                                                                                                                                                                                                                     | <b>3116,10,46,000</b> |
| 2  | <b>Minimum Grant:</b><br>Minimum Grant of Rs.40,00,000/- per year x 388 Pt. Unions from the share of State Finance Commission to Panchayat Unions.<br>i.e.,<br>i) Rs.3,00,000/- per month from April 2026 to January 2027 (10 months) &<br>ii) Rs.5,00,000/- per month for February and March 2027 (2 months) | 155,20,00,000         |
| 3  | <b>Now, Amount to be released as Minimum Grant for the months from April 2026 to January 2027 (10 months) (Rs.3,00,000 x 388 PUs x 10 months)</b>                                                                                                                                                             | <b>116,40,00,000</b>  |
| 4  | <b>Population Grant:</b><br>State Finance Commission Devolution Grant to Panchayat Unions i.e., Sl. No.1-2                                                                                                                                                                                                    | 2960,90,46,000        |
| 5  | Out of the total amount which is entitled for 14 installments as in Sl.No.4, 10 installments for the period from April 2026 to January 2027 to be released.                                                                                                                                                   | 2114,93,18,571        |
| 6  | Balance of 4 installments for the months of February and March 2027 to be released later, based on Budget Estimate i.e., Sl.No.4-5                                                                                                                                                                            | 845,97,27,429         |

|                                                                         |                                                                                                                                                    |                       |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 7                                                                       | Now, Amount to be released as Population Grant for the months from April 2026 to January 2027 (10 installments) (Sl.No.(4*10)/14)                  | 2114,93,18,571        |
| 8                                                                       | Total grant amount requested for BP (3+7)                                                                                                          | 2231,33,18,571        |
| c)                                                                      | <b>District Panchayats</b>                                                                                                                         |                       |
| 1                                                                       | <b>Population Grant:</b><br>State Finance Commission Grant to District Panchayats based on population                                              | 479,40,07,000         |
| 2                                                                       | Out of the total amount which is earmarked for 14 installments, 10 installments for the period from April 2026 to January 2027 are to be released. | 342,42,90,714         |
| 3                                                                       | Balance of 4 installments for the months of February and March 2027 to be released later, based on Budget Estimate i.e., Sl.No.1-2                 | 136,97,16,286         |
| 4                                                                       | Now, Amount to be released as Population Grant for the months from April 2026 to January 2027 (10 installments).                                   | 342,42,90,714         |
| <b>Sanction requested for the total amount for 10 months (a8+b8+c4)</b> |                                                                                                                                                    | <b>5837,49,41,428</b> |
| <b>Average Monthly release from April, 2026 to January, 2027</b>        |                                                                                                                                                    | <b>583,74,94,143</b>  |

6. The Commissioner of Rural Development and Panchayat Raj has therefore requested the Government to sanction the **Minimum Grant** for 10 months from April 2026 to January 2027.

- An amount of **Rs.748,80,00,000/-** (Rupees Seven Hundred Forty Eight Crore Eighty Lakh Only) at the rate of Rs.60,000/- per month to each **Village Panchayat**.
- An amount of **Rs.116,40,00,000/-** (Rupees One Hundred Sixteen Crore Forty Lakh Only) at the rate of Rs.3,00,000/- per month to each **Panchayat Union** as Minimum Grant is to be released.
- Thus a total sum of **Rs.865,20,00,000/-** (Rupees Eight Hundred Sixty Five Crore Twenty Lakh Only) is to be sanctioned towards the **Minimum Grant for Village Panchayats and Panchayat Unions** for the months of April 2026 to January 2027 for ten months under State Finance Commission Grant for the year 2026-27.

- Also, sanction is requested for Population Grant for ten months from **April 2026 to January 2027**.
- a. **Rs.2514,93,32,143/-** (Rupees Two Thousand Five Hundred Fourteen Crore Ninety Three Lakh Thirty Two Thousand One Hundred and Forty Three Only) to **Village Panchayats**,
- b. **Rs.2114,93,18,571/-** (Rupees Two Thousand One Hundred Fourteen Crore Ninety Three Lakh Eighteen Thousand Five Hundred and Seventy One Only) to **Panchayat Unions** and
- c. **Rs.342,42,90,714/-** (Rupees Three Hundred Forty Two Crore Forty Two Lakh Ninety Thousand Seven Hundred and Fourteen Only) to **District Panchayats**.
- d. A total sum of **Rs.4972,29,41,428/-** (Rupees Four Thousand Nine Hundred Seventy Two Crore Twenty Nine Lakh Forty One Thousand Four Hundred and Twenty Eight Only) is to be sanctioned towards the Population Grant for all the **three tiers of Panchayats** from April 2026 to January 2027 for ten months under State Finance Commission Grant for the year 2026-27.

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 issue orders as follows:-

- An amount of **Rs.748,80,00,000/-** (Rupees Seven Hundred Forty Eight Crore Eighty Lakh Only) at the rate of Rs.60,000/- per month to each **Village Panchayat**.
- An amount of **Rs.116,40,00,000/-** (Rupees One Hundred Sixteen Crore Forty Lakh Only) at the rate of Rs.3,00,000/- per month to each **Panchayat Union** as **Minimum Grant** is to be released from April 2026 to January 2027 for 10 months.
- Thus a total sum of **Rs.865,20,00,000/-** (Rupees Eight Hundred Sixty Five Crore Twenty Lakh Only) is to be sanctioned towards the **Minimum Grant for Village Panchayats and Panchayat Unions** for the months of April 2026 to January 2027 for ten months under State Finance Commission Grant for the year 2026-27.
- Also, to sanction for Population Grant for ten months from **April 2026 to January 2027**.
- **Rs.2514,93,32,143/-** (Rupees Two Thousand Five Hundred Fourteen Crore Ninety Three Lakh Thirty Two Thousand One Hundred and Forty Three Only) to **Village Panchayats**,
- **Rs.2114,93,18,571/-** (Rupees Two Thousand One Hundred Fourteen Crore Ninety Three Lakh Eighteen Thousand Five Hundred and Seventy One Only) to **Panchayat Unions** and

- **Rs.342,42,90,714/-** (Rupees Three Hundred Forty Two Crore Forty Two Lakh Ninety Thousand Seven Hundred and Fourteen Only) to **District Panchayats**.
- A total sum of **Rs.4972,29,41,428/-** (Rupees Four Thousand Nine Hundred Seventy Two Crore Twenty Nine Lakh Forty One Thousand Four Hundred and Twenty Eight Only) sanctioned towards the **Population Grant** for all the **three tiers of Panchayats** from April 2026 to January 2027 for ten months under State Finance Commission Grant for the year 2026-27.

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

| Head of Account                                                                                                                                                                                                                                                                                                                                                                | Sanction of amount requested for 10 months (in Rs.)           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| 3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 198 Assistance to Gram Panchayats - State's Expenditure - AA. Grants to <b>Village Panchayats</b> 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 10 months<br><b>Rs.748,80,00,000/-</b>      |
|                                                                                                                                                                                                                                                                                                                                                                                | Population Grant for 10 months<br><b>Rs.2514,93,32,143/-</b>  |
| 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 <b>Panchayat Unions</b> 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 10 months<br><b>Rs.116,40,00,000/-</b>      |
|                                                                                                                                                                                                                                                                                                                                                                                | Population Grant for 10 months<br><b>Rs. 2114,93,18,571/-</b> |
| 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 <b>District Panchayats</b> 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 10 months<br><b>Rs. 342,42,90,714/-</b>  |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                   | <b>Rs. 5837,49,41,428/-</b>                                   |

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.2626/Fin(Infra-IV)/2026, dated 19.05.2026.

(By Order of the Governor)

**PRASHANT M WADNERE,**  
Secretary to Government.

To

The Commissioner of Rural Development and Panchayat Raj, Chennai-15.  
The Commissioner of 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 and Water Resources), Chennai-9.  
The Finance (Fin(Infra-IV)/SFC-MC) Department, Chennai-9.  
The Senior Private Secretary to the 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.  
Stock File / Spare Copy.

// Forwarded by Order //

Under Secretary to Government

*9/5/26*  
*25/05/2026*