



ABSTRACT

Rural Development and Panchayat Raj Department – Sixth State Finance Commission Grants for the year 2025-26 – 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) - Orders – Issued.

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

G.O. (Ms) No.18

Dated: 01.02.2026

விசுவாவசு, கை - 18

திருவள்ளூர் ஆண்டு 2057

Read:

1. G.O. (Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023.
2. G.O. (Ms) No.80, Rural Development and Panchayat Raj (PR-1(2)) Department, dated: 30.05.2025.
3. G.O. (Ms) No.196, Rural Development and Panchayat Raj (PR-1(2)) Department, dated: 03.09.2025.
4. From the Commissioner of Rural Development and Panchayat Raj Letter No.31546/2025/SFC 2, dated 12.01.2026.

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ORDER:

In the Government Order 1st 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 2nd read above, the Government accord sanction and release a total sum of Rs.2918,75,71,071/- 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.

3. In the Government Order 3rd read above, the Government accord sanction of a total sum of Rs.2918,75,71,071/- 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 September 2025 to January 2026.

(P.T.O)

4. In the letter 4th read above, the Commissioner of Rural Development and Panchayat Raj has stated as follows:-

- In Government Order second 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.
- 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 Revised Estimate 2025-26 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 2025-26:-

Component	Provision made in RE 2025-26 (In Rupees)
District Panchayats (DPC 3604-00-196-AA-30902)	479,40,07,000
Panchayat Unions (DPC 3604-00-197-AA -30902)	3116,10,46,000
Village Panchayats (DPC 3604-00-198-AA-30902)	4394,50,65,000
Total	7990,01,18,000

- In Government Order second read above, Sixth State Finance Commission Grants for the year 2025-26, the Government have ordered to Sanction of **Rs.2918,75,71,071/-** towards Minimum Grant for 12,482 Village Panchayats and 388 Panchayat Unions and Population Grant for all three tiers of Panchayats for 5 months from April 2025 to August 2025.
- In Government Order third read above, Sixth State Finance Commission Grants for the year 2025-26, the Government have ordered to Sanction of **Rs.2918,75,71,071/-** towards Minimum Grant for 12,482 Village Panchayats and 388 Panchayat Unions and Population Grant for all three tiers of Panchayats for 5 months from September 2025 to January 2026.
- In Government Order first read above, the modality of disbursement of State Finance Commission funds in installments have been discussed under para 4(l)(9) under Finance Department, according to which the first ten installments be released on fixed dates as per the Budget Estimates. The last four installments are released once the Revised Estimates have been finalized.

5. In Revised Estimate 2025-26 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 2025-26.

Component	Provision made in RE 2025-26 (In Rupees)
District Panchayats (DPC 3604-00-196-AA-30902)	479,40,07,000
Panchayat Unions (DPC 3604-00-197-AA-30902)	3116,10,46,000
Village Panchayats (DPC 3604-00-198-AA-30902)	4394,50,65,000
Total	7990,01,18,000

6. The Commissioner of Rural Development and Panchayat Raj has therefore requested the Government to issue orders for the sanction of Minimum Grant of **Rs.124,82,00,000/-** (Rupees One hundred and twenty four crore and eighty two lakh only) at the rate of Rs.50,000/- per month to each Village Panchayat for the month of **February and March 2026** for 2 months.

- An amount of **Rs.38,80,00,000/-** (Rupees Thirty Eight Crore and eighty lakh only) at the rate of Rs.5,00,000/- per month to each Panchayat Union as Minimum Grant is to be released for the month of **February and March 2026** (2 months).
- Thus a total sum of **Rs.163,62,00,000/-** (Rupees One hundred and sixty three crore and sixty two lakh only) is to be sanctioned towards the Minimum Grant for Village Panchayats and Panchayat Unions for the months of **February and March 2026** for 2 months under State Finance Commission Grant for the year 2025-26.
- Also, sanction is requested for Population Grant for two months from **February and March 2026**.
 - a) **Rs.1017,63,32,142/-** (Rupees One Thousand Seventeen crore Sixty Three lakh Thirty Two Thousand One Hundred and Forty Two only) to Village Panchayats,
 - b) **Rs.835,83,27,430/-** (Rupees Eight Hundred and Thirty Five crore Eighty Three lakh Twenty Seven Thousand Four Hundred and Thirty only) to Panchayat Unions and

- c) **Rs.135,41,16,286/-** (Rupees One Hundred and Thirty Five Crore Forty One Lakh Sixteen Thousand Two Hundred and Eighty Six Only) to District Panchayats.
- d) Total sum of **Rs.1988,87,75,858/-** (Rupees One Thousand Nine Hundred and Eighty Eight Crore Eighty Seven Lakh Seventy Five Thousand Eight Hundred and Fifty Eight Only) is to be sanctioned towards the Population Grant for all the three tiers of Panchayats from **February and March 2026** for two 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 issue orders as follows:-

- An amount of **Rs.38,80,00,000/-** (Rupees Thirty Eight Crore and eighty lakh only) at the rate of Rs.5,00,000/- per month to each Panchayat Union as Minimum Grant is to be released for the month of **February and March 2026** (2 months).
 - Thus a total sum of **Rs.124,82,00,000/-** (Rupees One hundred and twenty four crore eighty two lakh only) is to be sanctioned towards the Minimum Grant for Village Panchayats for the months of **February and March 2026** for 2 months under State Finance Commission Grant for the year 2025-26.
 - Also, sanction is requested for Population Grant for two months from **February and March 2026**.
- a) **Rs.1017,63,32,142/-** (Rupees One Thousand Seventeen crore Sixty Three lakh Thirty Two Thousand One Hundred and Forty Two only) to Village Panchayats,
- b) **Rs.835,83,27,430/-** (Rupees Eight Hundred and Thirty Five crore Eighty Three lakh Twenty Seven Thousand Four Hundred and Thirty only) to Panchayat Unions and
- c) **Rs.135,41,16,286/-** (Rupees One Hundred and Thirty Five Crore Forty One Lakh Sixteen Thousand Two Hundred and Eighty Six Only) to District Panchayats.
- d) Total sum of **Rs.1988,87,75,858/-** (Rupees One Thousand Nine Hundred and Eighty Eight Crore Eighty Seven Lakh Seventy Five Thousand Eight Hundred and Fifty Eight Only) is to be sanctioned towards the Population Grant for all the three tiers of Panchayats from **February and March 2026** for two months under State Finance Commission Grant for the year 2025-26.

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 2 months Rs.124,82,00,000/-
	Population Grant for 2 months Rs.1017,63,32,142/-
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 2 months Rs.38,80,00,000/-
	Population Grant for 2 months Rs.835,83,27,430/-
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 196 Assistance to ZillaParishads/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 2 months Rs.135,41,16,286/-
Total	Rs.2152,49,75,858/-

9. The Commissioner of Rural Development and Panchayat Raj is authorized to draw the amount sanctioned in para 7 above from the above mentioned Head of Accounts 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.329/Fin(Infra-IV)/2026, dated 29.01.2026.

(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 (Fin(Infra-IV)/FC-II) 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 //


Under Secretary to Government

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02/02/2026