

AMOUNT TO BE CREDITED IN THE ACCOUNTS OF THE STATE GOVERNMENTS

F.No.8(8)/FCD/2025-26(Part)

Government of India

Ministry of Finance

Department of Expenditure

Finance Commission Division

D-Wing, Room No.10011,

Kartavya Bhawan-1, New Delhi-110001.

Dated:- 4th February, 2026.

To,

The Accounts Officer (State-Loan),
O/o the Chief Controller of Accounts,
Department of Expenditure,
Ministry of Finance, Chanderlok Building,
New Delhi -110001.

Subject:- Release of **Rural Local Bodies Basic grant (untied)** as recommended by the Fifteenth Finance Commission (FC-XV).

Sir,

The undersigned is directed to convey the approval of the Competent Authority in the Department of Expenditure, Ministry of Finance, Government of India for release of FC-XV recommended Rural Local bodies Grant amounting to a total of **Rs. 22200.00 lakh** (Rupees Two Hundred Twenty-Two Crore only) to the State Government(s) as per details given below;

Sl. No.	Name of the State	Amount (Rs. in lakh)	Grant component	Installment/ Year
1.	Punjab	22200.00*	RLB's Basic grant (untied)	1 st of 2025-26
x	Total	22200.00	x	x

*For all eligible 13262 GPs, 150 BPs and 22 ZPs.

2. The State Government (State Finance Department) is advised to ensure that the above grant is allocated to General Areas and Excluded Areas, if any (where Part IX & IXA of the constitution does not apply) within the State using population of 2011 Census with a weight of 90% and Area with a weight of 10%. The above grant is released on recommendations of MoPR's O.M.F.No.M-11015/161/2020-FD(part-1) dated 14.01.2026.

3. Grants apportioned for **General Areas** shall be distributed as per the inter-se share finalized for all tiers of Panchayats and distributed within each tier across the State on the basis of accepted recommendations of the latest State Finance Commission (SFC). However, in case of non-availability of SFC recommendation for distribution, the allocations should be on the basis of population and area in the ratio of 90:10.

4. Grants apportioned for **Excluded Areas** (if any) as per para 2 above shall be directly transferred by the State Finance Department to the concerned Autonomous District Councils (ADC)/Village Development Boards (VDB)/Gram Sabhas (as the case may be) through the concerned Administrative Departments/nodal Departments looking after Panchayati Raj/ADC/VDB matters.

[Signature]
04/02/2026

Contd. on page-2.

5. The States (State Finance Department) shall transfer grants-in-aid to the concerned entities within ten working days of receipt from the Union Government without any deduction. Any delay beyond ten working days will require the State Government(s) to release the above grant installment(s) with interest as per the effective rate of average interest on market borrowings/State Development Loans (SDLs) for the previous year.

6. The above basic grants are untied and can be used by the local bodies for location-specific felt needs under the twenty-nine subjects enshrined in the Eleventh Schedule of the Constitution, except for salary or other establishment expenditure. However, expenditure required for auditing of accounts by State Government approved external agencies may be borne from this grant.

7. The above local body grant shall be governed as per the recommendations of the FC-XV[Final Report], contained in Chapter-7 'Empowering Local Governments' and the provisions contained in the Operational Guidelines on the subject issued by the Department of Expenditure vide OM No. F. 15 (2) FC-XV/FCD/2020-25, dated 14/07/2021.

8. The State Governments/ Autonomous District Councils / Excluded Areas shall have to ensure that a separate Account of each Council/entity has been opened in any Scheduled Commercial Bank for FC-XV grant, linked it with PFMS and maintained for every transaction for the full award period.

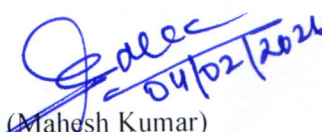
9. PAO-State Loan, O/o the Chief Controller of Accounts, Department of Expenditure, Ministry of Finance, Chandernagore Building, New Delhi is requested to advise the Reserve Bank of India, Nagpur to credit the above amount to the accounts of the respective State Government(s).

10. The payments are adjustable in the accounts of the Ministry of Finance in Demand Grant No. 42 - Transfers to State Government(s) for the year 2025-26 under Function Head 3601071020100, Object Head 31, Scheme code 2084 as Grants for Local Bodies(4.01 Rural Bodies).


(Mahesh Kumar)
Joint Director (FCD)

Copy to:-

Sl. No.	Name
1.	Reserve Bank of India, Central office, Mumbai.
2.	The Secretary, Ministry of Panchayati Raj, Krishi Bhawan, New Delhi.
3.	The Manager, RBI, Central Accounts Section, Nagpur.
4.	The Budget Division (States Section), DEA, Kartavya Bhawan, New Delhi.
5.	The PAO, Department of Expenditure (DOE).
6.	The Accountant General(A&E), concerned State Government(s).
7.	The Accountant General(Audit), concerned State Government(s).
8.	The Secretary(Finance), concerned State Government(s).
9.	The Secretary(Panchayati Raj Department), concerned State Government(s).
10.	Guard File.


(Mahesh Kumar)
Joint Director (FCD)