

James
11/02/2026

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.

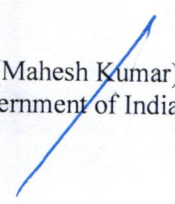
9. PAO-State Loan, O/o the Chief Controller of Accounts, Department of Expenditure, Ministry of Finance, North Block, New Delhi is requested to advise the Reserve Bank of India, Nagpur to credit the above amount to the accounts of the respective State Government(s).

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 to the Government of India

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 to the Government of India