

F.No. 6(1)/FCD/2026-31
Ministry of Finance
Department of Expenditure
Finance Commission Division

Room No. 10012, D-Wing,
Kartavya Bhawan-1, New Delhi-110001.
Dated:- 21.05.2026.

To

The Chief Secretary,
(All State Governments)

Subject: Operational Guidelines for "Rural Local Body Grants" Recommended by the 16th Finance Commission for its Award Period from 2026-27 to 2030-31 – reg.

Sir,

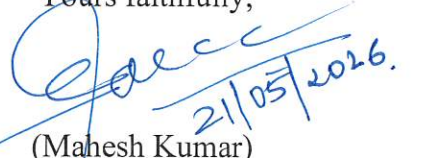
The recommendations of the Sixteenth Finance Commission (FC-16) for the award period 2026-27 to 2030-31, inter-alia, include release of grant-in-aid to State Governments for Rural Local Bodies.

2. The Union Government vide 'Explanatory Memorandum' as to the Action Taken on the Recommendations made by FC-16 in its Report for the award period 2026-27 to 2030-31 has inter-alia accepted the recommendations contained in Chapter 10 of its report (Volume I and Volume II) titled 'Local Body Grants'.

3. In this regard, the undersigned is directed to forward herewith a copy of the guidelines for release and utilisation of Grants recommended by FC-16 for Rural Local Bodies for information and further necessary action.

Encl.: as above

Yours faithfully,



(Mahesh Kumar)

Joint Director to the Government of India

Copy to:-

- (i) The Secretary, Ministry of Panchayati Raj, Jeevan Prakash Building, 25 K.G. Marg, New Delhi.
- (ii) The Secretary, DDW&S, Ministry of Jal Shakti, C.G.O. Complex, New Delhi.

Operational Guidelines for “Rural Local Body Grants” Recommended by the 16th Finance Commission for its Award Period from 2026-27 to 2030-31

1. Introduction

- 1.1 The Sixteenth Finance Commission (FC-16) has recommended **Rs. 4,35,236 crore** as grants to Rural Local Bodies (RLBs) for the award period from 2026-27 to 2030-31. FC-16 in Volume-II of the Report has provided Year-wise and State-wise allocation under different components of Rural Local Body grants.
- 1.2 The Union Government vide ‘Explanatory Memorandum’ as to the Action Taken on the Recommendations made by FC-16 in its Report for the award period 2026-27 to 2030-31 has inter-alia accepted the recommendations of the FC-16 contained in Chapter 10 of its report (Volume I and Volume II) titled ‘Local Body Grants’.
- 1.3 These guidelines are issued to operationalise the recommendations of FC-16 for Rural Local Body grants and to ensure their timely release and effective utilisation. These guidelines shall be applicable from the financial year 2026-27 to 2030-31.

2. Grants recommended -Quantum and Components

2.1 The FC-16 has recommended a total grant of **Rs. 4,35,236 crore** for **duly constituted** Rural Local Bodies, which is divided into Basic and Performance components in an 80:20 ratio. The Performance component is further divided into two equal halves, namely RLB Performance component and the State Performance component.

2.2 FC-16 has recommended that the RLB Performance grant will be released from the third year of the award period and that the State Performance component will begin in the second year. The Table below shows the quantum of RLB grants over the five years of the Commission’s award period.

Rural Local Body Grant recommended by FC-16

(Rs. in crore)

Grant component	2026-27	2027-28	2028-29	2029-30	2030-31	Total (2026-31)
Basic	55,909	62,059	68,885	76,462	84,873	3,48,188
RLB Performance Component	0	0	13,023	14,455	16,046	43,524
State Performance Component	0	9,241	10,258	11,386	12,639	43,524
Total Grant	55,909	71,300	92,166	1,02,303	1,13,558	4,35,236

3. Distribution of Grants:

FC-16 has allocated RLB grants to all three levels of the RLBs, i.e., Gram Panchayat (GP), Block Panchayat (BP), and District Panchayat (DP). The distribution of RLB grants to States and further distribution to all three tiers of RLBs within the State are as follows:

3.1 Inter-se Share of States in RLB Grants

In making the State-level inter-se allocation, the FC-16 has assigned 90 per cent weight to the projected rural population in 2026 and 10 per cent to the total area of the State. Inter-se share of States in RLB grants is given in *Annexure-I*.

3.2 Inter-tier RLB grants sharing within the State

The distribution of grants to duly constituted RLBs of all tiers within each State is based on the latest accepted recommendations of the State Finance Commission (SFC). In the absence of SFC recommendations, the tier-wise distribution of RLB grants in percentage is given as follows:

Number of Tiers	Gram Panchayats	Block Panchayats	District Panchayats
Three	80 per cent	10 per cent	10 per cent
Two	90 per cent	—	10 per cent
One	100 per cent	—	—

3.3 Allocation within a particular tier of RLB

The distribution within a particular tier of RLB will be as per the latest accepted SFC recommendations or, in the absence of SFC recommendations, based on population and area in the ratio 90:10. The Basic grant is recommended during all five years of the award period, the RLB Performance grant will be accrued from the third to the fifth year and the State Performance grant from the second to the fifth year of the award period.

4. Treatment of Exempted Areas

To address needs equitably, FC-16 has treated the areas outside the purview of Part IX of the Constitution at par with local bodies in other areas. The concerned State Government will make allocations for these areas at par with the FC-16 recommendations with respect to the local bodies. The concerned State Government

shall allot the year-wise grants to these areas out of the total RLB grants due to a State in a year/award period of five years at the beginning of award period i.e. in 2026-27 itself and intimate the same to the Department of Expenditure, Ministry of Finance & the Ministry of Panchayati Raj. Accordingly, all the conditions stipulated (excluding the conditions of having duly elected bodies) for the release of grants under these guidelines shall be applied to areas outside the purview of Part IX of the Constitution.

5. Grants recommended for RLB

FC-16 has recommended the Basic and Performance grant components in the ratio of 80:20. State-wise share and amount of RLB grants are given in *Annexure-II(A)&(B)*.

5.1 Basic grant- Basic grant is further divided into Tied and Untied grants.

(a) **Tied Grant:** FC-16 has allocated 50% of the Basic grant for 'Sanitation and Solid Waste Management' and/or 'Water Management'. Flexibility is available within this component for RLBs to address their needs, including O&M expenditures for the aforesaid tied items.

(b) **Untied Grant:** Balance 50% of the Basic grant component is recommended by FC-16 for addressing locally identified needs at the RLB level. Basic grant can be utilised by RLBs under the twenty-nine subjects enshrined in the Eleventh Schedule of the Constitution.

5.2 Performance grant

In order to bolster the financial self-sufficiency of the local bodies and to ensure that States discharge their Constitutional obligations, the FC-16 has recommended Performance grants subject to the fulfilment of entry-level and qualifying conditions. The entire Performance grant shall be treated as untied. The Performance grant is divided into the following two components:

5.2.1 RLB Performance component: FC-16 underscored that Gram Panchayats have the necessary powers of taxation and levying user charges. Thus, based on the achievement of the minimum level of Own Source of Revenue (**OSR**), the local bodies will be eligible for the RLB Performance component grant.

5.2.2 State Performance component: While emphasising the primary responsibility of making adequate financial resources available to local bodies rests with the States, FC-16 has recommended the grant based upon the State transferring funds to RLBs from its own resources.

6. Conditions for release of the Grants

6.1 Entry-level conditions

The following three entry-level eligibility conditions must be fulfilled before the release of the RLB grant:

- i. There must be a duly constituted local body in place in accordance with Part IX of the Constitution. However, this condition shall not be applicable to RLBs/Local Tribal Bodies in States/areas where Part IX of the Constitution does not apply.
- ii. In the fiscal year 'T' (year for which the grant is recommended), there must be publicly available online provisional accounts of all RLBs of the State for the fiscal year T-1 and audited accounts for the fiscal year T-2. This condition will be applicable from the very first year of the award period. In cases where only a fraction of the RLBs meet this condition, the grant will be disbursed to the State in proportion to the local bodies that meet this condition.
- iii. State must comply with the Constitutional provision of forming the SFC on the expiry of five years from the formation of the previous SFC. The ATR must be tabled in the State legislature within 6 months of submission of the SFC report.

6.2 Qualifying conditions for the release of the RLB Performance component

After fulfilment of entry-level conditions, FC-16 has recommended that the RLB is entitled to avail Performance grants on satisfying the following conditions:

6.2.1 For Gram Panchayats

GP in fiscal year T, must raise in year T-1, a minimum 1.025 times its OSR in year T-2 or 2.5 per cent per annum compounded growth applied over the OSR of 2025-26, whichever is lower, subject to a minimum amount of Rs. 1200 per household per annum.

6.2.2 For Block Panchayats

Block Panchayats will qualify for the RLB performance component, if 75 per cent of Gram Panchayats within their jurisdiction qualify for the RLB performance grant.

6.2.3 For District Panchayats

To qualify for the grant in year T, District Panchayats must raise, in year T-1, a minimum of 1.025 times its OSR in year T-2 or 2.5 per cent per annum compounded growth applied over OSR of 2025-26, whichever is lower.

For the calculation of OSR (as mentioned in para 6.2) under the qualifying criteria for the release of the RLB Performance component, it is provided that interest receipts will not be considered in OSR.

A sample illustration for determining eligibility of RLBs for Performance grant may be seen at *Annexure-III*.

6.3 Qualifying conditions for the release of the State Performance component

FC-16 has recommended the State Performance component starting from the second year of the award period. To qualify for the grant in year T, the State must transfer from its own resources in the year T-1, grants to local bodies amounting to 20 per cent or more of the basic grant recommended by FC-16 for the year T-1. FC-16 also recommended that revenues assigned and shared statutorily with the local bodies by the State would be included in these transfers to ascertain the quantum of the transfers for this condition. **In order to ascertain the exact quantum of funds transferred by the States to the Panchayats, States will be required to integrate their respective Treasuries with PFMS.**

Note: The summary of eligibility Conditions and timelines for availing grants is given in Annexure-IV.

7. Limitations on the utilisation of RLB grants

7.1 RLB should not spend more than 20 per cent of the untied allocation on the construction and maintenance of roads (including but not limited to all types of paved surfaces such as bituminous/black-topped/asphalt, cement concrete/concrete, interlocking concrete block pavements, gravel, mud and so on).

7.2 Untied grants should not be used for the payment of salaries or other establishment-related expenditure. However, the expenditure on engagement of professional services, as empanelled by the CAG of India, for auditing and accounting functions in respect of RLBs may be borne from the Untied component of the 16th FC grants.

8. Resolution for specific activities

FC-16 has recommended that the Gram Sabha pass resolutions for specific activities to be undertaken under both tied and untied grants by a Gram Panchayat, and similar resolutions would be needed by Block Panchayats and District Panchayats as well. RLB will be deemed to be eligible for the release of the grant (tied and untied grant) on fulfilment of the following:

(i) Uploading of GPDP/BPDP/DPDP in e-GramSwaraj containing details of the Annual Action Plan of Village/Block/District by the RLBs in the common format as may be prescribed by the Ministry of Panchayati Raj (M/o PR)/Department of Drinking Water and Sanitation (D/o DW&S) jointly.

(ii) Uploading of details about utilization of FC-16 funds [both components] on the e-GramSwaraj Portal.

9. Treatment of Undisbursed Local Body Performance Component

If any of the conditionality (Para 6) is unfulfilled, the undisbursed portion of Performance grants would be disbursed according to the following methodology:

- (i) The undisbursed portion of RLB Performance grants, due to non-fulfilment of the condition(s), will be distributed to the performing RLBs of the same State.
- (ii) Undisbursed portion of the State Performance component due to the failure of a State to fulfil the conditionality would be distributed among the performing States according to the State-level inter se criteria.
- (iii) The distribution of the undisbursed Performance component of the grants, among the States and among the local bodies within a State, as the case may be, would follow the modalities mentioned in para-3 of these guidelines for the distribution of local body grants.

It is provided that in the case of the undisbursed portion of RLB/State Performance grants, the maximum amount per RLB will not exceed the annual allocation of the basic grant recommended by FC-16 to that RLB/State.

10. Grant Transfer Certificate

In order to maintain fiscal discipline in the transfer of funds to the RLBs/State, a Grant Transfer Certificate is a pre-requisite condition to release grants to the Rural Local Bodies. States need to furnish Grant Transfer Certificate for the last installment received from the Union Government in the format as prescribed at *Annexure-V* along with the claim of the subsequent installment to the M/oPR (for untied component), D/o DW&S (for tied component) and the Department of Expenditure, Ministry of Finance.

11. Modalities of Release of Grants

11.1 Basic Grants will be released by the Department of Expenditure, Government of India in two equal instalments each year subject to receipt of recommendations from the Nodal Ministry. The first instalment will be released in June and the second in October, upon receipt of the Grant Transfer Certificate of the previous installment. The Nodal Ministries (MoPR and DDWS) shall ensure that where a set of local bodies within the State meet the conditions, the grants due to them are recommended on pro-rata basis without waiting for the rest. The balance portion of grants will be released as and when the concerned RLBs become eligible on fulfilling the stipulates conditions.

11.2 Further, the Performance grant shall be released in single installments i.e. (i) the State Performance Grant in the month of June and its undisbursed portion in the month of October; (ii) RLB Performance Grant in the month of October and its undisbursed portion in the month of December (refer *Annexure-IV*).

11.3 State Governments shall ensure the transfer of these grants-in-aid to their respective local bodies within ten working days of their receipt from the Union Government. Any delay in this transfer beyond the stipulated ten working days shall obligate the State Governments to release the funds along with interest, calculated at the effective weighted rate of interest applicable to market borrowings/State Development Loans for the preceding financial year.

11.4 The State Governments shall transfer each installment of the RLB grants received from the Department of Expenditure (Finance Commission Division), Ministry of Finance, Government of India to all the concerned entities [GP/BP/ZP & Excluded Areas, if any] without any deduction.

12. Accounting and Audit

12.1 All RLBs shall follow the Model Accounting System (MAS) and maintain accounts through the e-Gram Swaraj platform and shall ensure that all the financial transactions (both receipt and expenditure) are carried out through eGramSwaraj PFMS Interface. The provisional accounts shall be audited annually through the AuditOnline application of MoPR. The State Panchayati Raj Departments are advised to submit an Action Taken Report (ATR) through the ATR Module developed in the AuditOnline Portal. The Technical Guidance and Supervision of CAG shall continue.

12.2 In the spirit of the recommendations of the FC-16, the accounts of RLBs should reflect Receipts and Expenditures from all streams, including Finance Commission grants, Central Sector Schemes, Centrally sponsored Schemes and own source of

revenues of the concerned RLBs for meeting the conditionality regarding availability of Accounts. In order to facilitate the timely preparation of financial accounts and to enable end-to-end accounting of transactions, the Ministry of Panchayati Raj will take all necessary actions, including the upgradation of e-Gramswaraj platform.

12.3 While recommending the release of grants to the Department of Expenditure, State Government and the Union Ministry of Panchayati Raj (M/o PR) will monitor the quality of audit certification. Special attention should be accorded to modified audit opinions (adverse or disclaimer opinions) reported in the Audit reports of the RLBs.

13. Measures for Performance Grants and OSR Reporting

13.1 States are advised to enact or amend their Own Source of Revenue (OSR) Rules to empower and enable the RLBs to generate OSR. States are required to undertake end-to-end onboarding on the SAMARTH Panchayat Portal, including system integration, user provisioning, and capacity building, to ensure accurate, consistent, and real-time OSR reporting across all RLBs. The onboarding process to be completed by the financial year 2026-27. The RLBs shall upload their Annual Revenue Plans on the SAMARTH Panchayat Portal annually. Further, OSR collection data shall be auto reflected either through direct onboarding or integration of existing State/local systems with effect from the financial year 2027-28 onwards.

13.2 In order to calculate OSR performance, the State governments will ensure timely and comprehensive uploading of OSR data on the SAMARTH Portal for FY 2025-26 onwards. MoPR shall operationalize requisite system provisions on the portal to enable granular capture of tax-wise and non tax-wise revenue details and household-level coverage.

13.3 Further, States are also advised to amend their Panchayati Raj Acts/Rules as well as other relevant Acts/Rules, to include clear provisions that institutionalize the sharing of taxes, duties, toll, fees and royalties etc. with Panchayats in line with the recommendations of FC-16. This would not only ensure equitable distribution across all levels of Panchayats but it would also help the States to become eligible for the State Performance grants.

14. Unspent balance of previous Finance Commissions

14.1 To avoid parking of funds, while forwarding the request for release of the 1st installment of RLB grants 2026-27, the State Government(s) shall ensure that there is no unspent balance available of the 14th Finance Commission or previous successive Commissions pending with the RLBs. Local bodies may utilise the unspent balance as

per the extant guidelines of the respective Finance Commission. The State Government will provide certification in this regard.

14.2 With regard to the unspent funds of the 15th Finance Commission (FC-15) available with RLBs, from the financial year 2028-29 onwards (i.e. 3rd year of the award period), M/o PR and D/o DW&S are advised not to recommend the release of grants to those local bodies who have unspent balance of the FC-15 exceeding 10% of the installment under consideration for release. Further, from the 4th year of the award period of FC-16, grants should be recommended by Nodal Ministries to only those local bodies having no unspent balance of the 15th Finance Commission.

15. Utilisation Report

15.1 States will certify in the Grant Transfer Certificate, along with the claim for the 2nd instalment of a year, that RLBs have utilized at least 50% of the grants released during the previous year for both tied and untied grants respectively. The States need to submit consolidated utilisation reports to the nodal ministry(ies) (M/o PR and D/o DW&S) and Department of Expenditure, Ministry of Finance, clearly indicating the items on which expenditure has been incurred in consonance with the guidelines.

15.2 A digital verification protocol may be developed and prescribed by M/o PR and D/o DW&S for determining compliance with the conditions of FC-16 in respect of the own source of revenue or expenditure from tied and untied grants.

16. Integration of FC-16 recommended Local bodies grants with PFMS

PFMS is interfaced with the treasury system of all States. States share the details of expenditure incurred against Government of India releases for various schemes and grants by mapping their expenditure heads with GoI schemes. In consonance with these guidelines, State Governments shall integrate their systems with PFMS, which will enable the data exchange of expenditures and receipts of the FC-16 RLB grants through PFMS/e-Gramswaraj portal. The information submitted by the State regarding the grant transfers will be validated by the M/o PR and D/o DW&S from PFMS before sending a recommendation to the Department of Expenditure for the release of funds

17. Role of Ministry of Panchayati Raj (M/o PR)

M/o PR, Govt. of India shall act as a nodal ministry for determining the eligibility of the RLBs for the Untied grant. It will assess compliance with the conditions and on the basis of the assessment, shall recommend the release of the grant to the Department of Expenditure, Ministry of Finance. It will also monitor the utilisation of the funds recommended by the FC-16 for RLBs and may also handhold and provide technical guidance to RLBs.

18. Role of the Department of Drinking Water & Sanitation (D/o DW&S)

D/o DW&S, Ministry of Jal Shakti, Govt. of India shall act as a nodal ministry for determining the eligibility of the RLBs for the Tied grant. The D/o DW&S shall recommend the release of tied grant to the Department of Expenditure, Ministry of Finance for the bodies/States which have complied with the relevant conditions, based on the information received from M/o PR and after assessment of the conditions as mentioned above. The D/o DW&S shall also handhold and provide technical guidance to the RLBs in utilization of the tied grant component or the schemes/technology to be adopted for efficient use of the funds.

19. Role of the Department of Expenditure, Ministry of Finance

Upon receipt of recommendations from the Nodal Ministries i.e. MoPR/DDW&S, the Department of Expenditure (FCD), Ministry of Finance shall release the due installment of grants to the States concerned, subject to fulfillment of all the conditions as stipulated in the guidelines above.

20. Convergence of FC-16 recommended funds

The FC-16 in Chapter 10 of its Report for the period 2026-27 to 2030-31 has inter-alia recommended tied grants for supporting and strengthening the delivery of basic services, which are national priorities like drinking water for all, sanitation, etc. The Government of India has also launched some schemes aimed at similar outcomes like Swachh Bharat Mission Grameen (SBM-G), Jal Jeevan Mission. etc. In order to sustain the achievements made in these schemes, all three levels of Government need to join hands in the spirit of Cooperative Federalism. Therefore, rural local bodies may utilise tied grant components in convergence with any other scheme aided by the Union Government with similar outcomes and jurisdiction with the ultimate aim to cover the maximum population within the jurisdiction of the concerned local body to improve the quality of the assets proposed to be constructed for the purpose.

However, 16th Finance Commission grants should not be used as a State share/contribution towards any particular scheme. While the Gram Panchayats shall

operate the tied grants for tapping locally available resources for achieving the objectives/goals, convergence with national schemes at block or district panchayats level

will ease the operations as well as resource transfer for such schemes. Therefore, Block Panchayats and District Panchayats may explore the possibility of such convergence within their respective jurisdiction.

21. Power to Relax: *Notwithstanding whatsoever has been mentioned above, the Department of Expenditure reserves the right to amend/relax any of the conditions/pre-conditions as may be deemed fit to cover any unforeseen event or in case of any exigencies or for any other reasons.*

Inter se Share of States in RLB Grants

S.No.	State	Area ('000 Sq. Km)	Area Share (10%)	Rural Population ('000)	Rural Population Share (90%)	Inter se share (%)
1	Andhra Pradesh	162.92	0.53	32,974	3.29	3.82
2	Arunachal Pradesh	83.74	0.27	1,185	0.12	0.39
3	Assam	78.44	0.26	30,987	3.09	3.35
4	Bihar	94.16	0.31	1,16,546	11.62	11.93
5	Chhattisgarh	135.19	0.44	22,516	2.24	2.68
6	Goa	3.70	0.01	329	0.03	0.04
7	Gujarat	196.24	0.64	36,906	3.68	4.32
8	Haryana	44.21	0.15	17,577	1.75	1.90
9	Himachal Pradesh	55.67	0.18	6,806	0.68	0.86
10	Jharkhand	79.72	0.26	30,178	3.01	3.27
11	Karnataka	191.79	0.63	37,253	3.71	4.34
12	Kerala	38.85	0.13	6,351	0.63	0.76
13	Madhya Pradesh	308.25	1.01	63,685	6.35	7.36
14	Maharashtra	307.71	1.01	65,537	6.53	7.54
15	Manipur	22.33	0.07	2,213	0.22	0.29
16	Meghalaya	22.43	0.07	2,734	0.27	0.34
17	Mizoram	21.08	0.07	563	0.06	0.13
18	Nagaland	16.58	0.05	1,128	0.11	0.16
19	Odisha	155.71	0.51	38,064	3.79	4.30
20	Punjab	50.36	0.17	17,861	1.78	1.95
21	Rajasthan	342.24	1.12	61,261	6.11	7.23
22	Sikkim	7.10	0.02	310	0.03	0.05
23	Tamil Nadu	130.06	0.43	34,701	3.46	3.89
24	Telangana	112.12	0.37	19,258	1.92	2.29
25	Tripura	10.49	0.03	2,427	0.24	0.27
26	Uttar Pradesh	240.93	0.79	1,84,063	18.34	19.13
27	Uttarakhand	53.48	0.18	7,526	0.75	0.93
28	West Bengal	88.75	0.29	62,144	6.19	6.48
Total		3,054.25	10.00	9,03,083	90.00	100.00

Source: FC-16 report

Annexure-II-(A)

RLB Basic and Performance Components

(Rs. in crore)

S.No.	State	2026-27		2027-28		2028-29		2029-30		2030-31		Total 2026-27 to 2030-31		Grand Total (Basic + Perf)
		Basic	Perf	Basic	Perf.	Basic	Perf.	Basic	Perf.	Basic	Perf.	Basic	Perf.	
1	Andhra Pradesh	2136	0	2371	353	2632	889	2921	987	3242	1096	13302	3325	16627
2	Arunachal Pradesh	218	0	242	36	269	91	298	101	331	112	1358	340	1698
3	Assam	1873	0	2078	310	2308	780	2561	866	2843	961	11663	2917	14580
4	Bihar	6670	0	7404	1102	8218	2777	9122	3083	10125	3422	41539	10384	51923
5	Chhattisgarh	1498	0	1663	248	1846	624	2049	693	2275	768	9331	2333	11664
6	Goa	22	0	25	4	28	9	31	10	34	11	140	34	174
7	Gujarat	2415	0	2681	399	2976	1006	3303	1116	3667	1239	15042	3760	18802
8	Haryana	1062	0	1179	176	1309	442	1453	491	1613	545	6616	1654	8270
9	Himachal Pradesh	481	0	534	79	593	200	658	222	730	247	2996	748	3744
10	Jharkhand	1828	0	2029	302	2253	761	2500	845	2775	938	11385	2846	14231
11	Karnataka	2427	0	2693	401	2990	1010	3318	1122	3683	1245	15111	3778	18889
12	Kerala	425	0	472	70	524	177	581	196	645	218	2647	661	3308
13	Madhya Pradesh	4115	0	4568	680	5070	1713	5627	1902	6247	2111	25627	6406	32033
14	Maharashtra	4216	0	4679	697	5194	1755	5766	1948	6399	2163	26254	6563	32817
15	Manipur	162	0	180	27	199	68	222	75	246	83	1009	253	1262
16	Meghalaya	190	0	211	31	234	79	260	88	288	98	1183	296	1479
17	Mizoram	73	0	81	12	90	30	99	34	110	38	453	114	567
18	Nagaland	90	0	99	15	110	37	122	42	136	46	557	140	697
19	Odisha	2404	0	2669	397	2962	1001	3288	1111	3650	1233	14973	3742	18715
20	Punjab	1090	0	1210	180	1343	454	1491	504	1655	559	6789	1697	8486
21	Rajasthan	4042	0	4487	668	4980	1684	5528	1868	6136	2074	25173	6294	31467
22	Sikkim	28	0	31	5	34	12	38	13	43	14	174	44	218
23	Tamil Nadu	2175	0	2414	359	2679	906	2975	1005	3301	1116	13544	3386	16930
24	Telangana	1280	0	1421	212	1578	533	1751	592	1944	657	7974	1994	9968
25	Tripura	151	0	168	25	186	63	206	70	230	77	941	235	1176
26	Uttar Pradesh	10695	0	11872	1768	13177	4454	14628	4943	16236	5488	66608	16653	83261
27	Uttarakhand	520	0	577	86	640	217	711	240	789	267	3237	810	4047
28	West Bengal	3623	0	4021	599	4463	1509	4955	1674	5500	1859	22562	5641	28203
Total		55909	0	62059	9241	68885	23281	76462	25841	84873	28685	348188	87048	435236

Source: FC-16 report

Annexure-II-(B)

S.No.	(Rs in crore)												
	RLB Basic Grant (Tied and Untied)												
	State	2026-27		2027-28		2028-29		2029-30		2030-31		2026-31	
		Tied	Untied	Tied	Untied	Tied	Untied	Tied	Untied	Tied	Untied	Tied	Untied
1	Andhra Pradesh	1068	1068	1186	1186	1316	1316	1461	1461	1621	1621	6651	6651
2	Arunachal Pradesh	109	109	121	121	135	135	149	149	166	166	679	679
3	Assam	937	937	1039	1039	1154	1154	1281	1281	1422	1422	5832	5832
4	Bihar	3335	3335	3702	3702	4109	4109	4561	4561	5063	5063	20770	20770
5	Chhattisgarh	749	749	832	832	923	923	1025	1025	1138	1138	4666	4666
6	Goa	11	11	13	13	14	14	16	16	17	17	70	70
7	Gujarat	1208	1208	1341	1341	1488	1488	1652	1652	1834	1834	7521	7521
8	Haryana	531	531	590	590	655	655	727	727	807	807	3308	3308
9	Himachal Pradesh	241	241	267	267	297	297	329	329	365	365	1498	1498
10	Jharkhand	914	914	1015	1015	1127	1127	1250	1250	1388	1388	5693	5693
11	Karnataka	1214	1214	1347	1347	1495	1495	1659	1659	1842	1842	7556	7556
12	Kerala	213	213	236	236	262	262	291	291	323	323	1324	1324
13	Madhya Pradesh	2058	2058	2284	2284	2535	2535	2814	2814	3124	3124	12814	12814
14	Maharashtra	2108	2108	2340	2340	2597	2597	2883	2883	3200	3200	13127	13127
15	Manipur	81	81	90	90	100	100	111	111	123	123	505	505
16	Meghalaya	95	95	106	106	117	117	130	130	144	144	592	592
17	Mizoram	37	37	41	41	45	45	50	50	55	55	227	227
18	Nagaland	45	45	50	50	55	55	61	61	68	68	279	279
19	Odisha	1202	1202	1335	1335	1481	1481	1644	1644	1825	1825	7487	7487
20	Punjab	545	545	605	605	672	672	746	746	828	828	3395	3395
21	Rajasthan	2021	2021	2244	2244	2490	2490	2764	2764	3068	3068	12587	12587
22	Sikkim	14	14	16	16	17	17	19	19	22	22	87	87
23	Tamil Nadu	1088	1088	1207	1207	1340	1340	1488	1488	1651	1651	6772	6772
24	Telangana	640	640	711	711	789	789	876	876	972	972	3987	3987
25	Tripura	76	76	84	84	93	93	103	103	115	115	471	471
26	Uttar Pradesh	5348	5348	5936	5936	6589	6589	7314	7314	8118	8118	33304	33304
27	Uttarakhand	260	260	289	289	320	320	356	356	395	395	1619	1619
28	West Bengal	1812	1812	2011	2011	2232	2232	2478	2478	2750	2750	11281	11281
Total		27955	27955	31030	31030	34443	34443	38231	38231	42437	42437	174094	174094

Annexure-III

Sample illustration to determine the eligibility of RLB Performance Grants (Gram Panchayats & District Panchayats and equivalent bodies), if other eligibility criteria are fulfilled.

Case 1: In case of Eligibility

No. of Households in Panchayat / Local Body: HH - 1000

Particulars	No.	
No. of Households	1,000	
Term	FY	OSR generated
T (Grant year)	2028-29	
T-1 (OSR to be checked)	2027-28	₹13,00,000
T-2 (previous OSR)	2026-27	₹ 12,00,000
Base Year	2025-26	₹ 11,50,000
Eligible conditions for RLB Performance Grant		
	Condition 1	OSR (2027-28) = $1.025 \times \text{OSR (2026-27)}$ 12,30,000
	Condition 2	OSR (2027-28) = $(1.025)^n \times \text{OSR (2025-26)}$ 12,08,219
	Min (Condition 1, 2)	12,08,219
	OSR / HH in year T-1	1,300
	Ceiling @ 1200/HH/p.a	1,200
	Is Panchayat Eligible?	Eligible

Case 2: In case of Non-Eligibility

No. of Households in Panchayat / Local Body: HH - 1000

Particulars	No.	
No. of Households	1,000	
Term	FY	OSR generated
T (Grant year)	2028-29	
T-1 (OSR to be checked)	2027-28	₹ 11,00,000
T-2 (previous OSR)	2026-27	₹ 10,50,000
Base Year	2025-26	₹ 10,00,000
Eligible conditions for RLB Performance Grant		
	Condition 1	OSR (2027-28) = $1.025 \times \text{OSR (2026-27)}$ 10,76,250
	Condition 2	OSR (2027-28) = $(1.025)^n \times \text{OSR (2025-26)}$ 10,50,625
	Min (Condition 1, 2)	10,50,625
	Actual OSR / HH in year T-1	1,100
	Ceiling @ 1200/HH/p.a	1,200
	Is Panchayat Eligible?	Not Eligible

N.B.: For clarity, the figures above are purely illustrative and not intended to reflect actual results.

Summary of eligibility conditions and timelines for availing grants

S. No	Grant Condition/timelines	2026-27	2027-28	2028-29	2029-30	2030-31
1	A duly constituted local body is in place	✓	✓	✓	✓	✓
2	Availability of online provisional accounts of all RLBs of the State for the previous year and audited accounts of the year before the previous year.	✓	✓	✓	✓	✓
3	Formation of the SFC on the expiry of five years from the formation of the previous SFC, and the ATR tabled in the State legislature within 6 months of submission of the SFC report.	✓	✓	✓	✓	✓
4	Uploading of GPDP/BPDP/DPDP and details of utilisation of the grant in the e-GramSwaraj portal.	✓	✓	✓	✓	✓
5	RLB Performance component (refer to Para 6.2 of the guidelines)	N.A	N.A	✓	✓	✓
6	State Performance Grant (refer to Para 6.3 of the guidelines)	N.A	✓	✓	✓	✓
7	Release of the Untied and Tied grant	Month of June (1st install) and October (2nd install) of each F Y				
8	Release of State Performance Grant	Month of June (single instalment) of each FY (starting from year 2027-28)				
9	Release of the undisbursed State performance grant	Month of October (single instalment) of each FY (starting from year 2027-28)				
10	Release of RLB performance Grant	Month of October (single instalment) of each FY (starting from year 2028-29)				
11	Release of the undisbursed RLB performance grant	Month of December (single instalment) of each FY (starting from year 2028-29)				

Annexure-V

GRANT TRANSFER CERTIFICATE FOR THE GRANT RECEIVED FOR RURAL LOCAL BODIES RECOMMENDED BY SIXTEENTH FINANCE COMMISSION DURING ITS AWARD PERIOD 2026-27- TO 2030-2031.

Name of State:-

1.	For General Areas	Total No. of	GPs BPs ZPs		Duly elected bodies	GPs BPs ZPs	
2.	Non Part IX Areas [provide names and number of such Autonomous Bodies]				No.	Names	
3.	Details of Untied grant/Tied grant received:	Year	Installment	Amount(Rs. In lakh)	Date of Receipt		
4.	Details of Untied grant/ Tied grant transferred*:	Year	Installment	Amount (Rs. In lakh)	Date of Transfer	No. of days of delay	If delayed, amount of interest transferred (with rate of interest)
5.	Whether the State Finance Commission(SFC) recommendation is available	Yes/ No	Grant Distributed as per SFC recommendation or criteria recommended by FC-16	Date of Submission of SFC Report	Date on which ATR has been tabled	Period for which SFC Recommendations are applicable	
6.	Whether RLB accounts for 16 th FC Grants linked to PFMS for all transactions						
7.	Balance, if any, available from previous Finance Commissions (Amount in Crore)						
8.	Percentage of the previous year's RLB grant utilised so far	For Untied Grant		For Tied Grant			
9.	Percentage of Tied Grant Used	For Sanitation and Solid Waste Management		For Water Management			

*Strike out whichever is not applicable.

Certified that the grants have been utilized/ proposed to be utilized for the purpose for which these have been provided and if any deviation is observed, the same will be intimated.

Signature with seal of
Secretary (Nodal Department)

Countersigned:
Signature with seal of the Finance Secretary

