

GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
RAJYA SABHA
STARRED QUESTION NO.*353
ANSWERED ON 25.03.2026

FINANCE COMMISSION GRANTS TO LOCAL BODIES IN KERALA

*353 SMT. JEBI MATHER HISHAM:

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) the total grants recommended by the Fifteenth Finance Commission for local bodies in Kerala during last three years and the total amount allocated to the State;
- (b) the year-wise details of grants released to Kerala so far against the recommended amount;
- (c) whether any portion of these grants remains pending or are yet to be released, if so, the reasons for the delay and the expected timeline for disbursement; and
- (d) the key recommendations of the Sixteenth Finance Commission regarding grants to rural and urban local bodies, including the total quantum of grants and the proposed rural-urban distribution?

ANSWER

THE MINISTER OF PANCHAYATI RAJ

(SHRI RAJIV RANJAN SINGH ALIAS LALAN SINGH)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO RAJYA SABHA STARRED QUESTION NO. *353 ANSWERED ON 25.03.2026 REGARDING FINANCE COMMISSION GRANTS TO LOCAL BODIES IN KERALA.

(a): The Fifteenth Finance Commission recommended grants amounting to Rs. 3,840.00 crore for Rural Local Bodies in Kerala during the last three years (FY 2022-23 to 2024-25). The entire amount of Rs. 3,840.00 crore has been released by the Government of India to the State during this period.

Further, in terms of the Government of India (Allocation of Business) Rules 1961, matters related to Urban Local Bodies (ULBs) come under the purview of the Ministry of Housing and Urban Affairs (MoHUA). As such, this Ministry does not maintain information in respect of Urban Local Bodies.

(b): The year-wise details of grants released to Kerala so far against the amount recommended by the Fifteenth Finance Commission for Rural Local Bodies are given below:

Sl. No.	Year	Amount recommended by the Fifteenth Finance Commission (Rs. In crore)	Amount released so far (Rs. In crore)
1.	2020-21 (interim period)	1628.00	1628.00
2.	2021-22	1203.00	1203.00
3.	2022-23	1246.00	1246.00
4.	2023-24	1260.00	1260.00
5.	2024-25	1334.00	1334.00
6.	2025-26	1301.00	910.70

(c): The Fifteenth Finance Commission recommended a total of ₹7,972 crore for Rural Local Bodies (RLBs) in Kerala. Of this, ₹3,351.60 crore was allocated as Untied Grants and ₹4,620.40 crore as Tied Grants. The Ministry of Panchayati Raj has released all instalments of the Untied Grants amounting to ₹3,351.60 crore to the State. The release of the entire Tied Grants is made on the recommendation of the Department of Drinking Water and Sanitation.

(d): The Sixteenth Finance Commission has recommended a total grants of Rs. 7,91,493 crores (Rupees Seven lakh Ninety One thousand Four hundred and Ninety Three crores) for duly constituted Rural Local Bodies (RLBs) and Urban Local Bodies (ULBs) for the award period from year 2026-27 to year 2030-31.

The allocation between ULBs and RLBs has been divided in the ratio of 40:60. Accordingly, out of the total allocation for Local Bodies, Rs. 3,56,257 crores (Rupees Three lakh Fifty Six thousand Two hundred and Fifty Seven crores), i.e. 40% of total Local Body Grant, has been recommended for the Urban Local Bodies (ULBs) and Rs. 4,35,236 crores (Rupees Four lakh Thirty Five thousand Two hundred and Thirty Six crores), i.e. 60% of the total Local Body Grant, has been earmarked as grants to Rural Local Bodies.

The grant allocated for RLBs is further sub-divided into 80% as Basic grant (Rs. 3,48,188 crores), 10% as RLB performance grant (Rs. 43,524 crores) and 10% as State performance grant (Rs. 43,524 crores). The entire performance component is untied.

The Basic grant is further divided into the ratio of 50:50 as Tied (Rs. 1,74,094 crores) and Untied (Rs. 1,74,094 crores). The tied component should be directed towards 'Sanitation and Solid Waste Management' and/or 'Water Management', including O&M expenditures for the aforementioned tied items.
