

**REPORT  
OF THE COMMITTEE  
ON  
RESTRUCTURING OF  
CENTRALLY SPONSORED SCHEMES  
(CSS)**



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**FOREWORD**

In Indian federal structure the responsibilities of various layers of government are clearly delineated. However, in the areas requiring national effort, the Centre cannot but intervene catalytically to infuse greater dynamism. Government of India tries to do this through various programmes and policies including the CSS. Central Government has introduced several schemes in areas that are national priority like health, education, agriculture, skill development, employment, urban development, rural infrastructure etc. Several of these sectors fall in the sphere of activity of States.

2. States have been raising concerns at various forums about lack of flexibility in CSS schemes, adverse implication of counterpart funding requirement of CSS on State finances and questionable utility of operating large number of CSS with thinly spread resources at the field level. To consider the concerns of all stakeholders, Planning Commission has constituted a Sub-Committee for suggesting restructuring of CSS to enhance its flexibility and efficiency in March 2011. The Sub-Committee had the benefit of extensive discussions with various Union Ministries. It also benefitted from the regional level consultations organised for preparation of the Twelfth Five year Plan where PRIs, academia, industry, civil society organisations and States expressed their views and concerns. The Sub-Committee finalized its report in September 2011.

3. I would like to put on record my sincere thanks to all members of the Committee for their active involvement. I would like to thank the Deputy Chairman and fellow Members of the Planning Commission for their valuable inputs. I would also like to thank Dr. Pronab Sen, Pr. Adviser (PCMD) for his support. I'm specifically grateful to Mrs. Sunita Sanghi, Adviser (PCMD) & Member Convener of the Committee for the remarkable efforts put in by her. Other officers of the Plan Coordination and Management Division of Planning Commission, namely Shri Awadhesh Kumar Choudhary, Director (PCMD), Dr. K. K. Tripathy, Dy. Adviser, Shri Manu J. Vettickan, RO (PCMD) and Shri S. Madhusudhanan, Young Professional (PCMD) also extended excellent support in providing requisite data and drafting of the report.

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(B.K. Chaturvedi)

Chairman

## EXECUTIVE SUMMARY

### **Background**

1. Directive Principles of State Policy of the Constitution of India (contained in Part IV, Articles 36 to 50) should guide the policies of various wings of the Government and act as an overriding philosophical basis. These require a national effort in education, childhood care, health, unemployment and old age, and for minimizing inequalities in income amongst States.
2. The NDC has discussed issues relating to CSS extensively in several meetings. The first Sub-Committee on this was set up in 1967 which recommended a limited number of important schemes to be implemented as matters of national policy, such as family planning, resettlement of landless agriculture labourers and schemes in several other areas. Subsequently, these issues have been discussed in NDC meetings in 1968 and 1984 and in several other meetings.
3. In meetings of NDC, State Chief Ministers have emphasized on several occasions the need to reduce the number of CSS. Measures suggested to do so include (i) putting a cap on CSS at 1/6<sup>th</sup> or 1/7<sup>th</sup> of Central Plan assistance, (ii) transferring a number of identified schemes to State Governments, (iii) consultation with States, particularly if the schemes are not 100% Central funded and (iv) flexibility to States. A number of other recommendations (Annexure-II).
4. The State Governments' suggestions on CSS in the NDC meetings also include (i) transferring the entire CSS funds to the States without any

restrictions (ii) 100% funding of CSS with no counter-part State funds and (iii) flexibility in the implementation of these schemes.

5. In the initial Plan years, no. of CSS was very large (190 at the end of Fifth Plan which increased to 360 at the end of Ninth Plan). The total no. of CSS have reduced gradually over time. Further, generally the pattern has been reduction in the number of schemes at the end of the Plan after a review and subsequent increase in new schemes during the course of the Plan. For example, in the Eleventh Plan, the number of schemes declined from 155 (2005-06) to 99 (2007-08) at the beginning of Eleventh Plan and subsequently increased to 147 (2011-12).
6. Transfer of funds to the States is taking place through CSS, ACA and normal Central Schemes. Of the total CSS provision of Rs.6,60,506.40 crore during the Eleventh Plan, the 9 Flagship CSS alone constituted Rs. 5,24,465.99 crore i.e 79.4%.
7. The share of all CSS as percentage of GBS has increased continuously in the last three Plans. In the Eleventh Plan it went up to 41.59% as against 38.64% in Tenth Plan and 31% in Ninth Plan. However, there has been a decline in no. of CSS during the last three Plans to 360, 155 and to 147 respectively.
8. Normal Central assistance to States declined to 6.74% of the GBS during the Eleventh Plan. The sharp decline in the Eleventh Plan was partly due to fact that in earlier Plans assistance was given in the form of Central grants as well as loans, while in the Eleventh Plan only grants were given. Loans are now taken by the State Governments

directly from the open market, after the Twelfth Finance Commission award.

### **Gaps in Design, Implementation and Outcome of CSS**

9. Large funds are being transferred as ACA under JNNURM, RKVY, AIBP, R-APDRP and RGGVY (the last two operate as Central Sector schemes), which are considered Flagship Schemes of the Central Government. These cover major areas of power, urban development, agriculture and irrigation. Total transfers under ACA/Central Sector (CS) Schemes in Eleventh Plan is estimated at Rs.2, 90,317.63 crore – i.e 18.28% of the GBS. The current system of implementing ACA and CSS as separate category of schemes is artificial. Both are administered in the same manner.
10. The pattern of assistance for States under CSS varies from 100% to 90:10 for North-East States, 65:35 in SSA, 75:25 in IAY and 75:25 in a no. of other schemes. Rapid increase in CSS and need for counter-part funds has led to pre-empting of resources of State Government for their Plan priorities. In several cases, it has also led to difficulties in accessing CSS funds due to shortage of counter-part funds with a State.
11. Criteria for allocation of CSS funds to different States need to be more transparent. A formula driven model as of RKVY is good but has problems of instability over different years. The inter-distribution amongst States needs to be based on equitable notified criteria. Further, linkage between Centre and State funding needs to be kept in mind while devising the criteria for distribution.

12. CSS does not take into account adequately the need for flexibility in physical and financial norms of projects being built or feasible under CSS for roads, civil works, employment generation programmes or cooking cost in MDM. Flexibility is required to take full cognizance of divergence amongst States in geographic condition, level of economic development, nature of gaps in physical infrastructure and demography. However, quality of output needs to be maintained.
13. The monitoring by Ministries and independent evaluation of schemes is generally poor in CSS due to gaps in design of scheme, lack of ownership amongst States. No emphasis is being laid on outcomes or impact of these schemes through independent assessment/evaluation.
14. Accounting process is different in different States for same CSS scheme. It is, therefore, not possible to have an effective Central monitoring and accounting system.
15. There is need for reforms in designing of CSS, physical and financial norms, planning, transfer of funds, monitoring and evaluation. There is also need to meet the concerns of the States on their inability to provide counter-part funds as the States are not able to access these funds.

### **Recommendations**

16. The no. of CSS with small outlays do not achieve the objective of making an impact across the States. Such schemes are, therefore, not suitable as a CSS and need to be implemented by the States, unless required as part of convergence process of a broader scheme at the

Centre. 44% of the total CSS have an average annual outlay of less than Rs.100 crore. These schemes should either be weeded out or merged for convergence with larger sectoral schemes or be transferred to States, who can then continue with these schemes based on their requirements.

17. The existing 147 CSS should be restructured into three categories:
  - (a) Flagship Schemes which will address major national interventions required on education, health, irrigation, urban development infrastructure, rural infrastructure, skill development, employment and other identified sectors, (b) Major Sub-Sectoral Schemes to address developmental problems of sub-sectors of major sectors like Agriculture, Education and Health, and (c) Sector Umbrella Schemes, which will address the sectoral gaps to help improve effectiveness of Plan expenditure. The total number of schemes can be reduced to 59 based on the above assessment of the Committee. The list of revised schemes is placed at Annexure-IV. All existing 9 Flagship CSS are being proposed for continuance after extensive review by Working Groups/Steering Committees with changes based on it, if any.
18. A no. of CSS aims to address issues which are important nationally, but the ground conditions amongst States vary widely. For example, development of animal husbandry infrastructure in different States requires different treatment. It is proposed that these schemes be restructured into ACA schemes in which, apart from a core element, there is flexibility to the States to undertake activities depending on the developmental gaps in that area. This will require issuance of guidelines and flexibility to States to prepare schemes as in RKVY.



19. The total no. of schemes are proposed to be accordingly restructured into following categories:
- (a) 9 Flagship CSS are being proposed for continuance after extensive review by Working Groups and changes suggested by Steering Committees which may be required in it. In addition NRLM is also being proposed as Flagship Scheme in view of its financial outlay, broad scope and objectives.
  - (b) 99 CSS are being proposed to be restructured into 39 CSS as Sub-Sectoral Schemes/Umbrella Schemes.
  - (c) 39 CSS are proposed to be restructured into 11 ACA/CSS schemes.

The details of all these are at Annexure-IV.

20. In addition to above, funds are being transferred to States through 26 ACA schemes [as per Expenditure Budget (Volume-I)]. These include 6 schemes referred to as Flagship Schemes, namely AIBP, NSAP, JNNURM, RKVY, R-APDRP and RGGVY (the last two are operated as Central Sector schemes). These 6 schemes should continue as Flagship schemes, after review and reforms by the Working Groups/Steering Committees.
21. In addition to the above Flagship Schemes, under ACA (excluding UTs), there are other schemes, including 8 in which no allocation is being made in the current year. It is proposed that those 20 schemes be restricted and merged into 7 schemes (Annexure-V). Of these, Backward Region Grants Fund (BRGF) scheme should be a Flagship

Scheme taking the total number of Flagship scheme to 17 including CSS/ACA/ CS. (See para 20,21& 22)

22. Distribution of CSS funds amongst different States should be based on transparent notified guidelines. Such guidelines should be put on the website of the concerned Ministries. To incentivize the States to provide larger funds for certain sectors on which they have placed emphasis, the allocation in health, education, urban development, skill development and rural infrastructure may be based on the guidelines issued by the concerned Department as above along with an incentive scheme. The States which provide for an increase in their budget envisaging increase over the previous year in the concerned sector (excluding Central CSS/ACA funds). 50% increase in the budget amount of Central Government Department will be distributed amongst those States which have placed such an emphasis in their budget in that sector. The suggested methodology is being placed at Annexure-VI.
23. New CSS should focus only on major interventions required by national development needs. Such schemes should be Flagship Schemes (Category-I) and have a minimum Plan expenditure of Rs.10,000 crore over the five year Plan period. New schemes less than that should either be a part of the Major Sub-Sectoral Schemes (Category-II) or Sector Umbrella Schemes (Category-III).
24. To ensure that there is no proliferation of CSS, all new schemes must fall in the above three categories with new interventions being confined generally to Flagship Scheme only. Other new schemes should become a part of Sub-Sectoral Schemes or Umbrella Schemes

and be used to meet gaps in developing infrastructure and improve convergence of the sector.

25. The normal Central assistance to States should not be reduced to below 10% of GBS to enable States to have adequate flexible untied resources for their Plan.
26. All new CSS (except new Flagship Schemes) should be a part or sub-component of Sub-Sectoral Schemes or Umbrella Schemes and must be 100% Centrally funded. It should have no conditionality for counter-part funds. However, other conditions for efficient use of funds and meeting the objectives of the scheme must be there. In new Flagship Schemes counter-part funds from State Government could be required up to a maximum of 25% depending upon the interventions planned. In case of North East States such counterpart funding requirement may be up to 10%.
27. To enable State Governments to meet their special needs, flexibility in the CSS should be provided in its design. 20% of budget allocation in all the CSS (10% in Flagship Schemes) to be called 'Flexi Funds' should be earmarked in each scheme for this purpose. Such funds should be used by the State Governments on sub-schemes or components of CSS for which guidelines should be notified by the concerned Ministries, similar to RKVY. Such guidelines should aim at strengthening the objective of the CSS and meeting the developmental gaps in that area in the State. This will ensure an effective implementation of the CSS.

28. Prior to the start of the Twelfth Plan, each Ministry should review the current physical norms and prescribe such variations in physical and financial norms for North-East or tribal areas or coastal areas or other identified geographical area or States as required. In view of the large variation in the geographical, demographic and economic conditions prevailing in different parts of the country, flexibility in physical norms of the scheme, however, may be permitted during the Twelfth Plan based on recommendations as given below.
29. The States may be allowed change in the physical norms for schemes based on the recommendations of a Committee to be chaired by the Chief Secretary of the State, which should include Technical Experts, concerned Secretary of the Department, Planning and Finance Secretaries of the State. These recommendations may then be approved by an Empowered Committee chaired by Secretary, Planning Commission and including Secretary, Ministry of Finance, Secretary of administrative Department and a Technical Expert, suggested by the administrative Ministry. The State Government representative may be invited to this meeting as Special Invitee. Once this Committee approves the change in norms, the new norms may be used for the CSS in that State/States. The Committee considered that given the large number of schemes it would be difficult for the Chief Secretaries of the States to chair all the meetings. Therefore, it is necessary to have coordinated approach among various departments in state while holding approval or alternatively these meetings may chaired by the Development Commissioner or the Additional Chief Secretaries. It is also felt that there is need for larger

convergence at State level in related areas so as to have better outcome of expenditure.

30. Financial norms for certain components in schemes, like cooking cost in MDM scheme, or cost of construction of houses under IAY need to be revised once in two years to enable effective use of funds. The norms for these identified financial components of the schemes should be revised by Ministry of Finance once in two years. The revision should be linked to Wholesale Price Index. The Committee realizes that this may result in construction of, say, lesser number of houses from a given allocation. The Committee feels that such revision will fund the construction fully for such schemes to enable effective implementation and outcomes.
31. Procedure for transfer of funds to the States should be reformed to ensure full accountability of States. Efforts must be made to gradually move over to transfers through the State budgets. Since currently transfers are taking place directly at District level or to other independent bodies or societies, there may be difficulties in making wholesale changes to the transfer procedures. Transfer mechanism should hence be worked out, so that over a period of Twelfth Plan all transfers are routed through State Governments and not directly to the independent societies at the State or District level.
32. States are implementing various Centrally Sponsored Schemes. It is important that the experiences are shared with other so that benefits of federal structure flow to all constituent. For this there is need to have an interactive website and authenticated data base. Planning Commission can explore the feasibility of hosting such website.

33. There should be both monitoring by Ministry and Independent evaluation of all CSS on a regular basis. Such monitoring and concurrent evaluation reports should be placed on the respective Ministry's website and forms the basis of any mid-course correction. Absence of such evaluation should be viewed adversely which will effect release of funds to the Ministry. Planning Commission is in the process of setting up of Independent Evaluation Office whose services may be utilized for such independent evaluation.
34. The evaluation of the CSS may be done by (a) assessment by professional institutions, (b) assessment by visits of experts to major project implementing States, (c) assessment by other individual experts by visits to the fields. In addition, sample surveys may be carried out in selected States across the country to assess the impact and outcomes of the individual CSS.
35. Planning Commission should prepare a list of organizations which can conduct such monitoring and evaluation in States. For these institutions of ICSR, universities, known experts in the field and organizations undertaking sample surveys may be invited. A panel of these should be kept ready. This exercise should be completed before the start of the Twelfth Plan to enable effective evaluation and monitoring of the Plan right from the beginning.

## **CHAPTER-I**

### **CONSTITUTIONAL PROVISIONS**

1.1 The Constitution of India clearly defines the role of Central and State Governments in the federal structure. As per the constitutional provision, all activities in Government sphere are categorised as falling in Central List, State List or Concurrent List. While there is no ambiguity with regard to the Central List and State List, activities falling under Concurrent List are subject to overlapping of jurisdiction of the Government of India and the State Governments. States are primarily responsible for major sectors like health, education, employment, etc. which often involve large public expenditures. Since successful implementation of development programme requires availability of adequate funds, appropriate policy framework, and effective delivery machinery, Central Government needs to work with the States to undertake their responsibility in effective manner. Recognising the higher resource requirements of the States relative to their resource raising powers, the Constitution mandates to transfer funds to the State Governments through statutory transfer of tax receipts collected by Centre through the Finance Commission award. In addition, the States access central plan funds through Centrally Sponsored Schemes (CSS) and Central assistance to State Plans.

1.2 The Constitution has under Part-IV mentions the Directive Principles of State Policy. These inform the policies of various wings of the Government and act as an overriding philosophical basis. While these are not enforceable in the same way the Fundamental Rights mentioned in

the Constitution, they indicate the overall policies which should govern various laws. It is, therefore, important that these are fully kept in mind when the policies for development of the economy are made.

1.3 These policies specifically mention several areas. Article 38 of the Constitution mentions as follows:

***“38. State to secure a social order for the promotion of welfare of the people. –***

*(1) The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of the national life.*

*(2) The State shall, in particular, strive to minimize the inequalities in income, and endeavour to eliminate inequalities in status, facilities and opportunities, not only amongst individuals but also amongst groups of people residing in different areas or engaged in different vocations.”*

1.4 It is clear, therefore, that it is important for the national government to make policies to minimize inequalities not only amongst individuals or groups of people living in States but also amongst these people residing in different areas of the country. Similarly, Article 47 of the Constitution mentions that it is the duty of the State to raise the level of nutrition, standards of living of its people and improve public health. Specifically, under Article 45 of the Constitution mentions ***“45. Provision for early childhood care and education to children below the age of six years. – The State shall endeavour to provide early childhood care and education for all children until they complete the age of six years.”*** Given the need for employment, the Directive Principles have made a special mention of this. Article 41 mentions Right to work as an important



principle which should govern the policies of the States. It states “**41. Right to work, to education and to public assistance in certain cases.** – *The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want.*” It is, thus, clear that the provisions of the Constitution specifically mandate the governments to ensure provision of certain basic services including employment, education, health and raise the level of welfare.

1.5 Other federations like Australia and Canada make provisions in their Constitutions for equalizing levels of service. The provisions in the Canadian and Australian Constitutions are mentioned at Annexure-I. For this purpose, they provide for transfer of resources from Central Government to State Governments so that people living in different parts of the federation are given similar level of public services. While the Finance Commission transfers in India, under Articles 275–280 of the Constitution have similar purpose, these are meant to transfer resources to the States to meet their requirements of expenditure. There is no specific mention in our Constitution unlike those of other federations.

1.6 The Government of India is involved in a large number of programmes in sectors/area such as education, health, labour, skill development etc. that are in the State List through operation of CSS and provision of Central Assistance to State Governments. These programmes essentially arose from the above national objectives and cut across State boundaries. The CSS are operationalized by Central Ministries based on

scheme specific guidelines and are implemented by State Governments or their designated agencies. The Central Assistance to State Plans has two components viz. normal Central Assistance that is based on modified Gadgil Formula; and Additional Central Assistance that consists of Assistance for Externally Aided Projects and Assistance for Special Programmes based on specific criteria and guidelines.

1.7 Until the Fourth Five Year Plan, Central Assistance to States for implementation of plan programmes within the States' jurisdiction was given in the form of scheme-wise allocation of funds resulting in rigidities and inefficiencies in the system and inequitable distribution of Central Assistance. The quantum of such assistance depended on the financial position and requirements of both Centre and the States. It was only from the Fourth Plan onwards that a separate classification of schemes as CSS was introduced. These schemes had a national character, and dealt with areas/concerns like family planning, agricultural workers, research and training etc. Since then the number of schemes covered under the Centrally Sponsored category has multiplied.

## **CHAPTER-II**

### **HISTORICAL PERSPECTIVE**

2.1 The practice of providing Central Assistance to the States to finance development schemes had been in vogue even before the advent of Five Year Plans. On the termination of the World War II, the Central and the Provincial Governments had embarked on certain development projects which received Central Assistance in the form of what were known as post war development grants. Though some of these grants were stopped by 1950-51, grants for schemes like Grow More Food Scheme continued. In the First Five Year Plan, many schemes which should have appropriately found place in the State sector were included in the Central sector because the exact distribution of their financial liability had not been decided upon. Some such schemes/projects taken up in the first Plan were multipurpose river valley schemes like Damodar Valley, Bhakra Nangal, Hirakud and community development projects and projects for special minor irrigation, local works etc. However, there was no clear criterion for distribution of Central Assistance to the States.

2.2 At the commencement of the Second Five Year Plan, majority of the schemes for which funds were provided in the Central sector and were implemented by the States outside their plan, were transferred to the State and included in the State Plans. As per Second Plan, there were large transfer of resources from Centre to States as the resources of all the States taken together were estimated to be short of the requirement by as much as 60%. Similar was the case in the Third Plan also. However, the

Central Assistance in the first three Plans to the States was determined on the basis of needs, problems, past progress, lags in development, contribution to achievement of major national target, potential for growth and contribution in resources by States towards their development programmes, population, area, level of income etc. The quantum of Central Assistance was decided in the light of gap in resources of each individual State.

2.3 At the end of the Third Five Year Plan, there were as many as 92 development plans sponsored by Centre, of which 35 were under Agriculture (including cooperation), 16 under General Education and the rest under other heads of development. For most of these schemes, the prescribed patterns were rather complicated. For a number of such schemes the staffing patterns, scales of pay and designs of buildings, equipment etc. were laid down which were often at variance with those prevalent in the States. The matter was considered by sub-committee of the NDC constituted in 1967 which recommended reduction in number of Centre assisted schemes to minimum. The Committee approved the following criteria for the classification of Plan schemes as Centrally Sponsored:

- (i) A limited number of important schemes to be implemented as matters of national policy such as Family Planning, Resettlement of landless agricultural workers;
- (ii) Schemes such as those for specialized research and training which would benefit more than one State or might be of all-India significance;

- (iii) Pilot projects for research and development;
- (iv) New schemes introduced after the Plan has been finalized.

2.4 The Planning Commission had discussions with the Central Ministries and 36 schemes originally classified as Centrally Sponsored in the Draft Outline of the Fourth Five Year Plan were transferred to the State sector. Accordingly the number of CSS in the Fourth Plan stood at 90, as against 147 included in the Draft Fourth Five Year Plan. The funding pattern for the various schemes differed. Of the total schemes, 59 CSS were eligible for 100% assistance, 12 schemes for 75%, 3 schemes for 60% and 15 schemes for 50% assistance outside the State Plans. Many States observed in the NDC meetings that the pattern of assistance has resulted in inequitable distribution of Central Assistance as better of States were able to get more funds compared to other States (Annexure-II). Accordingly, concept of block assistance for State Plans was introduced.

2.5 In 1968, the NDC Committee recommended a cap on the value of the Centrally Sponsored Schemes as  $1/6^{\text{th}}$  of the Central Plan assistance to States. However, the Central Ministries continued to introduce new schemes and the financial limit came to be exceeded. The number of CSS increased from 45 in 1969 to 190 at the end of the Fifth Five Year Plan. Considering the criticism voiced by States in the NDC at the time of consideration of Sixth Five Year Plan, large number of CSS (72) were transferred to the State sector as part of the State Plan schemes and the resultant savings of about Rs.2,000 crore were given to the States as additional block assistance on a formula known as Income Adjusted Total Population Formula. However, the Sixth Five Year Plan also witnessed

proliferation of CSS both in terms of number and quantum of funds. The number of CSS increased to 201 at the end of the Sixth Five Year Plan in 1985. The total assistance of Rs. 9,318 crore was allocated to CSS, 35% of total Central Assistance to States. This assistance was provided scheme-wise.

2.6 The State Governments again raised the issue of proliferation of CSS in the 32<sup>nd</sup> Meeting of the NDC while discussing the approach to the Seventh Five Year Plan in July, 1984. In the meeting, the Prime Minister and Chairperson of the NDC opined that “Managing the flexibility in implementing various plan schemes is easier said than done. There could be areas within States which needed special attention but the special problems of such areas should not hold back the overall programme of development. However, with the cooperation of the States, it needs to be seen how this flexibility could be managed.”

2.7 To resolve various issues concerning CSS, NDC constituted an Expert Group under the Chairmanship of Shri K. Ramamurty. The Group looked into various issues relating to CSS particularly need for revision of ceiling in regard to total assistance for CSS and for reducing the number/coverage of schemes as well re-examination of criteria for introducing a CSS. The Expert Group suggested the following criterion for CSS:

- (i) It should relate to demonstration, pilot project, survey and research; or
- (ii) It should have a regional or inter-state character; or
- (iii) It should aim at building an institutional framework for the country as a whole or for a region; or

- (iv) It should be in the nature of pace setter with a definite timeframe within the objectives outlined and sought to be realized.

### **3. NDC – Sub-Committee**

3.1 The Report of the Group was considered by NDC in November, 1985 and it was felt that the criteria suggested by the Expert Group are too broad and that fulfilment of an important national objective as one of the criterion. Accordingly, NDC constituted a Committee under the Chairmanship of Shri P.V. Narsimha Rao, Minister of Human Resource Development, to review the criteria for taking up new CSS; ceiling of 1/6<sup>th</sup> or 1/7<sup>th</sup> of Central Plan Assistance for CSS keeping in view the plan objective of poverty alleviation and employment generation; consultation mechanism for starting new CSS; examination of CSS under implementation with a view to drop or transfer some of them with the modalities of transfer of funds involved and suggesting periodical review mechanism for schemes transferred to State Plans etc.

3.2 The Committee in its very first meeting in November, 1986 approved a set of modified criteria for the retention of existing and initiation of new CSS as indicated below:

- The fulfillment of an important national objective such as poverty alleviation or minimum standards in education; or
- The programme has a regional or inter-State character; or
- The programme or scheme should be in the nature of a pace setter or should relate to demonstration, survey or research.

3.3 As for the existing CSS, the Committee felt that schemes of national importance viz. anti-poverty programmes, rural water supply, family welfare and programmes intended to promote human resource development and sustain improvement in quality of life like education which were of national importance may be retained as CSS. Schemes other than those having high national importance could be considered for transfer to the State Plans. As for the new schemes, the Committee recommended that they should be introduced with the approval of the Full Planning Commission.

3.4 The Committee constituted a Group of officials headed by Shri J.S. Bajjal, the then Secretary, Planning Commission to work out the details, in the light of above guidelines, regarding retention of CSS, mode of transfer of schemes to State Plans, allocation of outlays for the scheme proposed to be transferred. After intensive consultation with all stakeholders viz. Central Ministries/Departments and State Governments, the Group evolved a definition of CSS and decided to exclude the schemes funded by autonomous bodies. The Group felt that area development schemes were in the nature of Special Central Assistance to State Plans and need not be considered as CSS. It decided to omit NEC, Tribal Area Plan, Border Area Development and Hill Area Development Programme etc. from the scope of CSS. The total CSS after merging, weeding and dropping came to 236. The main recommendations contained in the report of Group of Officials submitted in 1987 are as under

- (i) The total number of CSS under implementation as on 1<sup>st</sup> April, 1985 is 262. Excluding 24 schemes being implemented by autonomous bodies, the Group recommended the transfer of 113 schemes



involving a Seventh Plan outlay of Rs.1,260.72 crore to the States. 125 schemes with a Seventh Plan outlay of Rs.14,104.17 crore are to be retained.

- (ii) The transfer should be effective from the Eighth Plan. If transfer is desired from an earlier date, it could be from 1<sup>st</sup> April, 1988 for the remaining two years of the Plan. The updated figure of Rs.800 crore available for 113 schemes to be transferred could be distributed to the States according to the modified Gadgil Formula.
- (iii) Central assistance to the States in respect of transferred schemes should be governed by the formula applicable to Central assistance to State Plans in the Eight Plan period. The Special Category States should, however, continue to enjoy the special dispensation as here-to-fore.
- (iv) All the retained schemes should be critically examined and evaluated with regard to their thrust and content before their inclusion in the Eighth Plan. This examination should be carried out by the administrative Ministries/Departments in consultation with the Ministry of Finance and the Planning Commission.
- (v) States should have flexibility in the matter of implementation of schemes to enable them to achieve the objectives in a cost effective manner keeping in view the special conditions and circumstances of each State.
- (vi) There should be no mid-plan introduction of schemes. In other words, all the schemes to be implemented in a given Plan period should have been included in the Five Year Plan. In exceptional

cases, new schemes may be introduced to meet any emergent situation or to give effect to a new thrust in national policy (e.g. New Education Policy) but these should, as far as possible, be 100 per cent Centrally funded.

(vii) There should be prior consultation with the States not sectoral but with Finance and Planning Departments before introduction of new schemes and financial arrangements should be carefully worked out if the schemes are not 100 per cent Centrally funded. In order that a broad view may be taken instead of a sectoral one by a particular Ministry, all new schemes should be approved by the full Planning Commission.

(viii) The Group felt that while it is necessary to limit CSS both in terms of number and financial outlays, it may not be practicable to lay down any ceiling. A rigorous procedure for fulfilling the criteria proposed by the NDC Committee, prior consultation with the States and approval of the Full Planning Commission should however, ensure that the propensity for proliferation of schemes is kept in check.

3.5 The Final Report of the Narsimha Rao Committee, submitted in 1988, incorporated the above recommendations. The report was considered in NDC meeting in 1990 wherein the Prime Minister and Chairman of NDC stated that the Government was actively considering decentralisation of the CSS but felt that such decentralisation should not be restricted to Centre and State capital alone but percolate down to Panchayat level or at appropriate level associated with a particular scheme for the benefit of the people.

3.6 The recommendations of the Narsimha Rao Committee to transfer 113 CSS to States with a combined Seventh Plan outlay of Rs.1,260.75 crore formed the basis of discussions on Central Assistance through CSS in the 43<sup>rd</sup> NDC meeting held in December, 1991. NDC decided that the exact pattern of funding for each CSS transferred to the States would be maintained at the 1991-92 level and that the Central share of funds for the transferred scheme would be released to the State outside the formula of Central assistance. The then Deputy Chairman, Planning Commission also indicated that the Commission was willing to transfer more responsibilities to the States provided they are willing to take up the same. It was reaffirmed that only those schemes that have inter-state or regional character or are in the nature of pace setter and ones relating to setting of demonstration or research project would be taken up by Centre.

3.7 The issue of provision of Central Assistance to States through CSS and rationalisation of CSS with the objective of providing flexibility to States continued to be discussed in successive NDCs. The NDC in its 46<sup>th</sup> meeting observed that States did not indicate to the Planning Commission the usefulness or otherwise of the 113 schemes identified for transfer to the States even after lapse of two years. The NDC provided an option to the State Governments to revive defunct schemes in consultation with Planning Commission and observed that all the schemes should be transferred with resources. It was also decided that new CSS would be initiated with the approval of the Full Planning Commission. All the CSS were to be transferred as per the pattern of financing which prevailed before the transfer of these schemes.

3.8 The issue of transfer of CSS to the States along with resources again came up for discussion in the 47<sup>th</sup> NDC meeting held in January, 1997. While discussing the Draft Approach to the Ninth Five Year Plan, several Chief Ministers (Punjab, Delhi, Tripura, UP, Haryana) desired that CSS along with funds may be transferred to the States particularly relating to those sectors which come within the purview of the State List. However, the Central Ministries kept introducing new schemes. The total number of schemes increased to 360 in the last year of Ninth Five Year Plan and accounted for about 60% of Central assistance. NDC observed that the better off States benefit more through the CSS as they have better resource matching and implementation capabilities compared to poor States.

3.9 The Planning Commission undertook Zero Based Budgeting (ZBB) exercise in the beginning of the Tenth Five Year Plan and recommended weeding out of 48 schemes, merger of 161 schemes into 53 schemes, and retaining the remaining 135 schemes, implying a carrying forward of 188 CSS to the Tenth Plan.

3.10 The divergence of opinion on the issue of transfer of CSS was visible in the 48<sup>th</sup> meeting of NDC in February, 1999. It transpired that this divergence of opinion was not only among the States but also between the States on the one hand and the Central Ministries/Departments on the other. The differences pertained not only to the selection of schemes to be transferred but also to the modalities of transfer e.g. Chief Minister, Andhra Pradesh suggested abolition of all CSS with transfer of funds to the States in true spirit of cooperative federalism. Chief Minister, Arunachal

Pradesh proposed that Union Government should finance 100% CSS. Chief Ministers of other NE States suggested retention of few important schemes as CSS and others to be transferred to States with full funding. The issue of providing flexibility in usage of Central Assistance through CSS was raised by Bihar. The NDC decided to constitute a Sub-Committee under the Chairmanship of Deputy Chairman, Planning Commission. The Status Report of Sub-Committee of NDC on transfer of CSS was placed before the NDC in 49<sup>th</sup> meeting in 2001 wherein NDC directed Planning Commission to take note of suggestions made by Chief Ministers for identifying more schemes for transfer to the States with flexibility.

#### **4. Varma Committee**

4.1 Subsequently, on the recommendation of the 51<sup>st</sup> NDC meeting the Planning Commission set up an Expert Group in October 2005 under the Chairmanship of Shri Arvind Varma, ex- Secretary, GoI to develop concrete proposals for restructuring the CSS in consultation with the Ministries/ Departments concerned. The Committee in its report submitted in September, 2006 recommended that:

- (a) A new CSS should be introduced only with the approval of the Full Planning Commission and in consultation with States.
- (b) Planning Commission should undertake ZBB exercise at least once every five years in consultation with the States.
- (c) A new CSS should be approved only if annual outlay is more than Rs.300 crore. Existing CSS with less than Rs. 300 crore annual outlay should be wound by 31<sup>st</sup> March, 2007 and the amount transferred to the States via the Normal Central Assistance route.

- (d) Planning Commission should notify terminal dates, targetted outcomes and outcome measurement strategy for all existing CSS. All new CSS should have start and closure dates, and in the absence of a specified date of closure, would come to a close at the end of that Plan period. The issue of terminal liabilities should be addressed by the Central and State Governments around the time of termination of the CSS.
- (e) All CSS funds should be routed through the State Budget. In the interests of practicality, States should make provision in anticipation of the Central releases.
- (f) Any funds not transferred via the State budget should be subject to annual expenditure certification by the Indian Audit and Accounts Department like all CSS for which funds are released through the State budget.

4.2 The Expert Group Report was considered by the Planning Commission while preparing the Eleventh Five Year Plan. The need for providing adequate flexibility in the design of CSS taking into account the State level realities and priorities was recognised but the transfer of CSS to States and UTs was not found desirable since CSS are designed to serve specific national objectives cutting across States/UTs. It was felt that the ZBB exercise of reducing CSS from 155 in 2006-07 to 82 in 2007-08 would serve the purpose. Planning Commission recommended development of scheme-wise reliable information system with the help of Chief Controller of Accounts attached with each Ministry at CGA level with the objective of monitoring scheme-wise, State-wise releases and expenditure.

4.3 The issue of proliferation of CSS, top down approach, provision of flexibility to States to mould schemes according to local requirements, flow of funds, accountability, enforceability, implementation, involvement of PRIs etc. continue to be relevant even today. These issues pose a challenge to both policy planner and the implementing agency viz. Central Ministries/Departments and State Governments. To address some of these concerns, Planning Commission had constituted a sub-committee under the Chairmanship of Shri B.K. Chaturvedi, Member, Planning Commission, to look into the restructuring of CSS to enhance its flexibility, scale and efficiency, vide Order No. M-12043/4/2011-PC dated 5<sup>th</sup> April, 2011. (Annexure – VIII)

**CHAPTER-III****CURRENT SCENARIO**

5.1 Following the recommendations of the Expert Group, which had submitted its Report in 2006, the Centrally Sponsored Schemes (CSS) were reduced to 82. However, subsequently 59 new CSS have come up. Following Table indicates the developments in the last decade:

**CENTRALLY SPONSORED SCHEMES**

Year	CSS		Central Assistance to State Plans (Rs. crore)
	No.	BE (Rs. crore)	
2002-03	188	31,389	44,344
2003-04	213	32,141	49,814
2004-05	207	38,312	51,766
2005-06	204	55,924	34,901
2006-07	155	71,996	45,518
2007-08	99	81,620	61,614
2008-09	133	1,01,824	77,075
2009-10	138	1,37,137	84,490
2010-11	139	1,57,051	96,412*
2011-12	147	1,80,389	1,06,026 <sup>#</sup>

\* Revised Estimates

# Budget Estimates

It is quite clear that the process of zero-based budgeting has not succeeded in limiting the number of schemes. As new areas are taken up, additional schemes are approved. There is clearly a need to consider and restrict this.



5.2 The total no. of CSS has been increasing over a period of years in successive Plans. Following Table indicates the position:

Plan	GBS	No. of Schemes	CSS	% of CSS to GBS	(Rs. Crore)	
					Central Assistance to States and UTs	% of Central Assistance to GBS
Ninth Plan* (1997–2002)	3,16,286	360	99,001.68	<b>31.30</b>	1,38,394	<b>43.75</b>
Tenth Plan* (2002–07)	594,649.00	155	229,763.14	<b>38.64</b>	2,03,117.00	<b>34.15</b>
Eleventh Plan (2007–12)	15,88,273.24	147	660,506.00	<b>41.59</b>	3,97,418.93	<b>25.02</b>

\* At Constant Prices.

5.3 It is clear that while the number of schemes has reduced in recent years the share of CSS in the GBS has gone up progressively in the last few Plans, particularly in the Eleventh Plan. This is reflective of the focus the Central Government has given to the national priorities. For example, programmes like SSA (education), NRHM (health), MGNREGA (employment) and PMGSY (rural roads) which have large outlays, are designed to meet the key infrastructure gaps in the country and provide adequate resources to the States. A large share of the GBS (41.59%) is thus going to these schemes, major share of which is with key policy interventions termed 'Flagship Schemes'. The Table at Annexure-III gives the total picture of the major flagship programmes and allocations under it. It will be seen that these programmes broadly cover the following areas:

- (i) Agriculture & Rural - Infrastructure
- Rashtriya Krishi Vikas Yojana (RKVY), Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Pradhan Mantri Gram Sadak Yojana (PMGSY), Indira Awaas Yojana (IAY), Total Sanitation Campaign (TSC) and

	National Rural Drinking Water Mission (NRDWM).
(iii) Health & Nutrition -	National Rural Health Mission (NRHM) and Integrated Child Development Scheme (ICDS)
(iv) Education & Skill - Upgradation	Sarva Shiksha Abhiyan (SSA) and Mid-Day Meal (MDM) Scheme and Skill Development Mission
(v) Power -	Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), Restructured- Accelerated Power Development and Reforms Programme (R-APDRP)
(vi) Irrigation -	Accelerated Irrigation Benefit Programme (AIBP)
(viii) Urban Development -	Jawaharlal Nehru National Urban Renewal Mission (JNNURM)
(ix) Social Security -	National Social Assistance Programme (NSAP)

5.4 The areas covered by these Flagship Schemes are clearly of great importance in terms of our national priorities. In terms of Millennium Development Goals, literacy, growth, health, sanitation and access to energy are considered critical areas internationally. The need for investments in these areas is clearly well established. The flow of funds to States in these schemes takes place in two ways.:

- (a) Funds transfer through 9 flagship Centrally Sponsored Schemes:
  - (i) MGNREGA – Ministry of Rural Development
  - (ii) IAY – Ministry of Rural Development
  - (iii) PMGSY – Ministry of Rural Development

- (iv) NRHM – Ministry of Health and Family Welfare
- (v) ICDS – Ministry of Women and Child Development
- (vi) TSC – Ministry of Drinking Water Supply
- (vii) MDM – Department of School Education & Literacy
- (viii) SSA – Department of School Education & Literacy
- (ix) NRDWP – Ministry of Drinking Water Supply

The pattern of assistance to States varies. Generally it is Central Government's contribution of 90% for North-East States and 75%–100% in different schemes for other States. Annexure-III brings out these details. It will thus be noticed that in each one of these schemes, there is a contribution of the State Government, as well as Central Government. In some cases, beneficiaries also contribute to the total schemes.

- (b) The other category of 6 Flagship Schemes mentioned below are implemented through Additional Central Assistance (ACA) to States/ Central Sector scheme. However, States are required to contribute their share in a few schemes to get the ACA allocation. Details of these are at Annexure-V.

- (i) JNNURM – Ministry of Urban Development
- (ii) AIBP – Ministry of Water Resources
- (iii) NSAP – Ministry of Rural Development
- (iv) RKVY – Ministry of Agriculture
- (v) RGGVY – Ministry of Power (operated as CS scheme)
- (vi) R-APDRP - Ministry of Power (operated as CS scheme)

Of the total funds allocated for Flagship Schemes during the Eleventh Plan, which includes expenditure until 2009-10 and Budget Estimates thereafter, 75.3% was for the Category 'A' and 24.7% were for Category 'B' mentioned above.

5.5 The Flagship Schemes contribute to major share of CSS. Following Tables indicate the flow of Plan funds to States.

**Table-I**

<b>Distribution of Gross Budgetary Support</b>							
Sl. No	Description	2007-08	2008-09	2009-10	2010-11	2011-12	Grand Total (2007-2012)
		Budget Estimates					
1	<b>Gross Budgetary Support (GBS) of which</b>	205100	243385.50	325149.00	373091.99	441546.75	<b>1588273.24</b>
(a)	Total Central Sector	70834.32	78129.93	102703	123548.99	155131.67	<b>530347.91</b>
(b)	Total CSS and Total Central Assistance Of which	134265.68	165255.57	222446.00	249543.00	286415.08	<b>1057925.33</b>
	(i) Normal Central Assistance (NCA) for States and UTs	16852.00	19580.36	20977.94	23907.00	25784.00	<b>107101.30</b>
	(ii) Total Centrally Sponsored Schemes (CSS)	84105.00	101824.07	137137.00	157051.00	180389.33	<b>660506.40</b>
	(iii) Central assistance to States other than NCA	33308.68	43851.14	64331.06	68585.00	80241.75	<b>290317.63</b>
2	CSS Flagship	64399.00	76880.00	111032.00	121492.00	140220.00	<b>514023.00</b>
3	Additional Central Assistance (ACA)/CS Flagship	16540.00	25405.67	40967.00	45952.00	48402	<b>177266.67</b>
4	Total CSS (including CSS and ACA/CS Flagship)	100645.00	127229.74	178104.00	203003.00	228791.33	<b>83773.07</b>
5	Total CSS and Central assistance excluding NCA	117413.68	145675.21	201468.06	225636.00	260631.08	<b>950824.03</b>
6	Total Central assistance	50160.68	63431.50	85309.00	92492.00	106025.75	<b>397418.93</b>

Table-II

Proportion to Allocation (GBS)							
Sl. No	Description	2007-08	2008-09	2009-10	2010-11	2011-12	Grand Total (2007-2012)
A	Total Central Sector schemes	34.54	32.10	31.59	33.11	35.13	33.39
B	Total CSS and Total Central Assistance	65.46	67.90	68.41	66.89	64.87	66.61
(i)	Normal Central Assistance (NCA)	8.22	8.04	6.45	6.41	5.84	6.74
(ii)	Centrally Sponsored Schemes (CSS)	41.01	41.84	42.18	42.09	40.85	41.59
(iii)	Total Central Assistance	24.46	26.06	26.24	24.79	24.01	25.02
(iv)	CSS Flagship	31.40	31.59	34.15	32.56	31.76	32.36
(v)	ACA/CS Flagship	8.06	10.44	12.60	12.32	10.96	11.16
(vi)	Total CSS (including CSS and ACA/CS Flagship)	49.07	52.27	54.78	54.41	51.82	52.75
(vii)	Total CSS and Central Assistance other than Normal Central Assistance	57.25	59.85	61.96	60.48	59.03	59.87
(viii)	Central assistance to states other than Normal Central Assistance	16.24	18.02	19.79	18.38	18.17	18.28

It will, thus, be seen that Flagship Schemes (incl. from ACA) are 52.75% of total GBS. The 9 CSS Flagship Schemes are in fact 78% of all the CSS.

5.6 As a percentage of GBS, the share of Normal Central assistance is coming down in successive Plans and the Table below indicates the trend. During the Eleventh Plan, share of Normal Central Assistance was only 6.74% of GBS.

Table-III

(Rs. in crore)

Assistance	Ninth Plan (1997-2002)	Tenth Plan (2002-07)	Eleventh Plan (2007-12)
Central Assistance (includes both Special & Non-Special Category States)	1,38,394	2,03,117	3,97,419*
Gross Budgetary Support (GBS)	3,16,286	5,94,649	15,88,273
Central Assistance as % of GBS	44%	34%	25%

**Note:** NCA to States and UTs of above is Rs.1,07,101 crore i.e 6.74% of GBS.

Part of the reasons for this decline is the fact that prior to Twelfth Finance Commission (TFC) Award (2005-06) Central assistance was used to be given from the Central Government both as loan as well as grants. Based on TFC award, now all the loans are being taken by the State Governments directly from open market. Central Government thus need not borrow for the purpose of giving loans to the State Government. While this has enabled Government of India to restrict its fiscal deficit, it has also resulted in reduction of overall normal Central assistance going to the States.

5.7 The current system of administration of the schemes needs reforms. One of the most important gaps is the way distinction is being made between CSS and ACA-based schemes. While generally, ACA-based schemes are 100% Central assistance schemes, particularly Flagship Schemes, in several of these schemes State contribution is required in varying degrees like AIBP and JNNURM to avail of the central funds. The CSS also prescribe different share of the States. These shares vary, as mentioned earlier, from Nil to 65%. Conceptually, both these schemes pass on funds from the Central Government to the State Governments with some conditionality or counterpart fund request and effectively these are CSS. The difference has arisen because of the historical evolution and the way these are being budgeted, financed and controlled and also difference in release of funds. In case of AIBP, for example, evaluation is being done by Planning Commission and based on its recommendations and that of the Ministry funds are released by the Ministry of Finance. In case of JNNURM, such an evaluation and

assessment is being done by Ministry of Urban Development and based on their recommendations, ACA is released by Ministry of Finance. In case of CSS, the budgets are allocated to concerned Ministries and the entire process of releases is also done by them. There does not appear to be any major distinction between ACA based schemes and CSS except that ACA forms part of State Plan size while CSS do not.

5.8 The number of States, particularly the North-East States, Bihar and Jharkhand have often represented that they have limitation of resources and are not able to provide State's share to enable them to access the required funds under CSS. This is particularly important for schemes like SSA, where the counterpart funds are to the extent of 35% and the sector is extremely critical for every State. Simultaneously, it is also important to ensure that the States have adequate financial participation to ensure a sense of ownership of the scheme by them. It has been argued that if 100% grants come from the Central Government, the ownership gets diluted.

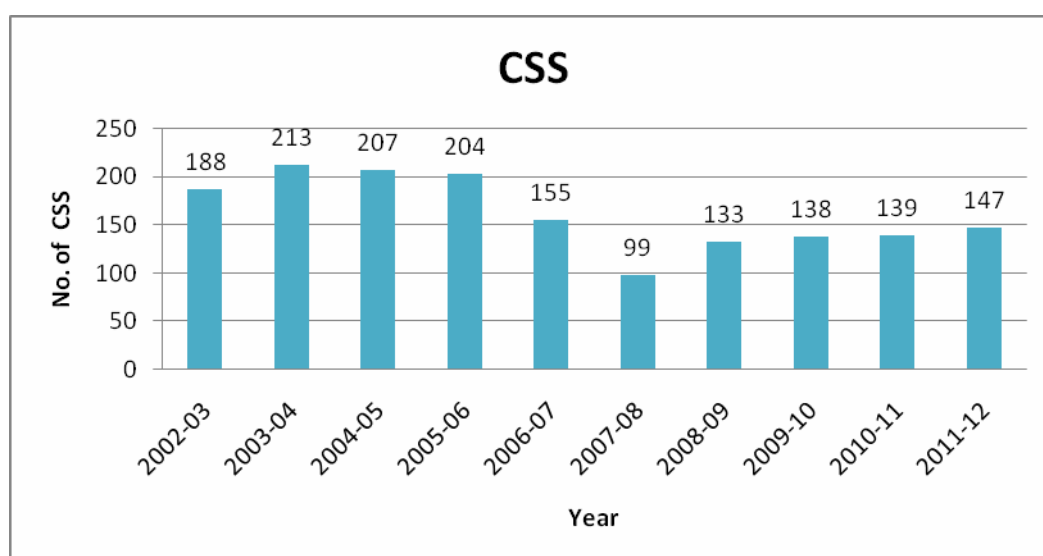
5.9 An important area impacting on efficient implementation of CSS has been the need for flexibility in many of the schemes. India with its different geographical regions, varied requirements of States, different levels of infrastructure development, demographics and economic growth, growing urbanization and density of population requires flexibility for States to plan their development. The flexibility should be in terms of ability of the State to spend part of the funds for meeting certain special needs which may be complementary to or meeting the objective of the CSS. This flexible provisions must enable the State to meet any special

requirements because of above variations. Such flexibility is also required to enable overall optimum use of the financial resources of States and the Centre. Many of the areas in which CSS are being framed often fall in the domain of the State Governments functions or are part of the Concurrent List. Education and electricity are areas of Concurrent List. But apart from this, in agriculture, rural development, nutrition, land development, employment and rural housing CSS have been made to meet needs of our Federation. It is necessary that these schemes take into account the on-going schemes of the States in these areas. The expenditure on these schemes in these sectors by different States varies depending on its own resources and priorities. In similar activities money may be provided under CSS as well as from State Government. There is, hence, a need to take into account the nature of schemes being run in the States and implement CSS with such flexibility so that convergence leads to better results. These results could be in the form of improvement in the quality of service. For example, if money is provided under IAY for construction of houses and the State Government is also putting its own resources, it may be possible to construct a house with a cement roof, along with a toilet and rooms which have better interior. Under, RGGVY, State Governments have been provided funds for electrification of villages. Villages have been uneven size and size of population and may often have several habitations. Flexibility is necessary with the State Government to enable an effective convergence. This may include increasing the size of the transformers to take up load or providing financial support for far-off villages which do not have a good sub-transmission system. Often in the absence of such flexibility, the full objective of the schemes cannot be met.



5.10 In several schemes flexibility is required in terms of norms. In a number of schemes, like IAY and PMGSY, the norms for hilly regions, densely populated States, like Kerala, which may have shortage of land or North-East and J&K, where the rural roads may pass through high quality land which may need to be acquired, need to be different in both physical and financial terms. The cost of project is different in different areas. These need to be fully taken care of. For example, the cost of buildings in the North-East and in the far-east corners of North-East has great variations. It will be useful to consider the extent to which we can provide flexibility to meet these needs. Yet another example is the cost of cooking in the MDM scheme. Given the rise in Wholesale Price Index, it will be useful to revise norms every two years, so that the purpose of the scheme is met. If this is not done, either the food is likely to be of poor quality or it may not be cooked at all.

5.11 An important question in this regard is the proliferation in the number of schemes. This has led to poor monitoring and implementation at District level. The total number of schemes shows an interesting pattern as will be evident from the following graph:



It is clear that as new Plan starts, the number of schemes go down. With the review, thereafter, these proliferate in different areas. In fact, such schemes keep getting added up right till the end of the Plan. It represents an evolution and review of different sectors and the schemes which are meant to address the gaps which are being constantly identified. It also exemplifies our lack of long-term planning. There has been often a criticism that the visits of Central Government officers to States result in a new CSSs which keep getting added up. This is not a happy position.

5.12 It will be useful to work and plan more comprehensively. The schemes which we design provide for individual components which are needed for the development of the sector. We need to develop sectoral or sub-sectoral schemes which address varying aspects of the development needs. While part of the resources of such schemes could be used to address issues concerned to all States, a second component should be flexible part which States may use as required by them in accordance with gaps and to get convergence. Rashtriya Krishi Vikas Yojana (RKVY) is a good example of this. This provides for a large number of sectors in the field of agriculture. The guidelines for this programme indicate the following components:

- (a) Integrated development of major food crops such as wheat, paddy, coarse cereals, minor millets, pulses, oil seeds.
- (b) Agriculture mechanization.
- (c) Activities related to enhancement of soil health.
- (d) Development of rainfed farming systems in and outside watershed areas, as also integrated development of watershed areas, wastelands, river valleys.

- (e) Support to State seed farms.
- (f) Integrated Pest Management schemes.
- (g) Encouraging non-farm activities.
- (h) Strengthening of Market Infrastructure and marketing development.
- (i) Strengthening of Infrastructure to promote Extension Services.
- (j) Activities relating to enhancement of horticultural production and popularization of micro irrigation systems.
- (k) Animal husbandry and fisheries development activities.
- (l) Special schemes for beneficiaries of land reforms.
- (m) Undertaking concept to completion projects.
- (n) Grant support to the State Government institutions that promote agriculture, horticulture etc.
- (o) Study tours of farmers.
- (p) Organic and bio-fertilizers.
- (q) Innovative schemes.

5.13 Such an overarching scheme enables a comprehensive development of the sector. It also ensures that States do not undertake development of agriculture only in one area, example seed production, just because Central funds are available for this purpose. The Central funds can be used for a balanced development which can be complementary to States' resources. It helps an optimum use of the resources. The scheme should, therefore, as far as possible, cover a wide area with complementarity so that full use of the convergence of each sub-sector with the other can be made of. This sort of design will help us not only improve the effectiveness of the utilization of the funds but also reduce the number of schemes.

5.14 A number of schemes accordingly need to be merged at the Central level so that major areas of the concerned department get covered and technology and Central resources can flow for the benefit of the States. In a number of departments, there are large number schemes. In agriculture, for example there are a total of 13 schemes. Similarly, in Animal Husbandry & Dairying there are 15 schemes. It is possible to merge many of them into a comprehensive scheme for development of sub-sectors.

5.15 Schemes with small outlays are a major disadvantage. These envisage expenditure of small amounts spread over the country. These need to be weeded out. In fact, an earlier Committee on CSS has considered this question and argued that any CSS which had an outlay of less than Rs.300 crore should not be taken up at all. It is important that the funds we provide should be able to make a dent in the State's economy. All such schemes need to be weeded out.

5.16 An important issue in the CSS is the transfer and release of funds and norms which are prescribed for it. There is a need to provide transparent guidelines which provide for allocation of funds under CSS, so that States are able to plan their resources better. A recent effort to bring complete transparency in this regard has been made in RKVY. The allocation of funds under this scheme is formula-driven. There have been two criticisms on this approach. Firstly, it has led to an uncertain fund position in the State under this scheme. No programmes can, therefore, be run on a long-term basis on such a scheme since the State which if not able to provide adequate budget provision in the agriculture sector does

not get funds under RKVY. This approach cannot be adopted for every sector, as it is constrained by the State's resources and overall budget allocations. Therefore, while adopting the RKVY structure its strengths and weaknesses are required to be kept in mind.

5.17 The current system also suffers from a major drawback on manner of transfer of funds to States under CSS. Funds are being released under CSS to State Governments or independent societies, of which senior officials of State Government are in-charge or at District level to DRDA. It is not possible in the current system to monitor the actual flow of funds under these schemes and release to the States or various societies to whom it is transferred directly. There is need to use technology and financial accounting methods for effective monitoring of funds under these schemes. An effort in this regard in the Planning Commission has already been started. Following assessment has been made in Planning Commission that *“The present system of budget and account classification suffers from several weaknesses. The lack of uniform coding for plan schemes across the States makes it difficult to trace releases under a particular scheme from the Centre to the ultimate user as it flows through state budget system. A significant proportion of central plan resources are also transferred to implementing agencies of State governments by way of direct transfer outside the State Consolidated Funds. These transfers cannot be traced on line in terms of their final use.*

*These problems are planned to be addressed through a new multidimensional budget and accounting classification being prepared by a Committee set up by the Ministry of Finance. Further, the Central Plan*

*Scheme Monitoring System (CPSMS) has been initiated by the Controller General of Accounts in collaboration with the Planning Commission to serve as a comprehensive management information and decision support system for monitoring of the Plan schemes of the Government. CPSMS seeks to have interface with state treasuries and State AGs to obtain real time expenditure information for schemes for which funds are transferred from the Central Ministries to the consolidated fund of the States. It also has the challenging task of integrating thousands of implementing agencies through Core Banking Solution (CBS) of the individual banks so that fund movement is tracked at each successive stage starting with the initial release from the Centre till the money actually reaches the ultimate beneficiaries.*

*On full implementation, CPSMS is expected to provide customized information of fund deployment and utilization vertically under each scheme to programme managers and horizontally across schemes in one geographic area. Inputs provided by the system would be vital for programme management and policy planning. The information on fund utilization should also be placed in the public domain for greater public awareness, public participation in the policy making and execution and toward enhanced transparency in Government operations.” This will ensure that no new CSS is introduced without uniform budget code from the CGA.*

5.18 As mentioned earlier, the transfer of funds is currently being done through several ways. In a number of schemes, funds are being directly transferred at district-level, in some others, these are given to the State

Government which in turn transfer the funds to district-level and Panchayati Raj Institutions (PRIs). The system of transfers needs a review as it dilutes State Government's responsibility on use of funds transferred directly outside the State budget. Two considerations have to be kept in mind while examining this issue. Firstly, the accountability of the State Government under the present system has to be strengthened. The transfer of funds directly at the district-level or to Panchayats or urban local bodies makes these organizations accountable but the State Government under whom these organizations work has often argued that since they have not transferred the funds through States budgets, they are not responsible for its proper utilization. It is important in our federal system that State Governments are fully involved in such transfers and these take place through their budgets. This involves delays which will have to be addressed. Secondly, transfers should be such that funds to the lowest utilizing organizational level reach quickly. This merits to some extent, the transfer of funds directly to the Panchayats where many of these funds are to be utilized. These concerns will need to be addressed for an effective fund transfer mechanism.

5.19 One of the major problems in the CSS is poor implementation of schemes in several States. This points to a design gap in the schemes. These schemes either do not provide for a concurrent evaluation and assessment or where they do, this is not done in an independent manner so as to get an effective feedback. Example of an excellent third party evaluation is the Guidelines prescribed for PMGSY and system of evaluation evolved for this. Guidelines for this have been issued by Ministry of Rural Development. Under this evaluation is done at the level

of both State and Central Governments. These monitors are appointed in an independent manner and have a responsibility to visit the districts for seeing the progress of work. This has given very good results and the rural roads programme of PMGSY is generally accepted to be an effective programme. It is important that all CSS have such a mechanism installed. This evaluation could be across the country through series of sample surveys or independent monitors giving their assessment after visiting the States and seeing the programmes in certain districts. It could also be through evaluation by a certain institutes. Not enough time has been devoted to this part of the CSS design. The gaps in the schemes have, therefore, quite often been noticed after almost Plan period is over. This restricts the ability for mid-course correction and doing modifications which can improve the design of the programme and improve the effectiveness of the programme.



## **CHAPTER-IV**

### **REFORMS IN THE CSS**

6. The analysis of the CSS in the previous Chapter has indicated the need for reforms. Suggestions on this are being mentioned in the following paragraphs:

#### **6.1 Restructuring of CSS**

6.1.1 It has often been mentioned that schemes, with small outlays, are not likely to make impact at the level of States which commensurate with the national priorities at which CSS are primarily aimed. Such schemes, therefore, should be transferred to States. In some cases, these could get merged with the main scheme. It may be necessary to merge these schemes, in some cases to enable convergence of the overall CSS which may emerge as a result of this. It is, therefore, recommended that all schemes which have an outlay of less than Rs.500 crore in the Eleventh Plan or an average annual outlay of less than Rs.100 crore, if started, late should either be abolished or merged into more comprehensive sub-sectoral and sectoral schemes of the total CSS, which contribute 42.9%. Clearly, major restructuring is needed in CSS.

6.1.2 There are a very large number of CSS operating at this time. In 2011-12, these numbered 147. Prior to it, in 2007-08, when the Plan began there were 99 CSS. Clearly, these have a tendency for proliferation. It is, therefore, suggested that the CSS may be restructured into three categories:

- (a) **Category-I – Flagship Schemes:** Planning Commission has at the moment recognized 15 Flagship Schemes. These include 9 CSS schemes and 6 Schemes being implemented through Additional Central Assistance (ACA)/Central Sector (CS) schemes. All these schemes have large outlays as mentioned earlier and the ability to make significant changes in the sectors to which these relate. These cover key areas of national importance like rural infrastructure, housing, employment, agriculture, education, health, power, irrigation etc. Eleventh Plan experience has shown gaps and need for restructuring in several of these. It is, therefore, proper that these schemes be retained after a review and restructuring by Steering Committees so that gaps in these are fully met.

It is suggested that if any major focussed area is required during the Twelfth Plan, a new Flagship Scheme may be initiated. As mentioned earlier, investments in these are large and hence these can make an effective intervention across the country. The new intervention should, therefore, be only in this category either as CSS or ACA. The lowest outlay in the Flagship Schemes is that of R-APDRP at Rs.6,725.72 crore. The other such programme is Total Sanitation Programme (TSP) which has an outlay of Rs.6,560 crore. The actual size of R-APDRP was in fact Rs.50,000 crore and this apart from the GBS originally planned at Rs.10,000 crore. The actual expenditure has been less as the cost of IT/SCADA intervention was found to involve less money. This is only indicative of the size which has to be kept in mind for new Flagship Schemes. It is suggested that new Flagship Schemes should have a minimum out lay of Rs.10,000 crore over a period of the Twelfth Plan.

- (b) **Category-II – Sub-Sectoral Schemes:** The second category should be schemes relating to major Departments which have several sub-sectors. It will be useful to develop an sub-sectoral scheme for these Departments. Each sub-sector could have a core element which fully supports requirements of all States. The other component could be State specific component may vary in different States. A number of areas and interventions in it could be identified for this in the scheme and State Governments could choose from them. For this, States should have flexibility as part of the scheme. These Sub-Sectors could be especially useful in Departments like Education, Animal Husbandry and Health. Guidelines for the schemes will be issued by the Administrative Ministry giving details of procedure at State Government/Central Government level.
- (c) **Category-III – Umbrella Schemes:** The third category of schemes should be those which cover comparatively smaller Departments. To make an impact in development process at the national level, it is necessary that the size of schemes commensurate with this requirement. Earlier Committee has recommended that schemes with annual plan outlay of Rs.300 crore may not be implemented as CSS. In view of this, it will be useful that schemes with small outlays should be either weeded out or merged as part of a large Umbrella Scheme as mentioned earlier, too. An Umbrella Scheme for the Department would provide flexibility to the implementing Departments to assess the sector's requirements in a comprehensive manner, identifying gaps and addressing these. Such a scheme will have two parts. In first

part, Central Ministry would provide guidelines for the various components of the Umbrella Scheme, which it wishes to be implemented across the country in accordance with its norms. Those will be implemented by the States. In the second part, States will have flexibility to choose schemes for which a large list of areas, schemes and guidelines will be given by Administrative Ministry similar to Category-II. Department wise listing of all CSS schemes under the above three categories is given in Annexure VII.

The Committee feels that often the requirements of States may vary widely in some sectors. It will be useful to provide funds as ACA for such schemes in these sectors.

6.1.3 It is also suggested that all new CSS must form part of either the Flagship Schemes or sub-components of one of the Sub-Sectoral Schemes of the Ministry or the third category of Umbrella Schemes. Efforts in the Plan should be to address major concerns through new Flagship Scheme and intervention in other areas, be in the Sub-Sectoral Scheme or as an Umbrella Scheme.

6.1.4 In addition to the CSS, funds are being transferred to the States through ACA/Central Sector schemes. The number of schemes through which these transfers are taking place is 26. This includes 6 Flagship Schemes, including AIBP, NSAP, JNNURM, RKVY, R-APDRP and RGGVY (the last two are CS schemes). It is suggested that the above transfers may be restructured in the following manner:

- (a) The 6 Flagship Schemes may continue with such reforms as may be finalized by the Working Group, based on the experience of the functioning of these schemes during the Eleventh Plan. During this review, the Working Group should also look at convergence of these schemes with other areas. In addition to the 6 schemes, it is also proposed that Backward Regions Grant Fund (BRGF) which is a major policy intervention be classified as Flagship Scheme. Accordingly, the total number of Flagship Schemes under ACA/ Central Sector schemes would be 7.
- (b) The remaining 20 schemes may be restructured into 7 schemes (Annexure-V).

6.1.5 Discussions have been held with various Ministries/Departments on these issues. There seem to be general agreement on reducing the schemes and providing flexibility. Our broad suggestions on the list of schemes which could be retained are mentioned in Annexure-IV. It will be noticed that if these are implemented, the total number of CSS would be 59. Further, there will be marginal increase in number of CSS during the Plan as new schemes would generally be sub-component of one of the existing Sub-Sectoral Schemes or Umbrella Schemes.

6.1.6 In addition to above, there will be 7 ACA/Central Sector Flagship Schemes and 7 other ACA-based Schemes as against 26 as at present.

## 6.2 “Flexi Funds” in CSS:

6.2.1 CSS cover the entire country and thus cater to extremely diversified, demographic, geographical, economic and rural and urban needs. It is difficult to design schemes which will have parameters, which will cater to the requirements of all the regions. It is, therefore, necessary that schemes to have a certain flexible component which may be used for developing specific schemes by the State Government such schemes should be consistent with the objectives of the CSS. It is, therefore, proposed that all Category-II and III CSS must have 20% funds as ‘Flexi Funds’. These could be used by the States to prepare schemes consistent with the objectives of the overall schemes. Broad guidelines for this may be issued by the concerned Ministries for the areas for which such schemes have to be made to meet their specific needs. In Flagship Schemes, which have large budgets outlay, these funds may be 10% of the annual outlay, which in our assessment should be able to take care of the needs of States. These guidelines could be on the pattern of RKVY where various activities are mentioned but leave enough scope for the State Governments. These schemes will be prepared by the State Government and approved by a Committee chaired by the Chief Secretary of the State Government. Secretary of the concerned department of the State Government may be Convenor of the Committee. The Committee may include, apart from the Chairman and Convenor, concerned Joint Secretary in Central Government and such other officials as may be indicated in the guidelines to be issued by the Ministry. The funds will be released to the State Government based on the recommendations of the State-level Committee by Administrative Ministries.

### 6.3 Flexibility in Norms:

6.3.1 Several suggestions have been made for giving flexibility in physical and financial norms of CSS. It has been argued by the State Governments that the requirements of different regions differ and it is, therefore, necessary that the norms for construction of roads, bridges, specification for roads, gradients of PMGSY roads, width of such roads and specifications for IAY houses may be varied depending on the requirements of the State. There is clear merit in this suggestion. It will be, therefore, appropriate that an extensive review is carried out on the physical and financial norms for the schemes. This review should be initially done by all the Ministries as part of the review prior to the Twelfth Plan so that the guidelines which they suggest take into account the requirements of different regions of the country and prescribe different norms for different regions. For financial norms, these be finalized in consultation with Ministry of Finance.

6.3.2 Further, the norms for this once prescribed may be circulated to all the States as part of the CSS. If a State wishes any norms to be modified for its own State, an Expert Committee may be appointed by them to look into all adequate parameters which support such change. Based on these recommendations, a Committee on Norms under Chief Secretary of the State may recommend this to the Central Government. Such Norms Committee of State Government may include the concerned Secretary of the department, Finance and Planning Secretaries of the State and one Technical Expert, apart from concerned Joint Secretary in the Central Government Ministry. The recommendations once received in the Government of India

may be put up by the Administrative Ministry to an Empowered Approval Committee to be chaired by the Secretary of the Planning Commission. This Committee may also include Secretary of concerned Ministries, Ministry of Finance and one Technical Expert suggested by the Ministry. The Committee should invite Chief Secretary or the representatives of the State Government to present its case for the change. Once this Committee approves, the norms will stand modified for the concerned State(s). Such modified norms would then be applicable for that State. A communication to this effect will be sent to the State Government.

6.3.3 In respect of financial norms, an automatic revision after two years of the Plan is made after considering the Wholesale Price Index. Norms for schemes like cost of construction of houses, cost of cooking should be revised automatically without any reference from the State Governments. Such revision should be carried out every two years for all those items which may be notified by Ministry of Finance in consultation with the Administrative Ministry at the beginning of Twelfth Plan. While this may result in additional financial burden on the Central Government, it is, in fact, meaningless to give funds for certain activity without ensuring that it gets fully funded. Secondly, while fixing these norms care should be taken of the wide geographical variation amongst States and the costs amongst them. We would like to emphasize this point because the financial norms are often key to the effective implementation of the programme. Inadequate funding of any project is a sure recipe for its failure and poor quality of work.

#### 6.4 **Funding Pattern:**



6.4.1 A major criticism of the CSS has been State's inability to provide counter-part. It has been argued by the States that in view of reduced provisions for normal Central assistance their ability to access to CSS funds has been reduced. Further, it has also impacted their priorities because of their limited financial resources.

6.4.2 The Committee noticed that in recent times a number of Central Schemes have been based on 100% ACA. Schemes like NSAP, R-APDRP, JNNURM and RKVY are 100% funded by the Central Government. For RGGVY, 90% funds are being provided by Central Government and it is, thus, practically providing the entire resources. In the recent programmes, NRHM has a pattern of 85:15 between Centre and States.

6.4.3 The Committee is not recommending any change in the funding pattern of the existing CSS as this needs large financial exercise of both State and Central finances. As part of review of Eleventh Plan, Administrative Ministry may undertake change and restructure as necessary based on their experience in the light of Steering Committee's recommendations.

6.4.4 The Committee has noted that the quantum of normal Central assistance has already been reduced substantially after the Twelfth Finance Commission award. The Committee, therefore, feels that all new CSS except new Flagship Schemes should provide for 100% Central funds. No new CSS should be launched in which States are expected to provide contributions. Firstly, this will provide enough financial space for the State Governments to plan schemes in areas which according to them is a priority area. Secondly, this will ensure that States are able to access Central funds without any

problems. Lack of resources with them, therefore, would not be a constraint area taking advantage of the schemes which the Central Government will launch CSS. We have considered the argument that this will be a disincentive for the States to put into their own money in these areas and the sense of ownership will not be there. The argument of sense of ownership is important but has not been a key factor in effectiveness of the CSS. It is the attractiveness of the intervention as such which has been responsible for the success of the schemes. For example, one most successful scheme is PMGSY. Under this scheme, Government of India gives 100% assistance. Another scheme which has been extremely effective is RKVY. In this, too, 100% Central assistance is being given. It is the design and the area effective monitoring and implementation of the scheme which is going to determine the success in implementing these schemes. We, therefore, feel that the ownership argument is important but not a critical factor in successful implementation of CSS.

6.4.5 In new Flagship Schemes, the norm of counter-part contribution of the State Government will have to be determined by the Administrative Ministry in consultation with States. Such new schemes are likely to be few but with large outlays. There is need to check open-ended demand from States for these funds. Provision for counter-part funds from States in these will put less pressure on the Central Government for a larger CSS allocation. However, the committee feels that new Flagship Schemes counter-part funds from State Government could be required up to a maximum of 25% depending upon the interventions planned. In case of North East States such counterpart funding requirement may be up to 10%.

## 7. Monitoring and Evaluation

7.1 The CSS have been criticized on the ground of poor ownership of the States, inadequate monitoring and evaluation of programmes. In view of the fact that the Central Ministries have a large number of CSS, there is generally very little concurrent evaluation. It has, therefore, not been possible to make mid-course changes in the scheme so as to meet the gaps in the schemes. Concurrent evaluation would enable such changes in the scheme which can improve its effectiveness. Such a monitoring system also ensures better performance from the State functionaries. In a number of these, this has been lacking. A successful example of an in-built evaluation is PMGSY. While in a number other CSS provision for evaluation exists, it has not been that effective. In MGNREGA, however, these have been social audits and number of independent evaluations. This has helped development of new guidelines and mid-course corrections of the programme. It is important that all CSS have a mandatory provision for this. It will be appropriate to develop independent monitors and evaluation organizations and to assess the programmes based on field surveys, field visits by experts and, if possible, a comprehensive assessment in few selected States.

7.2 To ensure meaningful and effective evaluations, the funds of the CSS should be monitored by independent organizations which are not part of the implementation process. There have been instances where organizations which are involved in the implementation have also been given the responsibility for this purpose. The assessment of RGGVY scheme by REC and PFC which were involved in the implementation process are examples of such a process. It has sometimes been argued that if the actual implementation of programme is done by some other agency, there may not

be any conflict of interest involved in such cases. It has to be appreciated that the evaluation will carry greater credibility and give the implementing Ministry greater confidence, if such evaluations are done by independent organizations. It may be, hence, useful to have a panel of these organizations right in the beginning of the Plan. Offers may be invited for this purpose and a panel drawn up. Such a panel could consist of technical personnel who can visit identified projects or field survey organizations, academic institutions and Universities.

7.3 It is, therefore, recommended that all CSS must have two ingredients. Firstly, there should be a regular monitoring mechanism and its parameters should be placed on the website of the Ministry. Secondly, evaluation should be done by independent evaluations and monitors. Such assessments should also be considered by the Ministry for assessing the success of the scheme and making changes.

7.4 The evaluation of different schemes will involve different nature of technical personnel. It is possible that in certain areas we may have problems in getting these. The Committee recommends that in such cases, we should built up capacities for this in well recognized institutions.

7.5 An important area of evaluation is social audit. This has been taken up in MGNREGA. It will be useful to expand its scope in other schemes, particularly which are being implemented at grassroots level. Such social audit should be done in accordance with the well-designed programme.

7.6 Planning Commission should prepare a list of organizations which can conduct such monitoring and evaluation in States. For these institutions of ICCR, universities, known experts in the field and organizations undertaking sample surveys may be invited. A panel of these should be kept ready. This exercise should be completed before the start of the Twelfth Plan to enable effective evaluation and monitoring of the Plan right from the beginning.

## 8. Funds Allocation to States

8.1 Funds under the CSS are allocated by the concerned Ministries. This is being done in accordance with the norms evolved by the Ministry and utilization and pace of funds. There is a need to ensure predictability for the State resources based on certain objective norms. Since inter-State allocations will depend on the nature of the scheme no Central formula can be suggested. The broad approach, however, should be based on identifying the needs of the State which the scheme aims to meet and the total resources available under the CSS. It will be useful to notify and put on website these norms to all the State as part of their scheme.

8.2 There will be increase in the allocation for certain scheme from year to year. Such increase should be preferably given to those States which have taken steps in allocating larger resources of their own in the concerned CSS field. For example, in the field of education, if the State has provided larger resources, then the additional allocations of the Central Government must be distributed amongst those States which have so done. There will, however, need also to meet the increasing commitment under the already sanctioned schemes. It is, therefore, suggested that 50% of the increased allocation under any CSS/ACA scheme should be distributed proportionally amongst those States who have provided in their budgets larger allocation

for the concerned sector. A method for allocating this is mentioned at Annexure-V. Such a method may be used to begin with in the following sectors: Health, Education, Urban Development, Skill Development and Rural Infrastructure.

## **9. Transfer of Funds to States**

9.1 The transfer of funds to the State under CSS and ACA is being done through State budgets, independent societies under the control of the State Governments and at the District level with organizations under the State Governments. It has, however, been criticized on the ground that it has diluted the responsibility of the State Governments for effective utilization of these funds, as these are not being routed through the State budgets. It has also been not possible to have an effective Central monitoring and evaluation system to be developed at a national level due to problem in CSS budget heads. Experience shows that for the same schemes different State budgets have different account codes. Given the variety of system of administration, the routing of funds from independent agencies is also creating problems in assessing the actual availability at the grassroots level. The current transfer system has evolved over a period of years to ensure that funds reach at the operating grassroots level faster. There is, however, also a need now to ensure full financial accountability of the State Government. It is, therefore, proposed that the procedure for transfer of funds to the States should be reformed. Efforts must be made to gradually move over to transfers through State budgets. Given the current manner of transfer, it may be difficult to do so without disruption if wholesale changes take place. It is, therefore, suggested that a transfer of funds mechanism should be worked out by a Committee of Experts which includes State Government's representatives, so that over a period of Twelfth Plan, all transfers gradually get routed through the State Governments' budgets and not directly to the independent societies at the State or District levels.

## 10. Sharing of Best Practices

10.1 States are implementing various Centrally Sponsored Schemes. It is important that the experiences are shared with other so that benefits of federal structure flow to all constituent. The mapping of best practices and lessons learnt would assist in improvement in design, implementation and policy. For this there is need to have an interactive website and authenticated data base. Planning Commission can explore the feasibility of hosting such website.





## **Inter-Governmental Transfers: The Canadian & Australian Models**

### **CANADA**

As per the Canada Constitution Act 1982, Article 36(2) Parliament and the Government of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of services at reasonably comparable levels of taxation. There are three major programs of federal transfers to the provinces:

(1) **The Equalization Program:** a constitutionally mandated unconditional block transfer program to support reasonably comparable levels of services at reasonably comparable levels of taxation in all provinces. The Canadian equalization program uses a notional average standard as the basis for equalization. The basic calculation for the equalization formula is that of a province's tax capacity. Tax capacity is calculated as the amount of per capita revenue that a province could raise by applying the national average tax rates to its tax bases. The tax capacity of each province is then compared with the amount of per capita revenue that could be raised if the province has a standard (five province average) per capita tax base. A province whose per capita tax base is below the standard receives an equalization payment equal to the difference between the province's tax capacity and the standard tax capacity, multiplied by the province's population.

(2) **Established Programs Financing (EPF):** conditional block (per capita) transfers for health and education with federal conditions on accessibility and standards of service. EPF transfers are made on an equal per capita basis to all provinces. This program is based on the terms of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act of 1977. The federal government has provided each province with a total tax abatement of equalized under the terms of the equalization program.

## **Inter-Governmental Transfers: The Canadian & Australian Models**

(3) **Canada Assistance Plan (CAP):** conditional matching transfers for welfare assistance. CAP evolved from the federal provincial shared-cost programs that existed in the areas of old age assistance, blind persons allowance, disabled persons allowance, and unemployment assistance. Currently, the CAP encompasses not only those four categories of assistance but also assistance to any other persons who require public support, such as needy mothers, dependent children, homes for special care, nursing homes, homes for unmarried mothers, hostels for transients, child-care institutions, work activity programs, and welfare programs for native people. The costs of direct financial assistance, welfare services, and administrative costs are eligible for subsidy. Capital costs and the operating costs of plant and equipment, however, are not. The primary advantage of the CAP is that it leaves wide discretion to the provinces in the allocation of expenditures to particular areas of social assistance in accordance with provincial circumstances. Grants under the CAP are matching and open-ended. The federal government pays 50 percent of all provincial expenditures for assistance to persons in need and for welfare services. Provincial welfare expenditures must meet only a few requirements to be eligible for federal grants. The provinces must agree to meet adequately the basic requirements of the recipients, including food, shelter, clothing, fuel, utilities, household supplies, and personal requirements. The only "eligibility" requirement is that of the individual recipient (as opposed to the income or means test). In addition, no residence requirement may be imposed as a condition of receiving aid. Provinces are free to choose their own rates and categories of assistance, since federal support is completely open-ended.

### **AUSTRALIA**

In Australia, the tax bases of the federal and lower level governments (state and local governments) are divided in such a way that the federal government receives about two thirds of the total government revenues. In terms of expenditure, however, the federal government spends only one third of the total government revenues. This means half of the federal government revenues are distributed through various forms of transfers to

## **Inter-Governmental Transfers: The Canadian & Australian Models**

the state and local governments. The Australian federal government grants to lower level governments include general purpose grants and specific purpose grants. Many countries that developed their formula-based transfer systems later has adopted methods substantially similar to those used in Australia. Currently, the Grants Commission distributes general purpose grants using a system that measures the States' fiscal capacities and fiscal needs. The objective of this system is to make it possible for any state with reasonable tax efforts to provide the level of public services not substantially below other states. The formula used for calculation the distribution has several alternative presentations, which are mathematically equivalent.

**General Purpose Payments (GPPs) (or untied grants):** which are grants to states for specific projects decided by the Commonwealth, e.g. schools, hospitals, or roads. The majority of these grants are “General Purpose Payments” (GPP); i.e., they can be used by states for any purpose. The remainder, called “Specific Purpose Payments” (SPP), are earmarked for specific services such as health, education, roads and housing. The Australian government’s GPP can be seen as the equivalent of equalization payments in Canada. The GST revenue pool is distributed among all states on the basis of recommendations by the Commonwealth Grants Commission (CGC).

### **Specific Purpose Payments**

SPP constitute a significant portion of Australian government funding to the states. The Australian government makes SPP to the states as a contribution to important areas of state responsibility. SPP can be classified into three groups:

- those paid “to” the States – direct payments to state governments,
- those paid “through” the States – payments that state governments pass on to local governments (for example, financial assistance grants to local governments) and to others (for example, to non-government schools);
- those paid directly to local governments to help fund roads, child-care programs and disability services administered by those governments;

## **Inter-Governmental Transfers: The Canadian & Australian Models**

SPP agreements often include agreed-upon national objectives, and generally contain conditions to help ensure those objectives are achieved.

Such conditions may include:

- general policy requirements (for example, the provision of free public hospital access for Medicare patients);
- matching funding arrangements; and
- reporting on performance.

In making SPP payments, however, the Australian government does not seek to assume responsibility for state functions.

**Chief Ministers' Comments on CSS at different NDC Meetings**

**26<sup>th</sup> NDC Meeting, 4<sup>th</sup> Plan, April 19&20, 1969**

*"The Centrally Sponsored Schemes were for the benefit of the people as a whole", PM Indira Gandhi*

**29<sup>th</sup> NDC Meeting, January 19&20, 1973**

**Shri M. Karunanidhi, Chief Minister, Tamil Nadu**

A number of new schemes costing an equally large amount were introduced on an ad-hoc basis by various Ministries either as Central schemes or as Centrally sponsored schemes. In his view, growth of Central and Centrally sponsored scheme in areas such as education, health and agriculture should be stopped and the amounts available for these schemes should be placed at the disposal of the Planning Commission and the Finance Commission for disbursement as Central aid for devolution to the States.

**30<sup>th</sup> NDC Meeting, December 8&9, 1973**

**Shri Harideo Joshi, Chief Minister, Rajasthan**

He suggested that while formulating the Centrally sponsored programme, States should be consulted by the concerned Ministries and the Planning Commission.

**31<sup>st</sup> NDC Meeting, September 24&25, 1976**

**Shri Siddhartha Sankar Ray, Chief Minister, West Bengal**

The Chief Minister suggested that in respect of Central and Centrally sponsored schemes to be taken up in the states during the sixth Plan, it was desirable that joint teams were constituted at an early date to work out details so that there was full coordination and understanding at the implementation stage.

**Shri ND. Tiwari, CM, Uttar Pradesh**

He pointed out that the States often found themselves constrained to distort their priorities in order to take advantage of funds offered on matching basis under a variety of Central and Centrally sponsored schemes.

**Chief Ministers' Comments on CSS at different NDC Meetings**

**32<sup>nd</sup> NDC Meeting, March 18&19, 1978**

**Shri Nilomani Routroy, Chief Minister of Orissa**

The Chief Minister stressed the need for a reappraisal of the policy regarding Centrally Sponsored Schemes. The National Development Council had decided a few years ago that such schemes, which should be few in number, should be funded fully by the Centre. In recent years however, there had been a reversal of this policy. It was necessary that the Council reiterated its earlier decision. World Bank assisted programmes entrusted to the States for implementation should invariably be included in this category, since these programmes attracted international aid received directly by the Centre.

**Shri V.K. Saklecha, Chief Minister, Madhya Pradesh**

The principles underlying Central sector and Centrally sponsored schemes needed re- examination as they had financial implications for the States. He said that the formula for determining future pattern of Central assistance should be reviewed. He suggested that 50% should be given on the basis of population, 30% to enable States to reach all India level of development in the sphere of irrigation, roads, school education, water supply, rural electrification etc., and 20% to meet the special problems arising from low density of population, high percentage of scheduled castes and/or scheduled tribe population, hilly areas, desert areas etc.

**Shri Vasant Rao B. Patil, Chief Minister of Maharashtra**

The Chief Minister expressed the view that the number of Centrally Sponsored Schemes should be kept to the barest minimum and that they should be formulated in consultation with the States. He suggested that if in respect of any scheme or project the State Government was normally competent to give administrative approval, then no prior approval from the Government of India should be insisted upon simply because it was part of a Centrally Sponsored Scheme.

**Shri Ram Naresh Yadav, Chief Minister of Uttar Pradesh**

The Chief Minister felt that the idea of Centrally Sponsored and Central Sector schemes were counter to the concept of decentralizing the planning process. In view of the recommendations of the A.R.C. the number of such schemes should be restricted to the minimum and only such schemes should be taken up which had an all India significance or interstate character.

**Chief Ministers' Comments on CSS at different NDC Meetings****Prime Minister Shri Morarji Desai**

"The NDC welcomed the larger role the Draft Plan assigns to the State Governments in development planning and execution. Fiscal arrangements, which would reflect this development, need to be further discussed having regard to the constitutional provisions. A committee of the NDC would be formed for this purpose. The Committee would, inter alia, review the Gadgil formula and the scope of Centrally sponsored schemes in the Plan.

**Extracts from the Record Note of the meeting of the NDC Working Group held on 5<sup>th</sup> October, 1978**

1. In his preliminary observations the Chief Minister (Andhra) emphasised that the "one-sixth limit" had been breached and said that Centrally sponsored schemes now amounted to two-thirds of the amount transferred as Central assistance. This trend showed that the States responsibilities were being curtailed at a time when greater decentralisation of authority was envisaged in the Plan. Finance Minister (Punjab) questioned the existence of Centrally sponsored schemes at all, and suggested they could be dispensed with. Deputy Chairman, Planning Commission, observed that all Centrally sponsored schemes had been brought into being after detailed consultations between the Union Ministries and the State Governments.
2. The Union Minister of Agriculture and Irrigation then explained the rationale of a number of important schemes which were financed from the Central Plan for execution by the States e.g., intensive crop development, fisheries, forestry etc. He pointed out that in areas like soil conservation, investments were required in one State for benefits accruing in another. In certain sectors such as disease control, an overall view was needed. He further observed that in some sectors within the State sphere, like the construction of link roads, the activity had not been taken up in earnest till a Centrally sponsored scheme was introduced. Commenting, the Chief Minister, Andhra, said that all agricultural development schemes could be planned and executed by the States themselves if sufficient resources were made available to the States. Chief Minister, U.P., said that the division of responsibilities in the plan should be broadly on the basis of the constitutional division of responsibilities. Thus, family planning should be taken over in the State Plans. Chief Minister, Tamil Nadu, suggested that 41 out of the 51 Centrally sponsored schemes in the agriculture sector could be



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transferred to the States. Finance Minister, West Bengal, said that the Centre should respect the States' judgement and priorities in agriculture. Centrally sponsored schemes tended to distort the States' own priorities. What was required was more decentralisation not only to the State level but to the Panchayats. If technical expertise were needed in scheme formulation, the States could call upon the Centre for assistance.

3. The Union Minister of Education said that the Members who had spoken had not fully appreciated the nature of Centrally sponsored schemes. These were not only implemented by the States but were drawn up in consultation with them. There was a need for a degree of uniformity or consistency between similar schemes taken up in the same region. Centrally sponsored schemes were not imposed on the States; it was only that the Centre offered certain funds to the States. Chief Minister, Andhra and Finance Minister, West Bengal did not accept this argument and said that it amounted to denial of funds to States who did not accept a centrally sponsored scheme. The Education Minister, continuing, urged that the States in fixing priorities were subject to many local pressures, whereas the Centre could take a more detached view. Under these pressures States had distorted the priority as between elementary and college education. In the preparation and the implementation of Plans the Centre and the States were partners, but Plan priorities had to be enforced by earmarking of funds or other methods. Shri Chunder emphasised the need for a coordinated approach in sectors like flood control. There was no question of a confrontation between the Centre and the States. Again it was a Central responsibility to try to reduce inequalities between States, and the system of Centrally sponsoring could be helpful for this purpose.
4. The Chief Minister, Rajasthan, drew attention to the resource distribution implications of Centrally sponsored schemes. Some States might consider that without any such schemes they would get more assistance under the Gadgil Formula. Others may consider that without special assistance, e.g. under the drought-prone areas programme, their States would get a smaller share of Central resources. So it might be better to decide and the principle of inter-State allocation of Central resources and the weightage to be given to backward States under any revised formula, before deciding on the scope and coverage by Centrally sponsored schemes. He suggested that schemes costing less than Rs.1 crore might, in any case, be dropped from this list.

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5. The Union Finance Minister observed that some of the smaller States might not be able to sustain the necessary outlay on agricultural development without assistance from the Centre in the form of Centrally sponsored schemes. The Chief Minister, Kerala said that he was not suggesting a wholesale abandonment of Centrally sponsored schemes but only the enforcement of a limit. In their implementation Centrally sponsored schemes had certain set patterns, and even slight modifications suggested by States were often rejected by the Centre. The Finance Minister, Punjab observed that the utility of schemes which were presently Centrally sponsored was not questioned; the only issue was whether these could not be entirely in the State plan. He felt that of the Centrally sponsored schemes in the Agriculture sector only 5 schemes definitely needed to be controlled and financed by the Centre.
  
6. The Chief Minister, Gujarat said that two practical issues had to be considered. One was that if the Centre draw up Centrally sponsored schemes after a State Plan had been finalised and then sought a contribution from the State, the States' plans were likely to be distorted. The second was that after the initial stage of any new scheme, the continuing expenditure would have to be borne by the State; this was not adequately kept in mind by the Centre in formulating schemes. While he had no doubt that all plans had to be chalked out by the States in consultation with the Planning Commission and consistently with the priorities in the National Plan, he felt that certain actions taken by the Centre unilaterally (e.g. revision of the scales of pay of college teachers) tended to create difficult problems for the States.
  
7. The Finance Minister, J&K, said that the extreme view of exclusive States' jurisdiction in certain spheres of planning could not be supported; the division of plan responsibilities was not governed by the legislative list in the Constitution. The Centre had a responsibility for planning and plan implementation. The question was as to the extent of this responsibility. He suggested that there were three classes of schemes where Central initiatives were justified:-
  - a) Where the objective was the removal of regional imbalances (e.g. through such schemes as the drought-prone areas programme);

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- b) Schemes having a regional or all-India character (e.g. agricultural research);
- c) Schemes which necessarily required coordination at the national level e.g. control of malaria and communicable diseases.
- d) On the other hand he felt that schemes like accelerated rural water supply, integrated rural development and adult education could well be purely State responsibilities, and any national objectives could be achieved by earmarking funds.
- e) More equitable distribution should be ensured as between States. In implementing any Centrally sponsored schemes, the Centre should give only guidelines and exercise broad supervisory control.

8. The Chief Minister, Andhra Pradesh, suggested that the Centre might consider unburdening itself of the Centrally sponsored schemes for the better organised States and concentrate on assistance to the smaller or more backward States, who would prepare their schemes under Central guidance. In any case, the limit of 1/6th laid down for Centrally sponsored schemes by the N.D.C. earlier, and the established criteria for the selection of such schemes should be rigidly adhered to. The present list of schemes should be reduced during the current year and the majority of the schemes should be passed on to the States with the necessary resources.

**33<sup>rd</sup> NDC Meeting, February 24&25, 1979**

**Shri Ram Naresh Yadav, Chief Minister of Uttar Pradesh**

Chief Minister observed that those schemes tended to distort the States' priorities and administrative structure and led to a great deal of duplication and overlapping of programs. However, if the Planning Commission and the Central Ministries could introduce adequate structural, operational and administrative flexibility into Centrally sponsored schemes and similar central schemes and ensure an equitable flow of resources among States, he would not mind how many Centrally sponsored schemes were taken up by the Government of India.

**Shri Devraj Urs, Chief Minister of Karnataka**

He suggested that the Gadgil formula, by and large, had so far been found to be more rational in its approach and that could be applied for distributing the amount which was available from the Centrally sponsored schemes. He

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suggested a slight modification in the Gadgil Formula that the reservation for special problems might be raised to 20% in place of 10% as given in formula and the balance of the available funds be distributed on the basis of other components in the formula. He felt that there should be only one formula i.e. Gadgil formula for distribution of Central assistance including the resources released by modifications in Centrally sponsored schemes.

**Shri Shanta Kumar, Chief Minister of Himachal Pradesh**

He said that it was true that both the Centre and the States had problems alike but there might be difference between the priorities of the Centre and the States and it was necessary that the national objectives declared by the Govt. should be fulfilled. It was therefore, essential to have certain Centrally Sponsored Schemes.

**Dr. M. Channa Reddy, Chief Minister of Andhra Pradesh**

He suggested that the Centrally Sponsored Schemes should be financed by the Centre fully. The Chief Minister maintained that the criteria evolved at the time of the Fourth Plan for inclusion of schemes in the list of Centrally Sponsored Schemes still held good and there was no objection to leaving the discretion to the Planning Commission to add to the list of Centrally Sponsored Schemes whenever that was considered necessary so long as the prescribed financial limit did not exceed.

**Shri P.K. Vasudevan Nair, Chief Minister of Kerala**

The Chief Minister said that apart from the amount to be transferred to the States out of the original provision meant for the Centrally Sponsored Schemes, the amount retained for Centrally Sponsored Schemes should be so deployed that every State got a share thereof. The Scheme-mix of the Centrally Sponsored Schemes should be such that every State got a share in proportion to its population.

**Shri Vizol, Chief Minister of Nagaland**

As regards the Centrally Sponsored Schemes in a hill state like Nagaland, the State Government would like continuance of schemes of national or regional importance or of a pilot schemes or schemes of experimental nature. He hoped that the present arrangement of decentralisation of Centrally Sponsored schemes would help to some extent in augmenting the Plan outlays of the State Governments.

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**Shri D. D. Pugh, Chief Minister of Meghalaya**

He pleaded for more liberal Central plan assistance in view of the States' poor level of infrastructural development, very narrow resource base and difficulties in getting institutional finance. He said that the existing pattern of central assistance of 90% grant and 10% loan for Meghalaya and other Special Category States should be continued. He urged that 30% of the additional amount available by reducing the Centrally sponsored schemes, should be given to the Special Category States and the remaining 70% be distributed amongst the States having nil or very low revenue surpluses.

**Shri Yangmasha Shaiza, Chief Minister of Manipur**

He said that out of the funds available by reducing the Centrally sponsored schemes, a reasonable share should be made available to each State including the special category States and the quantum should be decided not only on the basis of past disbursements but also on the potential of each State. The sharing formula should be completely given up and the funds should be distributed amongst various States in an untied manner.

**Shri P. K. Thungon, Chief Minister of Arunachal Pradesh**

As regards Centrally sponsored schemes, he observed that while there was no objection to some of them being dropped, there were certain other schemes which needed to be continued. He referred to the problem of jhum control in the North Eastern Region and requested that it may be taken up as a Centrally sponsored scheme on the basis of 100 per cent Central assistance.

**Shri J. C. Aggarwal, Chief Commissioner of Chandigarh**

He said that the Centrally Sponsored Schemes were fully funded by the Central Government. His Administration found the schemes very valuable and would like them to be retained. If for any reason some modifications were made in them, the savings should not be transferred to the divisible pool but should be given back to the Administration for utilisation on some other schemes.

**Smt. Shashikala Kakodkar, Chief Minister of Goa**

As regard the Centrally sponsored schemes, she said that many of them proved useful and should not be discontinued or the allocations drastically reduced. It did not make much difference if those schemes were transferred to the State Plan provided the funds necessary for their implementation were also passed on as additional resources over and above the plan outlays

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already decided upon. Many of the Centrally sponsored schemes were of national importance and it was necessary to maintain certain uniformity throughout the country in their implementation. But there were many other which could be suitably modified or even completely restructured to suit local conditions. This could be done better if the schemes were transferred to the State Plans.

**Dr. D. T. Lakdawala, Deputy Chairman, Planning Commission**

As regards the method of distribution of the centrally sponsored schemes, there was one advantage as compared to the general assistance formulae, namely, that these would go more to the needy States. It was for that purpose that a large amount had been allocated on Centrally sponsored schemes. Some of them would be 100% assistance and some of them would be on sharing basis.

**34<sup>th</sup> NDC Meeting, August 30&31, 1980**

**Shri Janaki Ballav Patnaik, Chief Minister of Orissa**

Chief Minister said that allocation of funds for these schemes often tended to be regressive because affluent States with larger command over resources were able to draw more funds from the Centre by providing matching contribution. He pleaded for a reconsideration of the policy with regard to centrally sponsored schemes. They should be limited in number and be restricted to programmes of paramount national importance of inter- State significance.

**Shri J. B. Jasokie, Chief Minister of Nagaland**

He said that resources should not be given on the basis of population and area but on actual requirements; cent per cent central assistance should be continued in all the backward States like Nagaland for centrally sponsored schemes.

**49<sup>th</sup> NDC Meeting, 1<sup>st</sup> September, 2001**

**Shri Mukut Mithi, Chief Minister of Arunachal Pradesh**

While deciding the fate of centrally sponsored schemes it would not be inappropriate to consult the states also on modalities if any of these schemes are to be transferred to the states. However, as an initial reaction I would suggest that the number of Centrally Sponsored Scheme should be brought *down* to about 25 from the present level of more than 200. The

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nodal Ministries may only indicate the broad parameters and then can monitor the schemes. There should be adequate flexibility in the schemes to take care of the local conditions. In this context I may mention that Arunachal Pradesh and perhaps other special category states are finding it difficult, in some cases impossible, to provide state share for the Centrally Sponsored Schemes resulting in non-implementation or deferred implementation. I would, therefore, request for 100% Central funding for all the CSS in respect of Special Category States.

**Shri Ajit Jogi, Chief Minister of Chhattisgarh**

Paper merely talks about 'reduction of Centrally Sponsored Schemes (CSS) through transfer to States, convergence and weeding out', we strongly feel that such an exercise would be merely cosmetic. Instead, it should be realised that the concept of sponsorship undermines the autonomy of States and puts the Central Government in a patronizing position rather than that of a partner in the development endeavour. We therefore advocate that all schemes of development should be conceived, designed and must originate at the level of the State Governments, and the role of the Central Government should be limited to financially supporting such initiatives which meet mutually agreed parameters. Therefore, Centrally Sponsored Schemes ought really to be Centrally Supported Schemes or State Initiated Schemes. The past experience regarding the CSS does not in any way suggest that there can be any guarantee against the spawning of new Centrally Sponsored Schemes that may replace the ones weeded out or converged. After all the very reason that a plethora of Schemes mushroomed in the first place, is to 'utilize' the administrative machinery already created and available with the Central Government. Therefore, any exercise for weeding out or converging Centrally Sponsored Schemes must also ensure that there is a corresponding downsizing of the Central Government itself.

**Shri Keshubhai Patel, Chief Minister of Gujarat**

I firmly believe that CSS as far as possible should be transferred to the States but at the same time the State should continue to get the funds for this scheme from the Central budget. Further, such transfer should provide for escalation due to inflation and time bound increases. If the N.D.C. decides to continue with some Centrally Sponsored Schemes after considering the report of the committee, the Centre should not insist on a common administrative structure for the whole country. The States should be free to make changes to suit their special administrative circumstances.



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**Shri OP Chautala, Chief Minister of Haryana**

I agree with the view of the Planning Commission that the number of the centrally sponsored schemes should be curtailed. But this should not lead to a reduction in the total quantum of financial assistance to the States by way of CSS. The Central Ministries should preferably have a bouquet of schemes from which the States can choose according to their own priorities. The States would then be free to devise their own guidelines suitable to local conditions for implementing such schemes. The Government of India should prepare a special CSS to fight the problem of degraded lands and soils which some States are facing at present.

**Shri SM Krishna, Chief Minister of Karnataka**

Our State has already given its detailed views on the matter as well as identified schemes for retention as CSS, transfer with earmarking and outright transfer. Our view is that such schemes should be formulated only in areas, which require joint action among several States, and in sectors, which are of crucial importance like the provision of basic minimum services or schemes with externalities. Ideally, CSS should be of a pilot nature, testing out ideas for universal applicability. They should then be evaluated against quantified objectives and a decision to extend these be left to the State Governments. CSS, which have continued for more than two decades should be transferred to States.

While transferring these CSS to the States, fund allocations should have an inbuilt mechanism to take care of cost escalations for two plan periods at least and there must be a provision to index them to the inflation level. Schemes concerned with poverty alleviation should be indexed at a higher level to enable States to get adequate Central aid to help the poorest of the poor. There is no need, however, for joint formulation and monitoring of schemes transferred or for earmarking funds for local bodies as these issues can safely be left to States.

**Shri Digvijay Singh, Chief Minister of Madhya Pradesh**

We are of the firm opinion that formulation of schemes particularly in areas such as health, education and agriculture should be left to the States. The Centre should only lay down broad priorities and give grant upfront for transferred CSS. There should be a system of monitoring and review at the Central level.



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Proliferation of Centrally Sponsored Schemes pre-empt a large part of the State's resources for Central initiatives and fetters the discretion of the States to choose programmes and schemes appropriate to their need. However, the past experience of transfer of CSS has not been very happy and encouraging because the Union Government have been unable to provide requisite funds for transferred CSS or the same has been compensated by less than normal growth of Central assistance. It is suggested that the Centre should only lay down priorities and give grant upfront for transferred CSS. As needs of different States are different, formulation of Schemes should be left to the States. In today's situation where after enactment of 73<sup>rd</sup> and 74<sup>th</sup> amendments of the Constitution certain activities have been transferred to PRIs, it would only be proper that matters which pertain to State and in some cases even to sub-State level are not dealt and decided at the national level.

**Shri Zoramthanga, Chief Minister of Mizoram**

The Centrally Sponsored Scheme being-implemented by various Departments of the State Government have been making significant contributions to the development process of the State. In this regard a mere proliferation of CSS will increase a mismatch between the intention of the Government of India and inadequate implementation capability of the State Governments. A thorough study of CSS will be required to identify some schemes which should continue and others which may be transferred to the States with fund. The schemes should be drawn to suit the needs of individual State. Stereo-type uniform scheme should be avoided. Outlays should be demand driven rather than mathematical calculations. An effective monitoring system should be evolved. Wherever State's matching shares are required, only a token share of about 10% may be demanded from special category States. The funding pattern of CSS between the Central Government and special category states may thus be 90:10. In order to avoid confusion, the pattern of State's share in CSS projects may be the same in all the projects.

**Shri S.C. Jamir, Chief Minister of Nagaland**

We do not have any objection to the proposal for transferring of some of the C.S.S to the State Governments, the Central Government should ensure that requirement of funds for maintenance and implementation of the transferred schemes should be fully provided for by the Centre. However contrary to our request, the Centre had transferred 116 Centrally Sponsored Schemes to the State but the funds allocated for maintenance or

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implementations of these schemes is not at all commensurate to the requirement. This has added to the financial burden of the State Government. I urge the Centre to realistically assess the requirement of funds for the transferred schemes and proportionate funds provided to the State Governments for maintenance and implementation of the schemes. It may be a good idea to bunch a large number of CSS into compact sector-wise schemes. The mode of implementation should be made flexible and in the case of Special Category States, the State contribution should be dispensed with.

**Shri Naveen Patnaik, Chief Minister of Orissa**

We welcome the idea of a zero-based budgeting approach in respect of the Centrally Sponsored Schemes. The difficulties faced by States like Orissa is that because of the severe ways and means problem, we more often than not, are in a position to find our matching share in time. As a result of this most of the Centrally Sponsored Schemes are languishing. I would therefore suggest that if any CSS are to continue in the Tenth Plan period, it should be 100% funded by the Central Government.

It would be often seen that when a Centrally Sponsored Scheme is transferred to a State, it amounts to a one-time budgetary transfer only for that year. The States remain saddled with the staff which were created under that scheme. Therefore, no scheme should be transferred in the middle of a plan period without transferring adequate funds for staff salaries.

**Shri Prakash Singh Badal, Chief Minister of Punjab**

Centrally Sponsored Schemes (CSSs) in sectors which are in the States' domain may be discontinued and funds released from them may be allocated to the States without any conditionalities.

**Shri Ashok Gehlot, Chief Minister of Rajasthan**

The number of programmes implemented by Government of India are too many and often more or less similar in nature. At the grass root level it becomes quite difficult to remember the details of all the schemes along with their guidelines and target group definitions. It also becomes difficult to explain the minor differences to the target group. For example, under housing schemes like IAY (new), IAY (upgraded) and PMGY, subsidy and loan is provided to poor people but the amounts of subsidy and loan differ from scheme to scheme. The target groups are also somewhat different. This gives

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rise to a lot of confusion. It is therefore suggested that similar types of schemes should be clubbed together. This will help in better implementation with a reduction in the related administrative expenses.

Government of India should also give sufficient flexibility to the State Governments for implementing Centrally Sponsored Schemes so that they can select and implement the schemes which are more relevant to them looking to their social, economic and geographical conditions. As suggested in the Approach Paper, Government of Rajasthan agrees that the number of Centrally Sponsored Schemes should be reduced and similar type of schemes should be clubbed.

Government of Rajasthan also suggests that for Centrally Sponsored Schemes, the Government of India should provide the funds as 100% grant and in case this is not acceptable, all the schemes should be funded on a uniform pattern of 90% grant and 10% loan. Besides this, all the CSSs, except those funded to the extent of 100% by Government of India, should be on the ratio of 90:10 funding pattern, 90% being Central share and 10% that of the State.

Generally the second or last installment in any programme is released in the month of March. It is therefore not possible to spend the amount in the same month. However, if more than 15% of the funds are carried over to the next financial year, deductions are made by Government of India. Therefore, releases should be made in time so as to avoid such contingencies.

Again, in a number of schemes, there are far too many prescribed conditionalities. In a highly diversified State like Rajasthan, following the conditions given in guidelines uniformly sometimes leads to the failure of the scheme itself and the basic objective is defeated. There should therefore be inbuilt flexibility in the schemes to accommodate varying local conditions.

The transfer of CSSs to the states as a 100% grant is an overdue necessity. I do not think this requires any further elaboration.

**Dr. Rajani Rai, Lieutenant Governor of Pondicherry**

Number of shortcomings have been identified in the execution of the Centrally Sponsored Schemes. One of the drawbacks of the CSS is that the pattern or assistance for such schemes are evolved uniformly, without taking into consideration the grass-root level problems faced by the States and UTs.

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It may be necessary to allow a certain amount of leeway in adjusting the pattern of assistance or varying the priorities in-built into the scheme, according to the local/ ground level requirements. In many cases/ funds under the schemes are released at the fag end of the year/ which goes against their effective implementation. In order that the schemes are properly implemented and the funds usefully employed, release of funds should be properly regulated. It has been informed that a review of the CSS is being made by the Planning Commission to converge schemes with similar objectives and weed out those which have outlived their utility.

**50<sup>th</sup> NDC Meeting, 21<sup>st</sup> December, 2002**

**Shri Digvijay Singh, Chief Minister of Madhya Pradesh**

Planning Commission determines the Central plan assistance and the non-plan transfers are based on the Finance Commission recommendations, the CSS/CS transfers have a large element of arbitrariness. Some States are able to get more funds than what they are entitled under any normative approach. Hence all these transfers should be done based on a transparent formula so that everyone would know where are these funds going and who are the beneficiaries. The Union Finance Ministry should also publish State-wise allocations and releases as part of the Budget documents.

**Shri O. Ibobi Singh, Chief Minister of Manipur**

Large number of Centrally Sponsored Scheme (CSS) with varying patterns are being implemented. Unfortunately, full benefits under such schemes could not be taken by most less developed States due to their inability to provide the State matching share. On the other hand, the already advanced States which could contribute their matching contribution could reap the benefits. We, therefore, propose that the Centrally Sponsored Schemes be funded by the Central Government in the same ratio (90:10) as Plan financing in respect of the special category States.

**Shri SC Jamir, Chief Minister of Nagaland**

It has been the experience of the States, that after creating huge committed liabilities such as posts and assets under the various CSS, they are simply transferred to the States without commensurate allocation of funds for the maintenance and continuation of those schemes. This adds to the financial problems of the State. Moreover, it is found that many of the Centrally sponsored schemes are either not relevant to the socio-economic condition of the States or that the guidelines and the modalities are not at all

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applicable to the ground realities. The number of centrally sponsored schemes is growing every year making it difficult to monitor them and supervise. At present there are about 189 CS schemes under implementation in Nagaland. Though there have been efforts to consolidate and streamline them, the number is still too large. For the purpose of the Tenth Plan, the National Development Council should take a closer look at the policy of CSS. It is suggested that a High Power Committee may be appointed to go into details of all the centrally sponsored schemes in the country and further rationalise them. I have earlier suggested that it may be a good idea to bunch a large number of CSS into compact sector-wise schemes. The mode of implementation should also be made flexible in consonance with the ground realities of the concerned States. Further, considering the acute financial position of the Special Category States their share of the CSS should be dispensed with.

One of the most important reasons for the erosion of Plan funds is the committed liabilities being carried over into the subsequent Plans. Every year 20% of our Plan resource is diverted for the maintenance of posts and assets created during all the previous Plans. It is also ironic that for the Special Category States, the 11th Finance Commission has not provided any provision on this account in their award. The high quantum of resulting diversion and erosion of the Plan resource affect all our investment priorities. Given this scenario it will be very difficult for us to meet the growth rate target set for the State unless we find alternative ways to finance the committed liabilities of the CSS.

**Shri Ashok Gehlot, Chief Minister of Rajasthan**

Optimum utilization of funds meant for developmental activities has been a matter of concern both for the Centre as well as the States. Funds provided to States under various Centrally Sponsored Schemes is one such area where this issue has been raised time and again. While substantial funds are allocated to rural development agencies directly, the schemes as such may not exactly figure in the priority list of individual States. The need, therefore, is that funds be transferred to States directly not scheme-wise but ideally on the basis of developmental gaps, current population etc. Alternatively, the basis of calculation for the transfer of funds can be the amount actually transferred during the preceding financial year.

The State Governments would then be left free to spend them on schemes according to their priority and felt needs. Schemes that require uniformity at

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the national level and are of national importance can still be kept as Centrally Sponsored Schemes.

**51<sup>st</sup> NDC Meeting, 27<sup>th</sup> December, 2005**

**Shri Tarun Gogoi, Chief Minister of Assam**

I propose that State Share in respect of all CSS should be brought down to 10% level for the State of Assam which will enable us to attract more Central Share of such schemes. Empowerment of Panchayati Raj Institutions is extremely essential and they should be encouraged to take up the responsibility of development in their jurisdiction. However, it is also important that these institutions are equipped with a qualified administrative set up capable of handling Government funds. This requirement is in contrast with the policy of downsizing of the Government. It is this aspect that should be in our focus in the first place and adequate financial resources should be made available to the State to provide such manpower to these institutions. Once the administrative machinery is in place, funds under various schemes including CSS can also be transferred to these institutions. We have already made a beginning in this direction and we are committed to empower these institutions fully.

**Shri Pratapsingh R. Rane, Chief Minister of Goa**

CSS pattern of one size fit all actually fits very few states, and should be changed to accommodate differences in agro-climatic zones, and state's perception and definition of needs.

**Shri O. Ibobi Singh, Chief Minister of Manipur**

Centrally Sponsored Schemes have different financing patterns and the richer States have taken full advantage of the CSSs. However, resource starved States like Manipur have not been able to contribute state matching shares for CSSs even as low as 25%. Forgoing CSSs due to inability to finance the State share component has resulted in reduced investments mainly for social and economic development. This has further widened the gap in development between the rich and poor States.

To overcome this, the North Eastern States have jointly and individually approached the Central Government for revision of the State's share for all CSSs, including SSA to 10%. The MTA report mentions that the request of the North Eastern States is being examined and a decision would be taken.

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However, it has recommended for continuation of the SSA funding pattern of 75:25 between Centre and States.

I would like to submit that North Eastern States are already lagging behind in development and have not been able to avail CSSs due to its poor resource position. Further, some CSSs like SSA require a huge State share funding. Manipur has often faced a dilemma of which CSS to forgo due to inadequate availability of funds to provide the State component. If the funding pattern is not relaxed to 90:10 for the NE States, I fear it will lead to further widening of disparity between the rich and poor States.

I would therefore urge that the funding pattern for all CSS including SSA be relaxed to 90:10 for the North Eastern States.

**Shri Zoramthanga, Chief Minister of Mizoram**

The Centrally Sponsored Scheme being implemented by various Departments of the State Government have been making significant contributions to the development process of the State. In this regard, a mere proliferation of CSS will increase a mismatch between the intention of the Government of India and inadequate implementation capability of the State Governments. A thorough study of CSS is required to identify some schemes, which should continue, and others which may be transferred to the States with fund. The schemes should be drawn to suit the needs of individual State. Stereo-type uniform scheme should be avoided. Outlays should be demand driven rather than mathematical calculations. An effective monitoring system should be evolved. Wherever State's matching shares are required, only a token share of about 10% may be demanded from special category States. The funding pattern of CSS between the Central Government and special category States may thus be 90:10. In order to avoid confusion, the percentage of State's share in CSS projects may be uniform for all the projects.

**Shri Thiru N. Rangaswamy, Chief Minister of Pondicherry**

Government of India has insisted on matching grant for the Centrally Sponsored Schemes in respect of Union Territories with legislature. The communication from Ministries relating to allocation of matching grant is received in the administration after the finalisation of the Annual Plan size and we are not able to keep aside matching grant hence a number of CSS programmes could not be taken up in the respective financial years.



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**52<sup>nd</sup> NDC Meeting, 9<sup>th</sup> December, 2006**

**Shri Gegong Apang, Chief Minister of Arunachal Pradesh**

The funding pattern varies across many Departments/Ministries of Government of India and schemes with the result that due to inadequate financial resources of its own, the State is unable to take advantage of many Centrally Sponsored Schemes. Much needed poverty alleviation programmes, rural infrastructure and self-employment programmes, etc. remain under-implemented due to the State's inability to provide matching share. Keeping this situation in view, it is my earnest appeal that the funding of CSS should be made as 100% grants. If not, then the proportion of Centre to State share should not exceed 90:10. Only this way, Arunachal can take advantage of CSS for its rapid socio- economic development. 'A one size fits all' approach needs to be discarded. I also solicit special consideration from the Central Government in waiving off the population criteria while allocating funds for development keeping in view the difficult terrain and topography of Arunachal Pradesh and its sparse population.

**Shri Pratapsingh R. Rane, Chief Minister of Goa**

It is widely shared by all the States that their committed expenditures notwithstanding, the counter-part funding requirements for Centrally Sponsored Schemes (CSS) reduce their ability to provide for and direct plan investments in directions desired by them. However, while the concern of the States on the proliferation of CSS and Additional Central Assistance (ACA) has been appreciated, the lack of a satisfactory alternative model for providing minimum developmental levels in states, which are deficient, has affected the prospects of the States, which perform better than average.

**Shri Madhu Koda, Chief Minister of Jharkhand:**

The Centrally Sponsored Schemes initiated by government of India are directly associated with the welfare of the people. In order to ensure speedy implementation of these schemes, Government of India should consider releasing funds to agencies set up especially for the purpose on 100% grant basis so that their execution is not delayed. It also needs to be ensured that the implementing agency is a non-government body. The number of CSS should be reduced to the essential minimum, so that the work is completed in a shortest possible time frame. In some of the CSS, with a view to speed up execution, states should be allowed to take up work on the basis of model guidelines, in place of detailed DPR's.



## **Chief Ministers' Comments on CSS at different NDC Meetings**

### **Shri VS Achuthanandan, Chief Minister of Kerala**

The Centrally-Sponsored Schemes in addition are too rigid and inflexible. Kerala has also lost out in obtaining funds under such schemes. Most of them are meant for backward regions and states, and the very success of Kerala in terms of social indicators has resulted in an absence of funds coming her way. Of course one should not grudge larger funds going to backward states, but the second-generation problems arising from the very success of Kerala's social achievements require resources for their solution. Kerala has also lost out because the "Golden Quadrilateral" has largely by-passed her. Successive governments of Kerala have been arguing for a long time that the funds meant for CSS should be pooled together and distributed among the states according to certain criteria (perhaps, but not necessarily, the Gadgil formula), for the states to use according their own priorities. But even though a consensus on this may be difficult to arrive at, at the very least the existing CSS should have a built-in element of flexibility.

### **Shri Zoramthanga, Chief Minister of Mizoram**

The Centrally Sponsored Scheme being implemented by various Departments of the State Government have been making significant contributions to the development process of the State. A thorough study of CSS will be required to identify some schemes which should continue and others which may be transferred to the States with the required fund. In the past, most of the assets created from CSS were transferred to the States at the end of each Five Year Plan without providing the required fund for maintaining the assets which created serious problems for the States. Hence, I request the Central Government not to transfer all the CSS implemented in the State during the 10th Plan period. Even if the CSS are to be transferred to the States, the required fund should also be transferred correspondingly.

Wherever State's Matching Shares are required, only a token share of about 10% may be demanded on special category States. In order to avoid confusion, the percentage of State's share under CSS may be uniform in all the projects. Regarding the funding pattern of Sarva Shiksha Abhiyan (SSA), the Education Ministers of the North Eastern States in their meeting held at Shillong on the 31st October, 2006 emphasised their endeavour to achieve the super goal of the SSA in the North-East States and unanimously agreed that the Government of India may be impressed upon to continue the same funding pattern of SSA for the North East States which is 90:10 (Centre:State) during the 11th Plan period also. In this connection, I would also like to add that I agree with the Education Ministers of the N.E.R. and request the

## **Chief Ministers' Comments on CSS at different NDC Meetings**

Central Government to continue the same funding pattern of SSA during the 11<sup>th</sup> Plan period.

### **Shri Neiphiu Rio, Chief Minister of Nagaland**

I am made to understand that there are about 200 Centrally Sponsored Schemes being implemented by the Government of India, out of which about 115 Centrally Sponsored Schemes have so far been implemented in Nagaland. Not only the sheer number of C.S. are bewildering and confusing, there are also many funding patterns, with the Central share ranging from as much as 100% to as little as 30%. We have been requesting the Government of India to club together and reduce the number of CSS, and also to convert the funding pattern of all Centrally Sponsored Schemes to either 100% Central Assistance, or 90:10 sharing basis between the Centre and the State. Due to resource constraints, most of the Special Category States are unable to provide State matching share in respect of many CSS, resulting in heavy loss to the States.

Incidentally it may be mentioned that the Government of India have recently intimated us that discontinuation of central funding of Sports infrastructure development in the States. As we are in the midst of constructing several District Sports infrastructure with Central assistance, this decision will adversely affect the completion of these ongoing schemes. Hence, for the N.E. region this scheme may kindly be continued. Alternatively, all the CSS may be transferred to the States along with the required funds.

### **Shri Pawan Chamling, Chief Minister of Sikkim**

The North Eastern States because of their narrow resource base, find it difficult to provide the state share under CSS, from their meager budgetary resources. In the 52nd meeting of the North Eastern Council, the Council Members had unanimously voiced their concern about resource constraints inhibiting the provision of the state share from their budget. However, the Governments of North East have been, yet again, advised to go for open market borrowing. As we are all aware, the financial position of the North Eastern States is not healthy and the loan indebtedness is putting us on the road of debt trap. As such I would urge a reconsideration of this issue at the highest quarters.

### **Smt. Vasundhara Raje, Chief Minister of Rajasthan**

Much to our dismay and in complete disregard of the decisions of this very body, the NDC, central assistance to States for plan schemes is now largely

**Chief Ministers' Comments on CSS at different NDC Meetings**

flowing in the form of Centrally Sponsored Schemes (CSS), in place of untied normal central assistance (NCA). Planning Commission, under the leadership of Mr. Gadgil, had suggested that the bulk of the central assistance would go to the states in an untied format, as normal central assistance, and distributed amongst states as per an objective formula, which still carries his name. NDC had very categorically decided that CSS would be no more than 1/6th of NCA. However, the situation has completely reversed by now. What surprises me most is that the Planning Commission also seems to have accepted this enervation of itself, and the States. In the approach paper, it has chosen to make a very weak case for continuance of predominance of CSS, reducing its own relevance to the State plans! Planning Commission has used basically two arguments for this purpose - normal central assistance does not guarantee expenditure on preferred sectors/programmes and secondly, additional central assistance does not have 100% grant, whereas CSS have. Both these arguments are unconvincing. More transfers through NCA only shifts the decisions to the hands of the States for sectors/programmes relevant to them, which is the way it should be. Assuming that Gol knows better, is rather presumptuous, specially with regard to subjects that are in the state list. Secondly, with the loan-component of NCA and ACA having been abandoned, after the TFC report, NCA/ACA are also 100% grants.

Further, ACA is mostly CSS in disguise. ACA for other schemes should in fact be simply abandoned; it is unnecessary and only reduces space for NCA. Most of the plan grants from Centre should come to the States only as NCA. I would request you, Sir, to make this one landmark decision, which would bring discipline to uncontrolled growth of CSSs and provide adequate untied resources to the states also. I suggest, Sir, that you and NDC decide that as a beginning, for every rupee spent by the central government on CSS, another rupee should be given to the states as untied normal central assistance. I would urge your intervention, Prime Minister, Sir, as predominance of CSS is an assault on fiscal federal structure of our beloved nation, also because many of these schemes now by-pass the state governments and state budgets altogether. In this matter, GoFs approach is obviously contradictory: it does not seem to want untied funds flowing to the States, but wants the states to provide untied funds to the districts.

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**Chief Ministers' Comments on CSS at different NDC Meetings**

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**Shri ND Tiwari, Chief Minister of Uttaranchal**

On providing adequate flexibility in the design of CSS such as SSA, BNY, NRHM to take account of state level realities and priorities, the NDC directed Planning Commission to consider setting up an Expert Group to develop concrete proposals for restructuring the CSS, in consultation with the concerned Ministries/Departments.

**53<sup>rd</sup> NDC Meeting, 29<sup>th</sup> May, 2007**

**Shri K.M. Karunanidhi, Chief Minister of Tamil Nadu**

There is a need for simplifying the Centrally Sponsored Schemes, which are subject to too many conditions and restrictions and do not recognize the local variations. He urged the Planning Commission to provide a lumpsum Central assistance based on an agreed strategy appropriate for each State.

**Shri Madhu Kora, Chief Minister of Jharkhand**

Seed Replacement Program should be included as a Centrally Sponsored Scheme on a very wide scale to help promote growth in the agriculture sector in India.

**Dr. Raman Singh, Chief Minister of Chhattisgarh**

The existing centrally sponsored schemes have no provision of risk coverage in case of failure in crop production. Therefore, the scheme needs to be suitably revised to include this provision.

**Dr. Asim Kumar Dasgupta on behalf of CM, West Bengal**

In the surface-based minor irrigation there are schemes with central financial support, such as NREGS, CADWM, and pilot projects for repair, renovation and restoration of water bodies. But in the sphere of ground water-based minor irrigation, except loan-based RIDF and State sector schemes, there is

**Chief Ministers' Comments on CSS at different NDC Meetings**

no comprehensive scheme with sharing of expenditure between the Centre and the States. He urged that a program for development of ground water minor irrigation facilities be considered on 75 (Centre) : 25 (States) cost sharing basis in the agriculture strategy.

**Shri Manik Sarkar, Chief Minister of Tripura**

He said that in view of the peculiar nature of problems faced in the North-Eastern States, it is necessary to fund all schemes on 90:10 basis.

**Shri Neiphiu Rio, Chief Minister of Nagaland**

There is a need to standardize the pattern of funding of various centrally sponsored schemes. Nagaland had all along been pleading that in respect of special category NE States, the pattern of all CSS be standardized, and fixed at 90:10. The recent decision of the Government of India to fund one of its flagship schemes, SSA, on 50:50 basis between Central and State Governments will spell doom for its implementation in the North-East. He emphasized it should be fixed at 90:10.

**54<sup>th</sup> NDC Meeting, 19<sup>th</sup> December, 2007**

**Shri K.M. Karunanidhi, Chief Minister of Tamil Nadu**

He urged to simplify the procedure of allocations to the States under various centrally sponsored schemes.

**Shri Buddhadeb Bhattacharjee, Chief Minister of West Bengal**

He appreciated the increase in the proposed outlay under Sarva Shiksha Abhiyan (SSA) program envisaged during the Eleventh Plan period. It would have been better if, in the interest of universalization of secondary education and employment generation, secondary, vocational and technical education could also be brought within the scope of SSA and the sharing pattern between the Centre and the States be restored to the ratio of 75:25.

**Smt. Vasundhara Raje, Chief Minister of Rajasthan**

She said that Eleventh Plan document now proposes to reduce the flow of resources to the States. Central Assistance to the States is a shade under 23% of the Centre's gross budgetary support, down from over 26% in the Tenth Plan. This has to be seen against the broad consensus or understanding that 40% of Centre's gross budgetary support would be earmarked for the propose of plan assistance to the States.

**Chief Ministers' Comments on CSS at different NDC Meetings**

More appropriately, the Eleventh Plan document proposes to increasingly tie the central assistance schemes. The Planning Commission, under the leadership of Mr. Gadgil had suggested that the bulk of the central assistance should go to the States as untied assistance, called normal central assistance. The NDC had decided, under the Chairmanship of Mrs. Indira Gandhi that CSSs would not be more than 1/6 of the NCA. However, of the central assistance of Rs. 3 lakh 25 thousand crore, proposed in the Eleventh Plan, as much as 1 lakh 82 thousand crore-60% of assistance to the States-is meant for schemes which are actually Centrally Sponsored Schemes, but presented as Additional Central Assistance or Special Central Assistance. Examples of these are the Rashtriya Krishi Vikas Yojna, BADP, AIBP, Accelerated Power Development & Reform Program, JNNURM, BRGF and so on. The actual untied assistance is only 1/7.

She explained as to why sometime it appears that ever increasing size of CSSs will amount to almost completely taking away the flexibility of the State Governments. Firstly, simply by reducing the moneys that might otherwise have become available to the States as untied central assistance, the States are made dependent, as it were, on the Centre. Secondly, most CSSs/ACAs/SCAs require matching State Government share, thus further limiting the States in the allocation of even their own, limited resources. Thirdly, many CSSs now make policy prescriptions. Fourth, some schemes now even seek to control non-plan allocations made by the States. Fifth, several CSSs now transfer money directly to the agencies concerned; PMGSY is the prime example. We should realize that one-size does not fit all, and just this truth should be sufficient to minimize CSSs, which are designed to be applied across States on a similar rigid pattern.

**Shri Tarun Gogoi, Chief Minister of Assam**

The State Government has been finding it difficult to provide the state share against various CSSs without materially affecting the allocations for other important development sectors. The funding share between the Centre and the State in most of the cases is in the ratio of 75:25 or 50:50. The government has been requesting for a change in this funding pattern to a uniform pattern 90:10.

**Chief Ministers' Comments on CSS at different NDC Meetings**

## PERFORMANCE OF MAJOR PROGRAMMES

PERFORMANCE OF MAJOR PROGRAMMES									
Sl. No.	Programme	Ministry/ Department	2007-08	2008-09	2009-10	2010-11	2011-12	Rs. Crore	Funding Pattern
			Actual Expenditure	Actual Expenditure	Actual Expenditure	BE	BE	Grand Total (2007-2012) BE	
1	2	3	4	5	6	7	8	9	10
1	MGNREGA	Rural Development	12589.81	29950.08	33539.38	40100.00	40000.00	156179.27	<p><b>Centre:</b> a) The entire cost of wages for unskilled manual workers. b) 75% of the cost of material and wages for skilled and semi-skilled workers. c) Administrative expenses as may be determined by the Central Government. These will include, inter alia, the salary and allowances of programme. Officers and their support staff and work site facilities.</p> <p><b>State:</b> a) 25% of the cost of material and wages for skilled and semi-skilled workers. b) Unemployment allowance payable in case</p>



## PERFORMANCE OF MAJOR PROGRAMMES

PERFORMANCE OF MAJOR PROGRAMMES									
Sl. No.	Programme	Ministry/ Department	2007-08	2008-09	2009-10	2010-11	2011-12	Rs. Crore Grand Total (2007-2012)	Funding Pattern
			Actual Expenditure	Actual Expenditure	Actual Expenditure	BE	BE	BE	
1	2	3	4	5	6	7	8	9	10
									the state Government cannot provide wage employment within 15 days of application. c) Administrative expenses of the State Employment Guarantee Council NE: for the rest of the country.
2	Indira Awas Yojana (IAY)	Rural Development	3882	8348.34	8799.9	10000.00	10000.00	41030.24	75:25 between Centre and State; 90:10 For NE States; 100% for UT's
3	Pradhan Mantri Gram Sadak Yojana (PMGSY)	Rural Development	6500	15161.98	11339.92	12000.00	20000.00	65001.90	From the year 2001-2002 onwards, it is proposed to commence a 100% Centrally Sponsored Scheme.
4	NRHM	Health & Family Welfare	10436.94	11385.55	9926.52	15672.00	17840.00	65261.01	85:15 between Centre and State
5	ICDS	Women & Child Development	5193.21	6932.74	8154.52	8700.00	10000.00	38980.47	50:50 Supplementary Nutritions for Other States; 90:10 NE States;

## PERFORMANCE OF MAJOR PROGRAMMES

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			Actual Expenditure	Actual Expenditure	Actual Expenditure	BE	BE	Grand Total (2007-2012) BE	
1	2	3	4	5	6	7	8	9	10
									90:10 General Administration for all States and UT's
6	Total Sanitation Campaign <sup>s</sup>	Drinking Water Supply	940.69	1189.78	1200	1580.00	1650.00	6560.47	(i) Individual Latrines for BPL/ disabled house holds -63 - Centre 28- State and 09- Beneficiaries (ii) Community Sanitary Complexes - 60 - Centre 30- State and 10 and (iii) Institutional Toilets including School and Anganwadi Sanitation (Hardware and Support Services) 70 - Centre 30 -State 0 - Beneficiaries
7	MDM	School Education & Literacy	5632.23	6530.48	6931.73	9440.00	10380.00	38914.44	75:25.Govt. of India provides food grains free of cost, transport subsidy for foodgrain to be transported from FCI to schools, assist

## PERFORMANCE OF MAJOR PROGRAMMES

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			Actual Expenditure	Actual Expenditure	Actual Expenditure	BE	BE	Grand Total (2007-2012) BE	
1	2	3	4	5	6	7	8	9	10
									states/Utwith cooking cost of Rs.1.58 for normal states & Rs.1.89 for NER for primary classes; for upper primary the assistance under cooking cost is Rs.2.10 for normal states and Rs.2.42 for NER.
8	SSA	School Education & Literacy	11295.56	12639.22	12825.44	15000.00	21000.00	72760.22	65:35 centre and normal states.90:10 Centre and NER States for 2010-11 to 2014
9	Rajiv Gandhi Drinking Water Mission (Rural Drinking water) - NRDWP	Drinking Water Supply	6031.51	7396.46	8000	9000.00	9350.00	39777.97	50:50 between Centre and State & 90:10 for NE states and J&K.

## PERFORMANCE OF MAJOR PROGRAMMES

PERFORMANCE OF MAJOR PROGRAMMES									
Sl. No.	Programme	Ministry/ Department	2007-08	2008-09	2009-10	2010-11	2011-12	Rs. Crore	Funding Pattern
			Actual Expenditure	Actual Expenditure	Actual Expenditure	BE	BE	Grand Total (2007-2012) BE	
1	2	3	4	5	6	7	8	9	10
10	JNNURM*	Urban Development	5507.81	10467.99	6124.02	12685.00	13700.00	48484.82	JNNURM has four components and funding pattern varies from component to component from 20% to 80% for Normal States and 50% to 90% Spl. Category States
11	Accelerated Irrigation Benefit Programme (AIBP) and Other water resources programme*	Water Resources	5445.7	8501.89	8524.39	11500.00	12650.00	46621.98	25:75 Centre (Grants):State (Grants) and 90:10 for Special Category States & Project benefitting Drought prone in Non-Special Category States
12	National Social Assistance Programme (NSAP)*	Rural Development	2851.37	4442.24	5109.24	5762.00	6158.00	24322.85	100% Central Assistance
13	Rajiv Gandhi Gramin Viduyati Karan Yojana (RGGVY)*	Power	3913.45	5500	5000	5500.00	6000.00	25913.45	Centre - 90 % & State - 10%
14	Accelarated	Power	400	435.66	156.06	3700.00	2034.00	6725.72	100% Central Sector

## PERFORMANCE OF MAJOR PROGRAMMES

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Sl. No.	Programme	Ministry/ Department	2007-08	2008-09	2009-10	2010-11	2011-12	Rs. Crore Grand Total (2007-2012)	Funding Pattern
			Actual Expenditure	Actual Expenditure	Actual Expenditure	BE	BE	BE	
1	2	3	4	5	6	7	8	9	10
	Power Development and Reform Programme (APDRP)*								
15	Rashtriya Krishi Vikas Yojana*	Agriculture & Cooperation	996.25	2880.02	3757.89	6722.00	7810.87	22167.03	100% Central Assistance
<b>A</b>	<b>GRAND TOTAL</b>	(1 to 15)	<b>81616.53</b>	<b>131762.43</b>	<b>129389.01</b>	<b>167361.00</b>	<b>188572.87</b>	<b>698701.84</b>	
<b>B</b>	<b>Grand Total of CSS</b>	(Flagship CSS + Other CSS's)	<b>84105.00</b>	<b>101824.07</b>	<b>137137</b>	<b>157051</b>	<b>180389.33</b>	<b>660506.40</b>	
<b>C</b>	<b>Grand Total of Central Assistance to States/ UT's</b>	(NCA+ ACA+ Spl. Programmes)	61614	77075	84490	96412	106026	425617.00	
<b>D</b>	<b>Flagship CSS Schemes</b>	(1 to 9)	62501.95	99534.63	100717.41	121492	140220	524465.99	
<b>E</b>	<b>ACA - Flagship Schemes</b>	(10 to 15)	19114.58	32227.8	28671.6	45869	48352.87	174235.85	
<b>F</b>	<b>CSS as a proportion to Total Flagship</b>	(D as proportion of A)	76.6	75.5	77.8	72.6	74.4	75.1	

## PERFORMANCE OF MAJOR PROGRAMMES

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Sl. No.	Programme	Ministry/ Department	2007-08	2008-09	2009-10	2010-11	2011-12	Rs. Crore	Funding Pattern
			Actual Expenditure	Actual Expenditure	Actual Expenditure	BE	BE	Grand Total (2007-2012) BE	
1	2	3	4	5	6	7	8	9	10
G	ACA as a proportion to Total Flagship	(E as proportion of A)	23.4	24.5	22.2	27.4	25.6	24.9	
H	Flagsship programme as a proportion of CSS	(D as proportion of B)	74.31	97.75	73.44	77.36	77.73	79.40	
I	Flagsship programme as a proportion of Central Assistance to States/ UT's	(E as proportion of C)	31.02	41.81	33.93	47.58	45.60	40.94	

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
<b>DEPARTMENT OF AGRICULTURE &amp; COOPERATION (13)</b>			<b>6</b>	
1	National Food Security Mission (NFSM)	1350		1. National Food Security Mission (1)
2	National Horticulture Mission	1200		2. National Horticulture Mission (2 & 6)
3	Micro Irrigation	1150		3. National Mission on Sustainable Agriculture (3,4,7,9,11 &13)
4	Macro Management of Agriculture (MMA) Scheme	780		4. National Mission on Seeds and Planting Material (10)
5	Integrated Oilseeds, Oil Palm, Pulses and Maize Development (ISOPOM)	550		5. National Oilseed and Oil Palm Mission (12, 8,5)
6	Technology Mission on Horticulture for North East Region, including Sikkim, Uttarakhand, H.P. and J&K	500		6. National Mission on Farm Mechanization and Energy
7	Support to State Extension Programmes for Extension Reforms	500		
8	National Bamboo Mission	100		
9	Mission Mode Project on Agriculture – National e-Governance Plan (NeGP)	90		

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
10	National Mission on Seed (New Scheme)	50		
11	National Project on Management Soil & Health	30		
12	Technology Mission on Cotton (TMC)	14.95		
13	Rainfed Area Development Programmes	1		
	<b>Sub-Total</b>	<b>6315.95</b>		
<b>DEPARTMENT OF ANIMAL HUSBANDRY, DAIRYING &amp; FISHERIES (15)</b>			<b>3</b>	
14	Livestock Health & Disease Control	395		1. Managing Livestock (ACA/CSS) (14, 15, 17, 20, 22, 25, 26, 27, 28)
15	National Project for Cattle & Buffalo Breeding	150		
16	National Dairy Plan (Separate Scheme from 2011-12)	100		2. National Plan for Dairy Development (16, 19, 21)
17	Special Package for 31 Suicide Prone Districts	98.69		
18	Development of Marine Fisheries, Infrastructure & Post Harvest Operations	71		3. Development of Fisheries (18, 23, 24) (ACA/CSS)



## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
19	Project for Dairy Development	51.25		
20	Centrally Sponsored Fodder Development Scheme	47.55		
21	Poultry Development (Improvement of poultry etc.)	45.7		
22	Livestock Insurance	40		
23	National Scheme of Welfare of Fishermen	39		
24	Development of Inland Fisheries & Aquaculture	24		
25	Establishment/modernisation of rural slaughter houses	3		
26	Utilisation of Fallen Animals	3		
27	Conservation of Threatened Livestock Breeds	2.5		
28	Livestock Extension and Delivery Services	0.01		
	<b>Sub-Total</b>	<b>1070.7</b>		
<b>DEPARTMENT OF COMMERCE</b>		<b>(1)</b>	<b>1</b>	
29	ASIDE	850.96		1. ASIDE (29)
	<b>Sub-Total</b>	<b>850.96</b>		
<b>DEPARTMENT OF INDUSTRIAL POLICY &amp;</b>			<b>1</b>	

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
<b>PROMOTION (1)</b>				
30	Package for (Other than North East) Special Category States	200		1. Special Package for industrial development of NE & other Special Category States(30&31)
31	NEIIPP, 2007	100		
	<b>Sub-Total</b>	<b>300</b>		
<b>MINISTRY OF ENVIRONMENT &amp; FORESTS (8)</b>			<b>4</b>	
32	National River Conservation Plan (NRCP)	701.71		1. National River Conservation Programme (NRCP) (32)
33	National Afforestation Programme	303		2. Conservation of Natural Resources & Environment Protection (33,35, 39) (ACA/CSS)
34	Conservation of Natural Resources and Ecosystems	80		
35	Project Tiger	162.71		
36	Integrated Development of Wild Life Habitats	70		3. Integrated Development of Wildlife (34, 36, ,38)(ACA/CSS)
37	Intensification of Forest Management (former Integrated Forest Protection Scheme)	65		<b>4.Intensification of Forest Management (37)</b>

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
38	Project Elephant	21.5		
39	Environmental Management in Heritage, Pilgrimage and Tourist Centres including Taj Protection	0.01		
	<b>Sub-Total</b>	<b>1403.93</b>		
<b>DEPARTMENT OF HEALTH AND FAMILY WELFARE (11)</b>			<b>5</b>	
40	National Rural Health Mission (NRHM)	17303.9		1. National Rural Health Mission (40)
41	Human Resources for Health	386		2. Non-Communicable Diseases (43, 44,45, 46, 48, 49)
42	District Hospitals	300		3. Human Resources and Medical Education (41)
43	Cancer Control Programmes	250		4. National Urban Health Mission (47)
44	National Mental Health Programme	130		5. District Hospital(42)
45	National Programme for Prevention and Control of Diabetes, Cardiovascular Diseases and Stroke	125		
46	Assistance to State for Capacity Building in Trauma	110.32		

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
	Care			
47	National Urban Health Mission	100		
48	Health Care for the Elderly	75		
49	8 Pilot Projects	73.2		
50	E-health including Telemedicine	20		
	<b>Sub-Total</b>	<b>18873.4</b>		
<b>DEPARTMENT OF AYUSH (3)</b>			<b>1</b>	
51	Promotion of AYUSH	333		1. National Mission on AYUSH (51, 52, 53)
52	National Mission on Medicinal Plants	56.14		
53	Public Private Partnership for setting up of specialty clinics/IPDs.	0.50		
	<b>Sub-Total</b>	<b>389.64</b>		
<b>DEPARTMENT OF AIDS CONTROL (1)</b>			<b>1</b>	
54	National AIDS Control Programme including STD Control	1699		1. National AIDS Control Programme, including STD Control (54)
	<b>Sub-Total</b>	<b>1699</b>		

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
<b>MINISTRY OF HOME AFFAIRS (4)</b>			<b>1</b>	
55	Crime and Criminal Tracking Network and System	384.5		1. National Scheme for Capacity Development of Police and other forces. (55, 56, 57, 58) (ACA /CSS)
56	Critical Infra. In Left-wing Extremist affected Areas/ Special infrastructure scheme in Leftwing extremism affected areas (2011-12)	140		
57	Strengthening of Fire and Emergency Services	100		
58	Police Education & Training	14.4		
	<b>Sub-Total</b>	<b>638.9</b>		
<b>MINISTRY OF HOUSING &amp; URBAN POVERTY ALLEVIATION (2)</b>			<b>2</b>	
59	SJSRY	813		1. SJSRY (59)
60	Integrated Low Cost Sanitation (ILCS)	71		2. Integrated Low Cost Sanitation (ILCS) (60)
	<b>Sub-Total</b>	<b>884</b>		
<b>DEPARTMENT OF SCHOOL EDUCATION AND LITERACY (17)</b>			<b>6</b>	
61	Sarva Shiksha Abhiyan (SSA)	21000		1.Sarva Shiksha Abhiyan (SSA) (61, 72)

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
62	National Programme Nutritional Support to Primary Education (MDM)	10380		2.National Programme Nutritional Support to Primary Education (MDM) (62)
63	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	2423.9		3.Rashtriya Madhyamik Shiksha Abhiyan(RMSA) (63, 66, 68, 75)
64	Scheme for setting up of 6000 Model Schools at Block level as Benchmark of Excellence	1200		4. Support for Educational Development (ACA/ CSS) (65,67, 71, 74, 76, 77)
65	Strengthening of Teachers' Training Institutions	500		5. Scheme for setting up of 6000 Model Schools at Block level as Benchmark of Excellence (64)
66	Information and Communication Technology in Schools	500		6.Scheme for providing education to Madrasas, Minorities and Disabled (69, 70, 73)
67	Adult Education and Skill Development Scheme	488.5		
68	Scheme for construction and running of Girls Hostel's for students of Secondary and Higher Secondary Schools	250		
69	The Scheme for Providing a Quality Education in Madrassas (SPQEM)	150		

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
70	Inclusive Education for the Disabled at Secondary School (IEDSS)	100		
71	National means cum Merit Scholarship Scheme	60		
72	Mahila Samakhya	50		
73	The Scheme for Infrastructure Development in Minority Institutions (IDMI)	50		
74	National Scheme for Incentive to the Girl Child for Secondary Education	50		
75	Vocationalisation of Education	25		
76	Appointment of Language Teachers	5		
77	Access and Equity	0.1		Dropped
	<b>Sub-Total</b>	<b>37232.5</b>		
<b>DEPARTMENT OF HIGHER EDUCATION (2)</b>			<b>1</b>	
78	Setting up of New Polytechnics and Strengthening of Existing Polytechnics	1123		1. Setting up of New Polytechnics and Strengthening of Existing Polytechnics (78)

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
79	National Mission in Education through ICT	943		National Mission in Education through ICT (Taken into CS schemes )
	<b>Sub-Total</b>	<b>2066</b>		
<b>MINISTRY OF LABOUR &amp; EMPLOYMENT (13)</b>			<b>2</b>	
80	Health Insurance for Unorganised Sector Workers (Rashtriya Swasthya Bima Yojana)	313.42		1.Social Security for Unorganized Workers (80, 87)
81	Skill Development Initiative	211.54		2. Skill Development (81, 82, 83, 84, 85, 86, 88, 89, 90, 91,92)
82	Externally Aided Project (EAP) for Reforms and Improvement in Vocational Training Services rendered by Central and State Govts	100		
83	Skill Development for 34 districts affected by Left Wing Extremism	50		
84	Setting up of multi-skill Development Centre	10		
85	Upgradation of 1396 Govt. ITIs through PPP	8		
86	Koushal Vikas Yojana	2		



## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
87	Rehabilitation of Bonded Labour	1		
88	Setting up of ATIs & RVTIs for women in PPP mode	1		
89	Upgradation of 20 ITI s and supplementing deficient infrastructure in 28 ITI s in North East	1		
90	Establishment of new ITIs in N.E. States, Sikkim and the State of J & K.	1		
91	Upgradation of 100 ITIs into Centres of Excellence.	0.35		
92	Remodelling of Apprenticeship Training (payment of stipend to apprentices)	0.1		
	<b>Sub-Total</b>	<b>699.41</b>		
<b>MINISTRY OF LAW AND JUSTICE (1)</b>			<b>1</b>	
93	Scheme for development of infrastructure facilities for judiciary	110		1. Scheme for development of infrastructure facilities for judiciary (ACA/CSS) (93)
	<b>Sub-Total</b>	<b>110</b>		

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
<b>MINISTRY OF MINORITY AFFAIRS</b>		<b>(4)</b>	<b>1</b>	
94	Multi Sectoral Development Programme for Minorities in selected of minority concentration districts	1219		1. Multi Sectoral Development Programme for Minorities (includes Scholarship schemes for Minorities) (ACA/CSS) (94,95,96,97)
95	Pre-Matric Scholarships for Minorities	600		
96	Post-Matric Scholarships for Minorities	450		
97	Merit-cum-Means scholarship for professional and technical courses	140		
	<b>Sub-Total</b>	<b>2409</b>		
<b>MINISTRY OF PANCHAYATI RAJ</b>		<b>(2)</b>	<b>1</b>	
98	Rashtriya Gram Swaraj Yojana	84		1. Strengthening of Panchayati Raj Institutions (PRIs) (ACA / CSS) (98 & 99)
99	Mission Mode Project on e-Panchayats	40		
	<b>Sub-Total</b>	<b>124</b>		
<b>DEPARTMENT OF RURAL DEVELOPMENT</b>		<b>(6)</b>	<b>4</b>	

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
100	National Rural Employment Guarantee Scheme	40000		1. National Rural Employment Guarantee Scheme (100)
101	Pradhan Mantri Gram Sadak Yojana (PMGSY)	20000		2. Pradhan Mantri Gram Sadak Yojana (PMGSY) (101)
102	Rural Housing - IAY	10000		3. Rural Housing – IAY (102)
103	Swarnjayanti Gram Swarozgar Yojana (SGSY)	2914		4. National Rural Livelihood Mission (NRLM) (103, 104) <i>(Considering the Size of the Scheme, its scope and objectivity, it may be taken up as a Flagship programme into the 12<sup>th</sup> Plan)</i>
104	DRDA Administration	461		
105	Provision for Urban Amenities in Rural Areas (PURA) (CS from 2010-11 in PPP Mode)	100		
	<b>Sub-Total</b>	<b>73475</b>		
<b>DEPARTMENT OF LAND RESOURCES (3)</b>			<b>2</b>	
106	Integrated Watershed Management Programme (IWMP)#	2549.2		1. Integrated Watershed Management Programme (IWMP) (106)

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
107	NPCLRM renamed as National Land Records Modernization Programme (NLRMP)#	150		2. Modernizing Land Records (107) (ACA/ CSS)
108	Bio-fuels	0.3		Dropped
	<b>Sub-Total</b>	<b>2699.5</b>		
<b>DEPARTMENT OF DRINKING WATER SUPPLY (2)</b>			<b>2</b>	
109	Accelerated Rural Water Supply Scheme / National Rural Drinking Water Programme	9350		1. Accelerated Rural Water Supply Scheme / National Rural Drinking Water Prog. (109)
110	Central Rural Sanitation Scheme	1650		2. Central Rural Sanitation Scheme (Convergence with IAY) (110)
	<b>Sub-Total</b>	<b>11000</b>		
<b>DEPARTMENT OF ROAD TRANSPORT &amp; HIGHWAYS (2)</b>			<b>1</b>	
111	E&I for States from CRF 'D'	265.29		1. E&I for States & UTs from CRF 'D' (111 & 112)
112	E&I for U.Ts from CRF	17.48		
	<b>Sub-Total</b>	<b>282.77</b>		

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
<b>MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT (13)</b>			<b>5</b>	
11 3	Post - Matric Scholarship & Book Banks for SC students	2218		1. Empowerment of Scheduled Castes (113, 115 (Hostel for SC boys only), 116, 117, 118, 120, 121(Free coaching for SCs only), 124)
11 4	Post-Matric Scholarship for OBCs	535		2. Empowerment of OBC (114, 115 (Hostel for OBC boys only), 119,121 (Free coaching for OBCs only), 125)
11 5	Hostels for SC & OBC boys	190		3. Scheme for Development of Denotified Tribes (122)
11 6	Pradhan Mantri Adras Gram Yojana	100		4. Scheme for persons with disabilities ( )
11 7	Pre - Matric Scholarship for Children of those engaged in unclean occupations	80		5. Scheme for social welfare groups (123)
11 8	Implementation of Protection of Civil Rights Act, 1955 and Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act, 1989	70		
11 9	Pre-Matric Scholarship for OBCs	50		

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
120	Scheduled Castes Development Corporations	20		
121	Free coaching for SCs and OBCs	10		
122	Scheme for Educational and Economic Development of Denotified & Nomadic Tribes (DNTs)*	5		
123	Scheme for Empowerment of Economic Backward Classes	5		
124	Upgradation of Merit of SC/ST Students	4		
125	National Overseas Scholarships for OBC students	1		
	<b>Sub-Total</b>	<b>3288</b>		
<b>MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (2)</b>			<b>1</b>	
126	India Statistical Strengthening Project (ISSP)	200		1. Support for Statistical Strengthening (126 & 127)
127	Basic Statistics for Local Level Development (BSLLD)	12		

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
	<b>Sub-Total</b>	<b>212</b>		
<b>MINISTRY OF TEXTILES (2)</b>			<b>2</b>	
128	Catalytic Development Programme (Sericulture)	253		1. Catalytic Development Programme (Sericulture) (128)
129	Handloom Export Scheme	231.7		2. Handloom Export Scheme (129)
	<b>Sub-Total</b>	<b>484.7</b>		
<b>MINISTRY OF TOURISM (1)</b>				
130	Product/Infrastructure Development for Destinations and Circuits	562.99		1. Product/ Infrastructure Development for Destinations & Circuits (130)  (Note: This can be taken up as Central Sector scheme)
	<b>Sub-Total</b>	<b>562.99</b>		
<b>MINISTRY OF TRIBAL AFFAIRS (4)</b>			<b>1</b>	
131	Scheme of PMS, Book Bank and Upgradation of Merit of ST students	679		1. Development and Empowerment of Tribal Communities (ACA/CSS) (131, 132, 133,134)
132	Scheme of Hostels for ST Girls and Boys	78		
133	Establishment of Ashram	75		

## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
3	Schools in TSP Areas			
13 4	Research information & Mass Education , Tribal Festival and Others	15		
	<b>Sub-Total</b>	<b>847</b>		
<b>MINISTRY OF URBAN DEVELOPMENT (2)</b>				
13 5	National Urban Information System (NUIS)	2		The schemes involve small outlay and can be abolished or merged with JNNURM (Presently RAY is operating as Component of JNNURM. Steering Committee may take a view on operation of Scheme independently.)
13 6	Pooled Finance Development Fund (PFDF)	0.01		
	<b>Sub-Total</b>	<b>2.01</b>		
<b>MINISTRY OF WOMEN AND CHILD DEVELOPMENT (9)</b>			<b>3</b>	
137	ICDS	10000		1. ICDS (137, 139, 140, ,143)
138	Rajiv Gandhi Scheme for Empowerment of Adolescent	750		2. National Mission for Empowerment of Women (138, 142, 144, 145)
139	Conditional Maternity Benefit Scheme	520		3. ICPS



## PROPOSED RESTRUCTURED CENTRALLY SPONSORED SCHEMES

PROPOSED CENTRALLY SPONSORED SCHEMES				
Sl. No.	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
140	World Bank Assisted ICDS Projects	330		
141	ICPS	270		
142	Relief to and Rehabilitation of Rape Victims (CSS from 2011-12)	140		
143	NNM	100		
144	National Mission for Empowerment of Women	40		
145	Swayamsidha - Phase-II	3		
	<b>Sub-Total</b>	<b>12153</b>		
<b>DEPARTMENT OF YOUTH AFFAIRS (1)</b>				
146	National Service Scheme (NSS)	90		This can be taken up as Central Sector scheme
	<b>Sub-Total</b>	<b>90</b>		
<b>DEPARTMENT OF SPORTS (1)</b>			<b>1</b>	
147	Panchayat Yuva Krida aur Khel Abhiyan (PYKKA)	225		1. PYKKA (147)
	<b>Sub-Total</b>	<b>225</b>		
	<b>TOTAL</b>		<b>59</b>	
<b>Note:</b> The proposed 59 Schemes includes 9 Flagship Schemes				

## ADDITIONAL CENTRAL ASSISTANCE SCHEMES

## ADDITIONAL CENTRAL ASSISTANCE (ACA) SCHEMES

Sl. No	Schemes/Programmes	2011-12 (BE) Rs. Crore	Schemes Proposed by CSS Committee	
			No. of Schemes	Details of the Schemes
1	Jawaharlal Nehru National Urban Renewal Mission (JNNURM)	13700	1	JNNURM
2	Accelerated Irrigation Benefit Programme (AIBP)	12650	1	AIBP
3	National Social Assistance Programme (NSAP)	6158	1	NSAP
4	Rashtriya Krishi Vikas Yojana (RKVY)	7860	1	RKVY
5	Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)	6000	1	RGGVY
6	Restructured-Accelerated Power Development and Reform Programme (R-APDRP)	2034	1	R-APDRP
7	Backward Regions Grant Fund (BRGF), of which	9890	1	BRGF
	<i>(a) State Component</i>	4840		
	<i>(b) District Component</i>	5050		
	<b>Total ACA</b>	<b>58292</b>	<b>7</b>	
<b>Note:</b> Schemes 5 & 6 are Central Sector schemes wherein the funds are provided to the Implementing Agencies routed through REC and PFC to the State on project level basis.				

## ADDITIONAL CENTRAL ASSISTANCE SCHEMES

## OTHER ADDITIONAL CENTRAL ASSISTANCE (ACA) SCHEMES

Sl. No	Other ACA Schemes	Proposed Scheme	2011-12 (BE)
1	Special Plan Assistance	To be continued	2600.00
2	Special Central Assistance (Untied)	To be continued	5400.00
3	Special Central Assistance, of which	To be continued	4192.01
	(a) Grants under Proviso to Article 275(1)		1197.00
	(b) Border Area		900.00
	(c) North Eastern Council		700.00
	(d) Bodoland Territorial Council		50.00
	(e) Development of Backward areas including Tribal Sub-plan, Bundhelkhand, KBK, Hill Areas & Other Backward Regions	To be continued as modified	1395.01
	ACA for Accelerated Programme for Restoration and Regeneration of Forest Cover	Part of 3(e)	0.00
	ACA for Drought Mitigation in Bundhelkhand Region	Part of 3(e)	1000.00
	Control of Shifting Cultivation	Discontinued and be taken up as part of overall Strategy of each State Plan	50.00
4	MPs Local Area Development Scheme	To be continued	1580.00
5	Additional Central Assistance for Externally Aided Projects	To be continued	11000.00
6	Assistance from Central Pool of Resources for NE & Sikkim	To be continued	800.00

## ADDITIONAL CENTRAL ASSISTANCE SCHEMES

Sl. No	Other ACA Schemes	Proposed Scheme	2011-12 (BE)
7	Roads & Bridges	To be continued	2159.26
	National E-Governance Action Plan (NEGAP)	Can be merged with Central Sector Schemes of Department of IT	190.00
	Additional Central Assistance for Other Projects	can be merged with Normal Central Assistance	1000.00
		<b>TOTAL</b>	<b>34213.28</b>
<b>Note:</b> 1. Till 2011-12, number of Other ACA Schemes was 20. Out of which, 8 Schemes having no allocation during 2011-12 are not included in the statement.			
2. Normal Central Assistance to State/ UT's plan will continue			

**INCENTIVE GRANT FOR ADDITIONAL ALLOCATIONS**

- (i) 50% of the additional budget allocation of Government of India for the concerned CSS over the previous year will be distributed as incentive grant. For example, if the budget allocation in the previous year was Rs.1,000 crore and in the current is Rs.1,200 crore, then Rs.1,200 crore minus Rs.1,000 crore equal to Rs.200 crore. Of this, additional grant, 50% or Rs.100 crore will be distributed as incentive grant.
- (ii) The Incentive grants will be given to those States who have
  - (a) Increased the budget allocation in their States for the concerned scheme as a proportion of the total budget. (50%)
  - (b) Effectively developed funds, functions and functionaries to PRIs/ ULBs/ Other local bodies. This will be ascertained on the basis of a Management development Index (50%)
- (iii) The incentive grants will be distributed in the same proportion in which they are getting their normal allocations for the concerned year. The entire incentive grant will be distributed only among these States proportionally.
- (iv) The incentive grant in the first year of the Plan (2012-13) will, however, consider only II (a) as criteria for reimbursement of incentives. This will give time to states for formulation of such Management Devolution Index (MDI) by an expert group for different sectors & its updating every year.

**INCENTIVE GRANT FOR ADDITIONAL ALLOCATIONS**

## CATEGORISATION OF SCHEMES

S. No	Ministry / Department	Flagship Programme	Sub-Sectoral Schemes	Umbrella Schemes
1	2	3	4	5
1	Department of Agriculture and Cooperation		1. National Food Security Mission 2. National Horticulture Mission 3. National Mission on Seeds and Planting Material 4. National Oilseed and Oil Palm Mission 5. National Mission on Farm Mechanization and Energy 6. National Missions on Sustainability Agriculture	
2	Department Animal Husbandry, Dairying & Fisheries		1. National Plan for Dairy Development. 2. Development of Fisheries 3. Managing Livestock	
3	Department of Commerce		ASIDE	
4	Department of Industrial Policy & Promotion			Special Package for Industrial development of NE and other Special Category States
5	Ministry of Environment & Forest		1. National River Conservation Programme (NRCP) 2. Conservation of Natural Resources and Environmental Protection. 3. Integrated Development of Wild life. 4. Intensification of Forest Management	

## CATEGORISATION OF SCHEMES

S. No	Ministry / Department	Flagship Programme	Sub-Sectoral Schemes	Umbrella Schemes
1	2	3	4	5
6	Department of Health & Family Welfare	NRHM	1. Human Resources and Medical Education 2. District Hospitals 3. Non-Communicable Diseases 4. National Urban Health Mission	
7	Department of AYUSH			National Mission on AYUSH
8	Department of AIDS control			National AIDS control Programme, including STD control
9	Ministry of Home Affairs			National Scheme for Capacity Development of Police & other forces
10	Ministry of Housing and Urban Poverty Alleviation		1. SJSRY 2. Integrated Low Cost Sanitation (ILCS)	
11	Department of School Education & Literacy	1. SSA 2. MDM	1. Rashtriya Madhyamik Shiksha Abhiyan (RMSA) 2. Support for Educational Development (ACA/ CSS) 3. Scheme for setting up of 6000 Model Schools at Block level as Benchmark of Excellence 4. Scheme for providing education to Madrasas, Minorities and Disabled	
12	Department of Higher Education			Setting up of New Polytechnics and Strengthening of existing Polytechnics
13	Ministry of Labour &		1. Social Security for	



## CATEGORISATION OF SCHEMES

S. No	Ministry / Department	Flagship Programme	Sub-Sectoral Schemes	Umbrella Schemes
1	2	3	4	5
	Employment		Unorganised Workers 2. Skill Development	
14	Ministry of Law and Justice			Scheme for development of infrastructure facilities for judiciary
15	Ministry of Minority Affairs			Multi Sectoral Development Programme for Minorities (including Scholarship schemes for Minorities)
16.	Ministry of Panchayati Raj			Strengthening of PRI's
17.	Department of Rural Development	1. MGNREGA 2. IAY 3. PMGSY		National Rural Livelihood Mission (NRLM)
18.	Department of Land Resources		1. Integrated Watershed Management Programme (IWMP) 2. Modernisation of Land Records	
19.	Department of Drinking Water Supply	1. NRDWP 2. TSC		
20.	Department of Road Transport & Highways			E & I for States and UT's from CRF'D'
21.	Ministry of Social Justice &		1. Empowerment of Scheduled Castes	

## CATEGORISATION OF SCHEMES

S. No	Ministry / Department	Flagship Programme	Sub-Sectoral Schemes	Umbrella Schemes
1	2	3	4	5
	Empowerment		2. Scheme for Development of OBCs 3. Scheme for Development of Denotified Tribes 4. Scheme for persons with disabilities 5. Scheme for social welfare groups 6. Empowerment of Schedule Tribe (ST)	
22.	Ministry of Statistics & Programme Implementation			Support for Statistical Strengthening
22.	Ministry of Textiles		1. Catalytic Development Programme (Sericulture) 2. Handloom Export Scheme	
25.	Ministry of Tourism			One Scheme recommended as Central Sector Scheme
26.	Ministry of Tribal Affairs			Development and Empowerment of Tribal Communities
27	Ministry of Urban Development			Two Schemes viz., NUIS and PFDF recommended for abolition or merger with JNNURM
28.	Ministry of Women & Child Development	ICDS	1. ICPS 2. National Mission for Empowerment of Women	
29.	Department of Sports			PYYKA
<b>Central Plan TOTAL</b>		<b>9</b>	<b>38</b>	<b>13</b>

## CONSTITUTION OF SUB-COMMITTEE

File No.M-12043/4/2011-PC  
 Government of India  
 Planning Commission

Yojana Bhawan, Sansad Marg,  
 New Delhi-110001,  
 Dated: 5<sup>th</sup> April, 2011

ORDER

Subject: Constitution of Sub-Committee to look into the restructuring of CSS to enhance its flexibility, scale and efficiency.

As per decision taken in the Internal Planning Commission meeting held on 18<sup>th</sup> February 2011, a Sub-Committee under the Chairmanship of Shri B.K. Chaturvedi, Member, Planning Commission has been constituted to look into the restructuring of CSS to enhance its flexibility, scale and efficiency. The composition and the terms of reference of the Sub-Committee would be as follows:

**I. Composition**

**Chairman:** Shri B.K. Chaturvedi, Member, Planning Commission

**Members:**

Secretary / Representative of Ministry of Rural Development  
 Secretary / Representative of Ministry of HRD (Education)  
 Secretary / Representative of Ministry of Health  
 Secretary / Representative of Ministry of Agriculture  
 Representative from Ministry of Finance  
 Chief Secretaries of States: UP, Karnataka, Andhra Pradesh, Arunachal Pradesh, Bihar and Rajasthan

**Member Convener:** Smt. Sunita Sanghi, Adviser, Planning Commission

**II. The Terms of Reference**

- (i) Rationalisation of Centrally Sponsored Schemes in line with 'Challenges for the 12<sup>th</sup> Plan', such that the total number does not exceed 30.
- (ii) Determining minimum size for CSS and principles for exceptions, if any.
- (iii) Consideration of creation of flexi fund under Ministries / Departments to experiment / undertake pilot projects on innovative ideas before launch of a scheme.
- (iv) Considering providing flexibility to States to undertake new initiatives from flexi fund where States would also make a contribution.

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## CONSTITUTION OF SUB-COMMITTEE

III. The Chairman of the Sub-Committee will have the powers to co-opt Members or to invite anyone as a special invitee to any of the meetings of the Sub-Committee.

IV. The Sub-Committee will submit its report to Deputy Chairman, Planning Commission as early as possible.

*J.K. Katyal*  
5.4.11

(J.K. Katyal)  
Director (PC&MD)  
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To  
All Members of the Sub Committee

Copy to:

1. PS to Deputy Chairman, Planning Commission
2. PS to Minister of State (Planning)
3. PS to all Members, Planning Commission
4. PS to Member-Secretary, Planning Commission
5. All Secretaries to Government of India
6. Chief Secretaries of all States / UTs
7. All Principal Advisers/Sr. Advisers/Advisers/HODs, Planning Commission

*J.K. Katyal*  
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(J.K. Katyal)  
Director (PC&MD)