

CENTRALLY FUNDED PLANS FACE THE AXE

Relevant for: Developmental Issues | Topic: Government policies & interventions for development in various Sectors and issues arising out of their design & implementation incl. Housing

Schemes that have outlived their relevance will be terminated, and those with low outlay will be consolidated to make them more impactful, expenditure secretary T.V. Somanathan said

The Union government will slash 131-odd centrally sponsored schemes (CSS) worth 3.8 trillion by a third in FY22 based on the recommendations of the 15th [Finance Commission](#), a top finance ministry official said.

Schemes that have outlived their relevance will be terminated, and those with low outlay will be consolidated to make them more impactful, expenditure secretary T.V. Somanathan said. "There are 131 centrally sponsored schemes. We intend to reduce the number of schemes by approximately one third, taking into account the recommendations of the [Finance Commission](#). The schemes with a very low outlay, when spread across states, becomes a thin, non-impactful kind of scheme. So, we want to reduce the number of such schemes as well as those which have outlived their relevance over a period of time and consolidate them into a smaller number of more impactful schemes. This will be implemented during FY22," Somanathan said in an interview.

Also Read | [The Finance Commission doesn't rock the federal boat](#)

In order to utilize funds from the Centre, the states need to contribute 40% of the outlay in CSS, except the North-Eastern states that contribute 10%. This reduces the untied funds that should be available to states with no strings attached. States have been demanding more flexibility in implementing the schemes while reducing their proliferation. Many previous committees, including a sub-group of chief ministers under NITI Aayog chaired by Madhya Pradesh CM Shivraj Singh Chouhan in 2015 said the 'one-size-fits-all' approach of CSS was adversely affecting outcomes. States have been urging the Centre to transfer such funds directly to them so that they can design schemes according to their own needs.

"CSS are reduced from time to time, and then again, they proliferate. The dynamics are like this because the central ministries think their ambit of work is more relevant when there are more CSS. The latest move to rationalize them is a step in the right direction," said D.K. Srivastava, chief policy adviser at EY India.

According to the FFC, 15 of the 30 umbrella CSS account for about 90% of the total allocation under CSS. Many such schemes have, within them, a number of small schemes, some of them with negligible allocations. "A threshold amount of annual appropriation should be fixed, below which the funding for a CSS may be stopped. Below the stipulated threshold, the administering department should justify the need for continuation of the scheme. As the life cycle of ongoing schemes has been made co-terminus with the cycle of Finance Commissions, the third-party evaluation of all CSS should be completed within a stipulated timeframe. The funding pattern of the CSS should be fixed upfront transparently and should be kept stable," the FFC said in its report tabled in Parliament on Monday.

Finance minister Nirmala Sitharaman, in her budget speech, said: "On the recommendation of FFC, we have undertaken a detailed exercise to rationalize...number of CSS. This will enable consolidation of outlays for better impact."

The FFC said the CSS co-financed by the Centre should be flexible enough to allow states to adapt and innovate. "Top-down mandates and strictures on programme implementation are antitheses of an open-source model. CSS should grant states significant latitude to tailor implementation modalities to local realities," it added.

Click here to read the [Mint ePaper](#) Mint is now on Telegram. Join [Mint channel](#) in your Telegram and stay updated with the latest [business news](#).

Log in to our website to save your bookmarks. It'll just take a moment.

Oops! Looks like you have exceeded the limit to bookmark the image. Remove some to bookmark this image.

Your session has expired, please login again.

You are now subscribed to our newsletters. In case you can't find any email from our side, please check the spam folder.

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

CrackIAS