

**GOVERNMENT OF INDIA  
PLANNING  
LOK SABHA**

STARRED QUESTION NO:248  
ANSWERED ON:29.08.2012  
RATIONALISATION OF CENTRALLY SPONSORED SCHEMES  
Owaisi Shri Asaduddin

**Will the Minister of PLANNING be pleased to state:**

- (a) whether the Chaturvedi Committee, constituted to suggest ways of rationalising the centrally sponsored schemes, has submitted its report;
- (b) if so, the details thereof;
- (c) the details of the recommendations made by the Committee; and
- (d) the decision taken or being taken by the Government thereon?

**Answer**

MINISTER OF STATE FOR PLANNING, SCIENCE & TECHNOLOGY AND EARTH SCIENCES (DR. ASHWANI KUMAR)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 248 REGARDING "RATIONALISATION OF CENTRALLY SPONSORED SCHEMES" RAISED BY SHRIASADUDDIN OWAIISI, MP FOR ANSWER ON AUGUST 29, 2012.

(a)&(b): Yes, Madam. The B.K Chaturvedi Committee, constituted by Planning Commission to suggest ways of rationalising the Centrally Sponsored Schemes submitted its Report on September 30, 2011.

(c): The key recommendations of the Committee, inter alia include

# Rationalizing the existing 147 CSS into 59;

# Providing flexibility in physical and financial norms of CSS to all the States to enable State Governments to meet their special needs;

# Introducing Flexi Fund by earmarking 10% of budget allocation in case of all Flagship Schemes and 20% in other CSS to it, which could be used by the State Governments on sub-schemes or components of CSS for which guidelines should be notified by the concerned Ministries;

# Reforming procedure for transfer of funds to the States so as to gradually move over to transfers through the State budgets to ensure full accountability of States;

# Regular monitoring of CSS by concerned Ministry and Independent evaluation; and creating an interactive website and authenticated database for sharing experiences of States.

# Details of the recommendations are annexed.

(d): The recommendations of the Committee are under consideration of the Government.

**ANNEX**

**Recommendations of Chaturvedi Committee Report**

1. 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.

2. 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. 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.

3. 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.

4. 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.

5. 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.

6. 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. 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)

7. 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.

8. 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).

9. 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.

10. 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.

11. 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%.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.