GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 1816
TO BE ANSWERED ON TUESDAY, THE 4TH AUGUST, 2026
SHRAVANA 13, 1948 (SAKA)

RATIONALISATION OF STATE WELFARE SCHEMES

1816. SHRI. AJAY MAKAN:

Will the Minister of FINANCE be pleased to state:

(a) whether the Sixteenth Finance Commission has commented on or recommended rationalisation of unconditional cash-transfer or welfare schemes of the State Governments;
(b) if so, the details and the action-taken response of Government;
(c) whether any conditionality relating to such State schemes is proposed to be attached to central transfers; and
(d) the mechanism, if any, through which Government monitors or reviews such welfare schemes of the States?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) & (b) Recommendations 59 to 62 of the 16th Finance Commission Report (Pages 337& 338 of Volume I) relate to subsidy schemes of the Governments. These include recommendations on (i) review and rationalisation of subsidy-schemes and effective targeting of these schemes (ii) reduction and eventual elimination of the revenue deficit through rationalisation of these schemes and the beneficiary base, (iii) establishing a mechanism to review subsidies and transfers and inclusions of a sunset/exit clauses in these schemes, (iv) discontinuing the practice of off-budget borrowings etc. Action taken on the above is contained in Para 27 relating to Other Recommendations of the Explanatory Memorandum as to the Action Taken on the Recommendations made by the 16th Finance Commission (www.indiabudget.gov.in/doc/16fc.pdf) and was laid on the table of the Parliament on 1st February 2026.

(c) & (d): Scheme-related releases (as part of Central transfers) by the Government of India from the Consolidated Fund of India are as per the relevant guidelines drawn-up from time to time. Government of India monitors and reviews those schemes designed and planned by Union Government. Monitoring and Review of State specific welfare scheme, financed exclusively from State resources and funded out of the Consolidated Fund of the States, fall within the constitutional and administrative domain of the respective State Governments.

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