Government of India
Ministry of Finance
Department of Economic Affairs

LOK SABHA
STARRED QUESTION NO.360*
ANSWERED ON FRIDAY, AUGUST 10, 2018
Shravana 19, 1940 (Saka)

Funding Pattern of Social Sector Scheme

*360. SHRI GAURAV GOGOI
SHRI BALABHADRA MAJHI:

Will the Minister of FINANCE (वित्त मंत्री) be pleased to state:

(a) whether the Union Government has revised the funding pattern of several social sector schemes and if so, the details thereof;

(b) whether the State Governments have agreed on the revised funding pattern of the Union Government on such schemes;

(c) if so, the details thereof along with the details of the State Governments which have objected to the revised funding pattern of the Union Government on social sector schemes;

(d) whether the Union Government appreciates the genuine concerns of the State Governments and considers restoring the earlier sharing pattern so that more resources of the State would be available for the State scheme and if so, the details thereof; and

(e) the corrective steps proposed to be taken by the Union Government in this regard?

ANSWER

THE FINANCE MINISTER
(SHRI PIYUSH GOYAL)

(a) to (e) A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No.360 (20th Position) for 10th August, 2018 by Shri Gaurav Gogoi and Shri Balabhadra Majhi regarding Funding Pattern of Social Sector Scheme

(a) Yes Madam. The Centrally Sponsored Schemes have been rationalized in 28 schemes, broadly divided into three categories, namely, (i) Core of the Core Schemes (6 nos.), (ii) Core Schemes (20 nos.) and (iii) Optional Schemes (2 nos.). The funding pattern of the restructured Centrally Sponsored Schemes is as under:

- Core of the Core schemes: No change in the erstwhile funding pattern.
- Core schemes: For the 8 North Eastern States and Himalayan States of Uttarakhand, Himachal Pradesh and Jammu & Kashmir, 90% of expenditure is borne by Centre, and remaining 10% by States. For the rest of the States - sharing ratio between Centre and State is 60:40.
- Optional Schemes: For the North Eastern and Himalayan States 80% by Centre and 20% by States. For the rest of the States: 50:50

However, all the sharing patterns indicated above were subject to the proviso that if the Central share was already below that indicated in the sharing pattern, then the Centre's share would remain capped at that level.

(b) & (c) A Sub-Group of Chief Ministers was constituted on Rationalization of Centrally Sponsored Schemes. The Sub-Group consulted the States. The views of the States were broadly as under:

- Proliferation of CSS should be addressed. States must have voice as to which scheme to implement.
- Year-on-year uncertainty regarding allocation in CSS should be addressed. At the start of the year, the funds allocated to a State in CSS as a whole must be known and predictable.
- The funding pattern should not be so onerous that the State may finds it difficult to access the Central funds. Special dispensations are needed for States with a weak revenue base.

- The scheme design should provide for flexibility in implementing the scheme. The Centre should monitor outcomes and leave implementation to States.
- FFC devolution means untied funds. CSS should not become an instrument to take away this flexibility.
- Procedure for release of instalments should be simplified.
- Funding for some incomplete projects taken up under CSS in earlier years, has been discontinued from the current year, which needs resolution.
- Need for a platform (like NITI) at the Centre to discuss problems of the States in implementing CSS and to resolve difficulties.
- Shift from expenditure-based monitoring and release of funds to outcome-based monitoring and release of fund.

(d) & (e) Following the implementation of the recommendations of the 14^{th} Finance Commission, the devolution to States has been increased from 32% to 42%, thereby increasing the resource availability with the States vis-a-vis the Centre. Further, the level of flexi fund available in each CSS has been raised from 10% to 25% after revising the funding pattern of CSS. This was done to enable the States to satisfy the local needs and undertake innovations. The flexi fund under an umbrella programme is provided to improve efficiency and effectiveness. Under these circumstances, restoring the earlier sharing pattern has no real justification.

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