

**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.

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**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.

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"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-empted 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.

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### **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

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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



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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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**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

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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.

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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.

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