

# Major Programs Under Central Assistance to States Plan: Budget 2015-16

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The total plan outlay in the Union Budget is the sum of **Central Plan** and **Central Assistance for State and UT plans**. We have already covered the major programs under Central Plan in a separate article. This post is dedicated entirely to list the major programs under the Central Assistance for States and UT plans. It should be noted that Centrally Sponsored Schemes(CSS) forms a major chunk of the Central Assistance for State and UT plans. In that sense this article is also about the latest Centrally Sponsored Schemes.

## What are Centrally Sponsored Schemes(CSS)?

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Usually, Center can run schemes only on subjects mentioned in Union list (Central Plan/Central Sector Schemes). It's the duty of the states to implement programmes on items mentioned in the State list. But to encourage states to take up projects and programmes in the national interest, Center sponsors fully or partially many programmes on items mentioned in State list. These programs are called Centrally Sponsored Schemes.

To be precise, CSS is the biggest component of Central Assistance to state plans(CA), where states don't have much flexibility. The other component – block grants to states – is a grant and states have full flexibility in utilizing. But in the Budget 2015, many of the plan grants(block grants) like Normal Central Assistance, Special Plan Assistance, Special Central Assistance and Additional Central Assistance for other purposes are **subsumed** in the award of FC itself (greater share of taxes and non-plan grants). Thus, though considered as two separate entities before, Centrally Sponsored Schemes(CSS) now being the major part of Central Assistance (CA) to states, the terms CSS and CA are often used interchangeably.

## Budget allocation to CSS

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As per the Union Budet 2015-16, the total Plan Outlay for 2015-16 is Rs. 4,65,277 crore. The Budgetary support for Central Plan in 2014-15 is Rs.2,60,493 crore while the total central assistance for State and Union Territory Plans is Rs.2,04,784 crore. It should be noted that while the budgetary support for Central Plan has increased, the central assistance to state plans has decreased this year.

Also read: All-India Judicial Services (AIJS): Should it be formed?



NITI Aayog's Arvind Panagariya recommends reducing CSS

## List of the Centrally Sponsored Schemes

At present, there are 72 CSS, including six new schemes introduced by the NDA government. Budget 2015-16 mentions about bringing down the number of Centrally Sponsored Schemes (CSS) in tune with the higher allocation for states as per 14th Finance Commission recommendations. Now there are only 31 schemes fully supported by Union Government and 24 schemes under partial support. 8 schemes are de-linked from center's support.

### Schemes to be fully supported by Union Government

1. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)
2. Multi Sectoral Development Programme for Minorities (MSDP)
3. Pre-Matric Scholarship for children of those engaged in unclean occupation
4. Scholarship schemes (Post and Pre Matric) for SC, ST and OBCs
5. Support for Machinery for implementation of Protection of Civil Rights Act, 1955 and Prevention of Atrocities Act 1989
6. National Programme for persons with Disabilities
7. Scheme for providing Education to Minorities
8. Umbrella scheme for education of ST Children
9. Indira Gandhi Matritva Sahyog Yojna (IGMSY)
10. Integrated Child Protection Scheme (ICPS)
11. Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG)- SABLA
12. National Nutrition Mission (NNM)
13. Scheme for protection and development of women
14. Assistance for schemes under proviso(i) to Article 275(1) of the Constitution
15. Special Central Assistance to Tribal Sub-Plan
16. Sarva Shiksha Abhiyaan (Financed from Education Cess)
17. Mid Day Meal
18. Schemes of North Eastern Council
19. Special Package for Bodoland Territorial Council
20. National Social Assistance Programme (NSAP) including Annapurna
21. Grants from Central Pool of Resources for North Eastern Region and Sikkim
22. Social Security for Unorganized Workers Scheme
23. Support to Educational Development including Teacher Training and Adult Education
24. Border Area Development Programme
25. Member of Parliament Local Area Development Scheme (MPLADS)
26. Cess backed allocation for Pradhan Mantri

Gram Sadak Yojna (PMGSY) 27. Roads and Bridges financed from Central Road Fund 28. Project Tiger 29. Project Elephant 30. Additional Central Assistance for Externally Aided Projects (Loan Portion) 31. Additional Central Assistance for Externally Aided Projects (Grant Portion)

Also read: Tax Expenditure and Budgetary Policies

## Schemes to be run with the Changed Sharing Pattern

1. Cattle Development 2. Mission for Integrated Development of Horticulture 3. Rashtriya Krishi Vikas Yojana 4. National Livestock Mission 5. National Mission on Sustainable Agriculture 6. Dairy Vikas Abhiyaan 7. Veterinary Services and Animal Health 8. National Rural Drinking Water Programme 9. Swaccha Bharat Abhiyaan (Rural and Urban) 10. National Afforestation Programme 11. National Plan for Conservation of Aquatic Eco-Systems (NPCA) 12. National AIDS and STD Control programme 13. National Health Mission 14. National Urban Livelihoods Mission (NULM) 15. Rashtriya Madhyamik Shiksha Abhiyaan (RMSA) 16. Strategic Assistance for State Higher Education – Rashtriya Uchcha Shiksha Abhiyan (RUSA) 17. For Development of Infrastructure Facilities for Judiciary 18. National Land Records Modernisation Programme 19. National Rural Livelihood Mission (NRLM) 20. Rural Housing- Housing for All 21. Integrated Child Development Service 22. Rajiv Gandhi Khel Abhiyan (RGKA) (erstwhile Panchayat Yuva Krida aur Khel Abhiyan (PYKKA) 23. PMKSY(including Watershed programme and Micro-irrigation) 24. Impact Assessment Studies of AIBFMP

Note: The Centre-State funding pattern is being modified in view of the larger devolution of tax resources to States as per the recommendations of 14th Finance Commission whereby in this scheme, the **revenue expenditure is to be borne by the States**. Subsequent to changed funding pattern, overall expenditure on the schemes will not decrease.

## Schemes delinked from support of the Centre

1. National e-Governance Plan 2. Backward Regions Grant Funds 3. Modernisation of Police Forces 4. Rajiv Gandhi Panchayat Sashaktikaran Abhiyaan (RGPSA) 5. Scheme for Central Assistance to the States for developing export infrastructure 6. Scheme for setting up of 6000 Model Schools 7. National Mission on Food Processing 8. Tourist Infrastructure

## Why are some CSS de-linked from Center's support?

As states are now given more direct funds which offer greater flexibility (extra to regular CSS), there is no need for additional spending through the CSS route by the Center.

Also read: Unified Payment Interface (UPI): Made Simple

## Why there are still CSS?

Ideally, all CSS should go. Funds should flow to states without pre-conditions to ensure greater flexibility. The center will save on inter-mediation costs and in the long term, there would also be higher implementation efficiency in terms of outcome yields on every rupee

spent. But there are still Centrally Sponsored Schemes running on state subjects. The reasons are the following:

1. Keeping in mind that some of these schemes represent national priorities especially those targeted at poverty alleviation, Centre has decided that it will continue to contribute to such schemes.
2. The schemes mandated by legal obligations and those backed by Cess collection have been fully provided for.

## Finance Commission and Recommendations

Finance commission(FC) recommended **42 percent of Union Tax** as share to states (vertical devolution). But will FC deal with the split the 42 percent tax share among different states (horizontal distribution)? Shouldn't the BIMARU states get more money than the prosperous states? Who takes care of this? If you are not sure, please see our next article which discuss the Center-State financial relations.

- The objective of 14th FC has been to fill the resource gaps of each State to the extent possible through tax devolution.
- FC believe that while there are certain common factors that impact cost disability and fiscal capacity of States, there exist circumstances that are unique to individual States.
- FFC **did not** make a distinction between special and general category states in determining their norms and recommendations.
- However, FC have provided **post-devolution revenue deficit grants for States** where devolution alone could not cover the assessed gap.
- Hence, Normal Central Assistance, Special Plan Assistance, Special Central Assistance and Additional Central Assistance for other purposes are **subsumed** in the award itself.

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