

CENTRAL SCHEMES - ECONOMY

NEWS: The Union government is introducing new rules for how its schemes are funded and continued. The goal is to make sure **government money** is spent **more effectively**.

- **Third-Party Evaluation: An independent evaluation** is being done for all schemes fully funded by the Central government.
- **Niti Aayog Appraisal:** Niti Aayog is evaluating schemes that are jointly funded by the Centre and states (Centrally Sponsored Schemes).
- **Many Schemes Up for Review:** 54 Central schemes and 260 Centrally Sponsored Schemes, will be reviewed.

WHAT'S IN THE NEWS?

Key Changes for Scheme Continuation

- **Positive Results Needed:** Schemes will only continue if they have a **positive “evaluation report”** showing they’ve achieved their goals.
- **Clear Need to Continue:** There must be a **clear reason to keep the scheme going**, based on its performance or the need to expand its targets.
- **“Sunset Date” for All Schemes:** Every scheme will now have an end date.
 - **Wide Range of Schemes Affected:** This includes schemes in social sectors (health, education, women and child development, tribal welfare) and other sectors (agriculture, infrastructure, water, sanitation, environment, scientific research).

New Financial Limitations

- **Outlay Limits:** For continuing schemes, the total money planned for five years (over the 16th Finance Commission cycle) generally **shouldn’t be more than 5.5 times the average of annual expenditure made between the financial years of 2021-22 and 2024-25**,
- **Flexibility within Limits:** Ministries can ask for **more funds for one scheme if they reduce spending on another**, with proper **justification**.
- **“Fund-Limited Schemes”:** All schemes will operate **under a strict budget**, meaning the total money spent over the Finance Commission cycle **cannot exceed the approved amount**.

Impact on Demand-Driven Schemes (e.g., MGNREGA)

- **Outlay Based on Beneficiaries:** The budget for demand-driven schemes like MGNREGA will be set based on **the estimated number of beneficiaries** over the Finance Commission cycle.
- **Spending Restrictions:** Spending will be limited to the approved budget. Any unspent committed funds can be carried over to the next cycle within the approved outlay.

- **Approval for Increased Outlay:** If the number of beneficiaries increases **beyond projections**, Ministries must get specific approval from **the Department of Expenditure** to increase the budget.

Challenges in Measuring Effectiveness of schemes

- **Clear metrics:** Lack of clear metrics in measuring success indicators make it difficult to measure the true impact of the schemes.
- **Reliability issue:** Data manipulation and poor record keeping negatively impact evaluations due to which the actual outcome of the scheme is distorted.
- **Regional variations:** Effectiveness of the schemes vary across various states due to demographic factors, **local government, and socio-economic conditions**. A strategy that works well at one place may not produce desired results in another region.
- **Implementation Gap:** Corruption, administrative inefficiencies, resource constraints, and lack of ground level monitoring hinder proper execution of the government policies, ultimately reducing the benefits for the targeted **beneficiaries**.

Role of Beneficiaries, Civil Society, and NGOs in Social audit of schemes

- **Feedback:** The response from the beneficiaries helps a lot in assessing whether a policy is efficient enough **to meet their actual needs and improve livelihoods**.
 - Government agencies **use this data to frame tailored policies to meet the goal**.
- **Civil society role:** These organizations promote **transparency by highlighting loopholes, mismanagement, and inefficiencies within schemes**.
 - Their advocacy pushes authorities to take **action to address shortcomings**.
- **NGO Participation:** NGOs work on the ground level – they collect data, conduct audits, ensure inclusivity and effectiveness of the **policies, and engage directly with the communities**.
 - By doing so, they ensure whether marginalised communities benefit from policies or not and advocate fair allocation of the resources.

Fully Funded Central Schemes

- The Central ministries implement them directly, without state involvement in funding.
- They target national **priorities like defense, space research, and major infrastructure projects**.
 - **Examples: PM Kisan Samman Nidhi** (direct income support for farmers), **National Health Mission, and Pradhan Mantri Fasal Bima Yojana**.

Centrally Sponsored Schemes (CSS)

- These schemes are **partially funded by the Union government, with the rest contributed by state governments.**
- States implement them according to local requirements, with flexibility in execution.
- They focus on **state development** in sectors like education, agriculture, and social welfare.
 - **Examples: MGNREGA, Sarva Shiksha Abhiyan, Pradhan Mantri Awas Yojana (housing for all).**

Source: <https://www.thehindu.com/news/national/tamil-nadu/tamil-nadus-share-higher-than-union-governments-in-funding-for-6-central-schemes/article69690973.ece>