

## **The Context**

Over the years, the Government of India has been funding the developmental needs of the country through schemes and programmes. These schemes are mainly classified as the Central Sector Schemes, which are funded and implemented by the Central Government and the Centrally Sponsored Schemes, where the funding is jointly done by both the Central and State Governments and the implementation is done by the State Governments.

Currently, as per the Budget 2019-20, across the Government of India and its 73 ministries/departments or demand heads, there are close to 830 Central Sector (CS) outlays and Centrally Sponsored (CSS) outlays. Of these, there are 2 ministries/departments or demand heads where there are no CS/CSS outlays. Of the remaining 71 ministries/departments, there are 4 (D/o Atomic Energy, Ministry of Defence(Misc.), Capital Outlay on Defence Services, M/o External Affairs) which are strategic in nature and has about 64 CS/CSS outlays. Rest of the 67 ministries/departments have 766 CS/CSS outlays, of which there are 76 outlays which are either zero budget outlays or are just financial and accounting entries i.e. actual recoveries, funds, transfers, etc.

ABC analysis of these schemes clearly indicates that it is about 27% of the schemes with an annual outlay for FY 19-20 greater than Rs. 500 Cr. which constitutes about 96% of the total budget whereas rest of the 73% of the schemes constitute 4% of the budget. Of this as well, there are 45% of the schemes with FY 19-20 outlay lesser than Rs. 100 Cr. which constitute less than 1% of the budget whereas the schemes with FY 19-20 outlay between Rs. 100 to 500 Cr., which are 28% of the total number of schemes, constitute only about 3% of the total budget.

This highlights the presence of a large number of schemes with minimal budgets and which need to be rigorously evaluated for continuity and possible rationalization. In view of the same, it is proposed that all the schemes, below an average annual outlay of Rs. 100 Cr, should be taken through the Zero-based Budgeting wherein we request the ministries/departments to defend the existence and continuity of the schemes. Unless the schemes have a specific and unique value proposition and have consistent budget allocations, more than 90% utilization ratios and lastly, a good performance measurement system with clearly defined monitoring framework and are also regularly updating monitoring data backed with periodic evaluations for the schemes, these schemes should be closed down.

While the evaluation studies which as mandated, will provide inputs for rationalization, to the 15<sup>th</sup> Finance Commission, an in-principle rationalization, given the common agreement about the presence of significantly large number of schemes with minimal outlays at the highest level, needs to be conducted as highlighted during the meeting chaired by Additional Secretary, Sh. P K Das, Department of Expenditure, Ministry of Finance dt. 2<sup>nd</sup> July, 2019. DMEO, NITI Aayog, has been tasked with proposing a broad framework for conducting the in-principle rationalization of the CS and CSS schemes along with the process flow for executing the same.

## **Recommendations**

With reference to the above, the broad set of factors, based on an initial assessment by DMEO, NITI Aayog, using which, first set of recommendations for scheme rationalization can be developed are outlined below:

- (1) **Schemes with similar objectives:** Many of the schemes have similar objectives and hence, they should be merged together. These includes cases like:
  - a. In case of Department of Food and Public distribution, Ministry of Consumer Affairs, Food and Public Distribution, scheme for extending financial assistance to sugar mills for augmentation of ethanol production has a budgetary allocation of 100 Cr. as of BE 2019-20 and, under the Schemes of Development of Sugar Industries, Loans to Sugar Factories for production of Anhydrous Alcohol or Ethanol from Alcohol have been allocated 60 Cr. There is an overlap between this component of Scheme of Development of Sugar Industries and Scheme for financial assistance, and hence can be merged into one. Also, there is an overlap between the abovementioned scheme and Pradhan Mantri JI-VAN Yojana, an initiative of Ministry of Petroleum and Natural Gas, which aims to provide financial support to integrated bioethanol projects
  - b. In case Department of Agriculture Cooperation & Farmers' Welfare, Ministry of Agriculture & Farmers' Welfare, Market Intervention Scheme and Price Support Scheme (MIS-PSS) has a financial outlay of 3000 Cr. and is an ad hoc scheme for MSPs for horticultural crops and perishable agricultural crops, and PM-AASHA has a budgetary allocation of 1500 Cr., which covers agricultural crops with the same objective.
  - c. In case of Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Ease of Doing Business (e- Biz Project) scheme has a budgetary allocation of 106 Cr. and has an objective overlap with another scheme for Ease of Doing Business, that has a financial outlay of 1 Cr., and also have similar skill requirements. These two schemes can be easily merged.
  - d. In case of Department of Commerce, Ministry of Commerce and Industry, Cashew Export Promotion Council, which has a budgetary allocation of 1 Cr., can be merged with Agricultural Product Export Development Authority (APEDA) that has a financial outlay of 80 Cr. Also, Marine Products Export Development Authority and APEDA can also be clubbed together.
  - e. In case Department of Agriculture Cooperation & Farmers' Welfare, Ministry of Agriculture & Farmers' Welfare, National Project on Organic Farming (Rs. 2 Cr.) and Organic Value Chain Development for North East (Rs. 160 Cr.) should be merged with Paramparagat Krishi Vikas Yojana (Rs. 325 Cr.)
  - f. National Livestock Mission (Rs. 380 Cr) is an outlay in Department of Animal Husbandry and Dairying which should be merged with Livestock Health and Disease Control (Rs. 475 Cr.) and Livestock Census & Integrated Sample Survey (Rs 150 Cr.) outlays as well
  - g. Rashtriya Gram Swaraj Abhiyan (Rs. 771 Cr.) under the Ministry of Panchayati Raj Institutions should have Incentivization of Panchayats (Rs. 44 Cr.) as one of it's components

- h. Various schemes pertaining to Education Scholarships and Livelihoods under Ministry of Social Justice pertaining to SC/ST/Minorities should be moved to MHRD and NRLM/NULM respectively.
- i. Projects under NERUDP and Other Projects, two different heads under Ministry of Housing & Urban Affairs should be merged.
- j. Under Department of Higher Education, there are different schemes for promoting R&D in Science & Technology (IMPRINT), Pure Sciences (STARS) and Social Sciences (IMPRESS) but there should only be a single line item for promoting research across fields in Higher Education.

This can also be viewed from the perspective of schemes which are contributing the same national development goals or SDGs. Based on the nature of contribution to the SDG/National priorities and degree or extent of the contribution, a shortlist of potential schemes with common objectives can be identified and then, be further evaluated for merger or convergence.

- (2) **Schemes which have lost relevance:** Some the schemes were initiated to support certain sectors of the economy at a point in time. Now, with growing economy, some of these sectors have become self-sufficient and may not require the budgetary allocations. Some of these schemes also have very meagre allocations over the years. E.g. (1) Dept. of Commerce - Export Promotion schemes for Gems and Jewellery Sector (FY 19-20 allocation - Rs. 5 Cr.) (2) Dept. of Commerce - Export Promotion schemes for Footwear & Leather Sector (FY 19-20 allocation - Rs. 10 Cr.) (3) D/o Chemicals & Petrochemicals, Chemical Promotion and Development Scheme – Rs. 3 Cr. (4) D/o Chemicals & Petrochemicals, Promotion of Petrochemicals – Rs. 32 Cr.
- (3) **Schemes with minimal prima facie impact:** There are certain schemes where in the areas that they operate in, the role of the scheme and government funding has very limited role in terms of the intended outcomes and there is very little that can be done with the kind of budgetary allocations and hence, should be closed down. e.g. (1) Ministry of Environment, Forest & Climate Change, Pollution Abatement Scheme – Rs. 10 Cr. and (2) Ministry of Environment, Forest & Climate Change, Hazardous Substance Management Scheme – Rs. 15 Cr.
- (4) **Schemes which require funds' fungibility:** In certain ministries/departments, especially which are R&D oriented, the required flexibility and fungibility of funds across various areas of research should be facilitated through drawing of funds under a single budget head. For example, all the fund flow to Department of Agriculture Research & Education should be under 1 head i.e. a structure similar to CSIR. Given that the organization is into R&D in Agriculture sector, funds go unutilized under various heads and lack of fungibility across budget heads becomes a constraint. Hence, a single head funding with demand generation through bottom up proposals should be initiated.
- (5) **Schemes with similar implementation capacities:** In certain cases, the ground level capacities/skill requirements for implementation of certain closely related schemes is similar, if not the same. In such cases, schemes should be rationalized to enable greater ROI on the capacities deployed and reduce the administrative overhead.
  - a. For example, all the schemes pertaining to surveys/statistics generation from similar sources can be clubbed together e.g. Price and Production Statistics is an outlay under DIPP (Rs. 7 Cr.) and Survey, Studies and Policy Research is an outlay under Ministry of Small & Medium Enterprises (Rs. 2 Cr.). These schemes should be merged together.

- b. Similarly, a scheme on Development of Water Resources Information System should be merged with the National Hydrology Project, under the Ministry of Water Resources, River Development Ganga Rejuvenation, given that both of them focus on collecting data and statistics pertaining to Water Resources.
  - c. In case of Department of Consumer Affairs, scheme for strengthening of PDS operations, which has a financial outlay of 10 Cr., has similar objectives and also overlapping capacity and skill requirements as Integrated Management of Public Distribution Systems, which has an allocation of 50 Cr. These two schemes can be merged.
- (6) **Schemes rationalization based on value-chain analysis:** In some cases, the schemes should be completed restructured along the lines of the structure of the industry being targeted; so, in case of Ministry of Textiles, a value-chain approach should be taken with 4-5 schemes addressing the inputs/supply side, the manufacturing and supply chain, markets & export promotion and lastly, legal framework.
- (7) **CSS schemes with overlaps:** Also, in case of CSS schemes, we should look at the following principles for rationalization in addition to those mentioned above:
- a. For the schemes currently clubbed under a single Umbrella programme, what is the incremental benefit of having them as schemes separate and different from the Umbrella programme and can we think of merging these schemes with the broader Umbrella programme. For example, various schemes within the Department of Animal Husbandry and Dairying can broadly be clubbed under two groups - Schemes pertaining to Dairying and those related to Other Livestock (National Livestock Mission) within the department.
  - b. In case if some of the CSS schemes have an overlap with certain CS schemes OR with some of the State Government schemes, the same needs to be re-looked at for rationalization efforts. For example, in case of Price Stabilization Scheme which exists under the Department of Agriculture Cooperation & Farmers' Welfare, there are also initiatives like the Bhavantar (Price Deficiency Support Scheme) launched by MP government which have similar objectives and hence, based on the allocation of business rules, the relevance of CSS funds or it's convergence with State schemes needs to be thought through and assessed in that context for potential rationalization.
- (8) **Scheme rationalization based on forward & backward linkages:** Lastly, schemes across ministries/departments may have forward or backward linkages, especially those schemes pertaining to economic activities like Agriculture and Food Processing, MSME and Commerce related ministries, etc. These may be looked at for integration to unlock the synergy and value across these schemes through a potential merger. So, for example, the Integrated scheme for Agriculture Marketing needs to be integrated with Sampada scheme from the Ministry of Food Processing Industries for seamless supply chain and sourcing integration.

### **Process Flow for undertaking Rationalization**

In view of the above intended in-principle rationalization of schemes, it is proposed that a bottom-up exercise in developing recommendations for rationalization be conducted by the DMEO team members for each of the CSS schemes to begin with. The ministry/department wise allocation for the exercise of DMEO team members is attached herewith in **Annexure C**. Each of the scheme need to be analyzed using the details in the framework placed at **Annexure A**, which will be the first level of assessment. This will then be followed by a ministry/department-wise summary of the proposed plan for rationalization, to be prepared as per the proforma placed at **Annexure B**.



**Note:** For the schemes launched in the least 3-4 years, kindly ensure that all the outputs are exhaustively covered whereas for schemes which have been operational for more than 4 years, the achievement of the outcomes should be exhaustively outlined.

9. Reasons for non-achievement of outputs & outcomes in detail.

9a. Reasons for non-achievement of Outputs

9b. Reasons for non-achievement of Outcomes

10. Degree of contribution to the Sustainable Development Goals & National Development Agenda

**Relevance to the UN’s Sustainable Development Goals**

Sr. No.	SDG No.	SDG Target being contributed to	Degree of Contribution (On a scale of 1 to 5)	How does the scheme contribute to this target and explain the degree of contribution
1				
2				
3				

**Relevance to the National Development Agenda**

Sr. No.	National Development Agenda	Specific National Indicators / Targets being contributed to	Degree of Contribution (On a scale of 1 to 5)	How does the scheme contribute to this target and explain the degree of contribution
1				
2				
3				

11. List of other schemes which have similar/same objectives (in your ministry/department as well as in other ministries/departments)

<i>Sr. No.</i>	<i>Ministry / Department Name</i>	<i>Scheme Name</i>	<i>Scheme Type (CS or CSS)</i>	<i>Please explain which of the objectives are common and how?</i>
1				
2				
3				

12. List of other schemes which utilizes same/similar capacity/manpower/institutions/levers at the district/field level and hence can be potentially considered for merger (in your ministry/department as well as in other ministries/departments)

<i>Sr. No.</i>	<i>Ministry / Department Name</i>	<i>Scheme Name</i>	<i>Scheme Type (CS or CSS)</i>	<i>Please explain which of the capacities / institutions are common and how can they be leveraged?</i>
1				
2				
3				

13. Understand if the Scheme has lost it's relevance?

**Does your scheme intend to support private sector growth (e.g. Gems and Jewellery sector export promotion scheme)? If yes, does the sector need government support? Does the scheme still have relevance in the current state of economy and that sector?**

14. Does your scheme face issues due to non-fungibility of funds usage with other schemes i.e. do you think there are other schemes with which, if this scheme was merged, it would help both the schemes in better fund utilizations due to increased flexibility? Please mention the names of all these schemes to which your scheme is related in the above manner.

<i>Sr. No.</i>	<i>Ministry / Department Name</i>	<i>Scheme Name</i>	<i>Scheme Type (CS or CSS)</i>	<i>Please explain issues faced due to non-fungibility and how a merger with this scheme will help</i>
1				
2				

15. List the schemes (CS or CSS) with which the scheme under consideration can be merged because they are all a part of the same value-chain OR due to forward/backward linkages (e.g. schemes

in Ministry of Textiles, M/o MSME or D/o Commerce, D/o Agriculture Co-operation & Farmers' Welfare, etc.)

<i>Sr. No.</i>	<i>Ministry / Department Name</i>	<i>Scheme Name</i>	<i>Scheme Type (CS or CSS)</i>	<i>Merger due to (i) Value-chain analysis or (ii) Forward &amp; Backward Linkages</i>	<i>Explain the proposition</i>
1					
2					

16. Summary of Suggestions:

- (i) Do you recommend the closure of this scheme? (Yes/No) \_\_\_\_\_
- (ii) If response to Q16(i) is **'Yes'**, please provide the reason behind the decision (Either due to (a) Due to scheme non-performance (b) Due to Scheme losing it's relevance or (c) Others – please provide a reason)
- (iii) If response to Q16(i) is **'No'**, please summarize all the recommendations for scheme-wise merger, with respect to this scheme under consideration as in point no. 1 above.

<i>Sr. No.</i>	<i>Ministry / Department Name</i>	<i>Scheme Name</i>	<i>Scheme Type (CS or CSS)</i>	<i>Summarize the decision and reason for the decision.</i>
1				<p><i>Options are</i></p> <ul style="list-style-type: none"> <li>(i) <i>Merger – Due to common objectives</i></li> <li>(ii) <i>Merger – Due to common implementation mechanisms</i></li> <li>(iii) <i>Merger – Due to need for flexibility/fungibility</i></li> <li>(iv) <i>Merger - Due to value chain approach</i></li> <li>(v) <i>Others – customized explanation</i></li> </ul>
2				



**Annexure B –**

**Summary Proforma to be filled for Ministry/Department-wise recommendations for rationalization**

1. Ministry / Department –
2. Total CS/CSS outlay of the ministry/department (in Rs. Cr.) -
3. Number of CS and CSS scheme: CS \_\_\_\_\_ CSS \_\_\_\_\_
4. Based on the scheme-wise inputs received from the concerned scheme divisions as per the proforma given in Annexure A, M/o OR D/o \_\_\_\_\_, has the following summarized set of recommendations for scheme rationalization:

Sr. No.	Name of the CSS scheme from the concerned ministry / department	<p><i>Summarize the decision and reason for the decision.</i></p> <p><i>Options are</i></p> <p>(i) Merger – Due to common objectives</p> <p>(ii) Closure – Due to scheme non-performance</p> <p>(iii) Closure – Due to scheme losing relevance</p> <p>(iv) Merger – Due to common implementation mechanisms</p> <p>(v) Merger – Due to need for flexibility/fungibility</p> <p>(vi) Merger - Due to value chain approach</p> <p>(vii) Others – customized explanation</p>	Scheme Name with which merger is being proposed	Ministry / Department name of the scheme with which merger is being proposed	Scheme Type (CS or CSS) of the scheme with which merger is being proposed
1					
2					

**Annexure C – Teams for the exercise**

Sr. No.	Row Labels	Total no. of CSS	CSS Evaluation Sector Nodal	Team Member 2	Team Member 3
1	Ministry of Skill Development and Entrepreneurship	1	Kaumudi	Gaurav	Devika
2	Department of Rural Development	6	Amrit	Rajpal	Lav
3	Ministry of Labour and Employment	1	Kaumudi	Gaurav	Devika
4	Department of Agriculture, Cooperation and Farmers' Welfare	20	Harshala	J K Patel	Veenu
5	Department of Animal Husbandry, Dairying & Fisheries	14	Harshala	J K Patel	Veenu
6	Department of Home	2	Ishita	Manoj Pankaj	Meghanjali
7	Department of Law and Justice	2	Ishita	Manoj Pankaj	Lav
8	Ministry of Housing and Urban Affairs	5	Mamta	Thakur	Tanvi
9	Department of Social Justice and Empowerment	8	Ishita	Manoj Pankaj	Meghanjali
10	Department of Health and Family Welfare	8	Rawat	Deepak	Mamta
11	Ministry of AYUSH	1	Rawat	Deepak	Mamta
12	Ministry of Women and Child Development	23	Shivangi	Kapil	Veenu
13	Ministry of Environment, Forest and Climate Change	4	Sumitra	Kuldeep	Gunjan
14	Ministry of Tribal Affairs	4	Ishita	Manoj Pankaj	Surabhi
15	Department of Drinking Water and Sanitation	2	Vatsala	Chaurasia	Sumitra
16	Department of Water Resources, River Development and Ganga Rejuvenation	10	Sumitra	Kuldeep	Gunjan
17	Ministry of Minority Affairs	5	Ishita	Manoj Pankaj	Surabhi
18	Department of Land Resources	1	Sumitra	Kuldeep	Gunjan
19	Department of School Education and Literacy	9	Aakaash	Harish	Vatsala
20	Department of Higher Education	1	Aakaash	Harish	Vatsala