

Central Sector Scheme VS Centrally Sponsored Scheme

September 13, 2019

Source: *Kurukshetra Magazine*

Government schemes are broadly divided into two categories, i.e. Central Sector Schemes and Centrally Sponsored Schemes.

Central Sector Schemes

They are the schemes that are entirely and directly funded and executed by the central government. The schemes are formulated by the Centre, based on subjects from the Union List.

Besides, there are some other programmes that various Central Ministries implements directly in States and UTs which also comes under Central Sector Schemes. In these schemes, the financial resources are not shifted to states.

Examples of Central Sector Scheme

Some examples of Central Sector Schemes include Bharatnet, Namami Gange-National Ganga Plan, LPG connection to poor households, Crop Insurance Scheme, recapitalisation of public sector banks, family welfare schemes, labour welfare schemes, National Means cum Merit Scholarship Scheme, National Scheme for Incentive to Girl Child for Secondary Education, interest subsidy for short term credit to farmers, MRTS and metro projects, Pradhan Mantri Mudra Yojana and other credit guarantee funds, etc.

Central Sponsored Schemes

Centrally Sponsored Schemes on the other hand are schemes that are implemented by state governments. However, the cost of these schemes is borne on a shared basis in the ratio of 50:50, 70:30, 75:25 or 90:10. Under the cost ratio, the larger portion is always borne by the Centre. CSS is a system under

which the centre assists the state government financially to get schemes implemented.

Kinds of Central Sponsored Schemes and Ministries/Departments

Core of the Core Schemes:

1. National Social Assistance Programme (Department of Rural Development)
2. Mahatma Gandhi National Rural Employment Guarantee Programme (Department of Rural Development)
3. Umbrella Scheme for Development of Scheduled Castes (Department of Social Justice and Empowerment)
4. Umbrella Programme for Development of Scheduled Tribes (Ministry of Tribal Affairs)
5. Umbrella Programme for Development of Minorities
6. Umbrella Programme for Development of Other Vulnerable Groups

Core Schemes:

1. Green Revolution (Krishi Unnati Schemes and Rashtriya Krishi Vikas Yojana) (Department of Agriculture, Cooperation and Farmers' Welfare)
2. White Revolution (Animal Husbandry and Dairying) (Department of Animal Husbandry, Dairying and Fisheries)
3. Blue Revolution (Integrated Development of Fisheries)
4. Pradhan Mantri Krishi Sinchai Yojana (Department of Animal Husbandry, Dairying and Fisheries)
5. Pradhan Mantri Gram Sadak Yojana (PMGSY)(Department of Rural Development)
6. Pradhan Mantri A was Yojana (PMAY)
7. National Rural Drinking Water Mission(Ministry of Drinking Water and Sanitation)
8. Swachh Bharat Mission (SBM)
9. National Health Mission (NHM)
10. National Health Protection Schemeerstwhile RSSY(Department of Health and Family Welfare)

11. National Education Mission
12. National Programme of Mid Day Meal in Schools
13. Integrated Child Development Services (Ministry of Women and Child Development)
14. Mission for Empowerment and Protection for Women (Ministry of Women and Child Development)
15. National Livelihood Mission – Aajeevika
16. Jobs and Skill Development
17. Environment, Forestry and Wildlife
18. Urban Rejuvenation Mission: AMRUT – Atal Mission for Rejuvenation and Urban Transformation & Smart Cities Mission
19. Modernisation of Police Forces
20. Infrastructure Facilities for Judiciary (Ministry of Law and Justice)

Optional Schemes

1. Border Area Development Programme (Ministry of Home Affairs- Police)
2. Shyama Prasad Mukherjee Rural Mission (Department of Rural Development)

Funding Pattern under Centrally Sponsored Scheme

Core of the Core Schemes: These schemes comprises six umbrella schemes. After restructuring (as recommended by sub-group of CMs), the Core of the Core schemes will retain their expenditure allocation framework. Most of these schemes prescribes specific financial participation by states. For example, in the case of MGNREGA, state governments have to incur 25% material expenditure.

Core Schemes:

- For 8 North Eastern States and 3 Himalayan States: Centre: State: 90:10
- For other States: Centre: State: 60:40
- For Union Territories (without Legislature): Centre 100%

and for UTs with legislature existing funding pattern would continue.

Optional Schemes:

- For 8 North Eastern States and 3 Himalayan States:
Centre: State: 80:20
- For other States: Centre: State: 50:50
- For Union Territories:

1. (without Legislature) – Centre 100%
2. Union Territories with Legislature: Centre: UT:80:20

Recommendations of the Sub-Group of Chief Ministers on Rationalization of Centrally Sponsored Schemes (CSSs)

The Sub-Group was set up in pursuance of the decision taken in the first meeting of the Governing Council of NITI Aayog held on 8th February 2015. The Guiding Principles of the Sub-Group had been to resolve the issues between the Union and the States /UTs and to work as Team India in the spirit of Cooperative Federalism towards realization of the goals of VISION 2022 when we will celebrate the 75th year of Independence

The major recommendations of the Sub-Group are as under:

- **No. of Schemes:** The total number of schemes should not exceed 30.
 - **The categorisation of Schemes:** Existing CSSs should be divided into Core and Optional Schemes.
1. **Core schemes:** Focus of CSSs should be on schemes that comprise the National Development Agenda where the Centre and States will work together in the spirit of Team India.
 2. **Core of the Core Schemes:** Those schemes which are for social protection and social inclusion should form the core of core and be the first charge on available funds for the National Development Agenda.

Optional Schemes: The Schemes where States would be free to choose the ones they wish to implement. Funds for these schemes would be allocated to the States by the Ministry of Finance as a lump sum.