

CHAPTER 3A

DEVELOPMENT INVESTMENT IN STATE OUTSIDE STATE PLAN: CENTRALLY SPONSORED SCHEMES & PUBLIC – PRIVATE PARTNERSHIP

3a.1 The Eleventh Plan document proposed to increasingly tie the central assistance to 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 1/6th of the NCA. However, of the central assistance of Rs.3 lakhs 25 thousand crores, proposed in the Eleventh Plan, as much as 1 lakh 82 thousand crores – 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 Yojana, BADP, AIBP, Accelerated Power Development & Reform Programme, JNNURM, BRGF and so on. Thus actual untied assistance is only 1/7th, a complete reversal of the direction NDC had earlier taken.

3a.2 If the ACAs and SCAs, and EAPs, MPLAD scheme and Central Road Fund assistance are taken away, the actual untied central assistance to States Plans comes down to only Rs.1 lakh 11 thousand crores, which is 8% of the Centre's Gross Budgetary Support. It is also pertinent to point out that 1 lakh 11 thousand crores is only 10% of the States' own resources for the 11th Plan. This is the only and truly untied assistance available to the States.

3a.3 The ever-increasing size of CSSs amounts 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 Centrally Sponsored Schemes now make policy prescriptions. Even if some of them may be well-meaning, it is still a conditionality imposed upon the States. Examples of these are the conditionality of municipal taxes with regard to JNNURM, to water rates with regard to AWSRP etc. Fourth, some schemes now even seek to control non-Plan allocations made by the States. NRHM is the prime example of this. In fact, the 11th Plan

document itself states, at Para 1.3.1, that the Central Government should engage more intensively with the State Governments on non-Plan expenditure.

3a.4 One size does not fit all, and just this truth should be sufficient to minimise CSSs, which are designed to be applied across all the states on a similar, rigid pattern. The prime example is the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) which does not take into account, for instance, the vast area that villages in the desert occupy.

3a.5 Nonetheless, it is important to document Plan expenditure under Centrally Sponsored Schemes in the State Plan documents as CSS expenditure is invested in development of State. Centrally Sponsored Scheme assistance is provided through the State Government budgets. A large number of Centrally Sponsored Schemes are however so structured now that the assistance available to States is passed on directly to the agencies created specifically for implementation of Centrally Sponsored Schemes or to other agencies like Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs). Such Centrally Sponsored Schemes assistance, is transferred by Central Government directly to implementing agencies by-passing the State Budget.

3a.6 There are several major Centrally Sponsored Schemes implemented by the Government of India in such mode. To name a few such Centrally Sponsored Schemes: Sarva Shiksha Abhiyan is transferred directly to State level SSA agency – the Rajasthan Council of Elementary Education, and the amount available for the year 2007-08 for Rajasthan is over Rs.1000 crores in this scheme alone. Similarly, large amounts of assistance are available under major Centrally Sponsored Schemes of NRHM, NREGS etc.

3a.7 It has been realized that it is important to bring information relating to such major Centrally Sponsored Schemes in the Annual Plan document of the State Government. The expenditure under such Centrally Sponsored Schemes is Plan expenditure of the Central Government and is indeed development expenditure for the State. An exercise has been conducted to identify the Centrally Sponsored Schemes under implementation in the state of Rajasthan where the central assistance for such schemes is by-passing the Budget and is delivered directly to implementing agencies. The statement is at Table 3a.1.

Table 3a. 1
CSS Funds received directly to the Executing Agency
(Rs. in crores)

	Project/Scheme	Eleventh Plan Outlay	Outlay 2007-08	Proposed Outlay 2008-09
1	ATMA Project	22.50	5.40	-
2	Macro Management	160.00	30.87	29.00
3	National Horticulture Mission	218.17	68.10	42.50
4	SGSY	172.50	51.49	52.24
5	DDP	900.00	123.00	165.00
6	SGRY	840.00	141.00	141.00
7	DPAP	132.00	25.50	27.00
8	Wasteland Dev. Project	154.00	18.70	40.70
9	Indira Awas Yojana	421.38	88.79	93.23
10	DRDA Administration	104.70	17.10	17.96
11	NREGS	7200.00	720.00	3150.00
12	PMGSY	2632.00	1300.00	1300.00
13	Rajasthan State Council on Science and Technology	2.75	0.54	0.53
14	CAPE	0.80	0.15	0.17
15	National Resource Info System	2.09	2.09	-
16	Regional SC Centres	5.75	0.50	-
17	SSA	4189.46	821.42	1130.56
18	CE (Adult Education)	14.49	0.79	13.32
19	NRHM	5992.24	547.46	766.44
	Total	23164.83	3962.90	6969.65

3a.8 As per Table 3a.1, State agencies are to receive an amount of Rs. 3963 crores in aggregate for the year 2007-08 RE and is expected to receive an amount of Rs. 6970 crores for the financial year 2008-09 BE.

3a.9 Some of the major programs are as follows:

3a.9.1 **Indira Awas Yojna:** Under this 75% weightage is given to housing shortage and 25% to poverty ratio, for the District level allocation, 75% weightage is given to housing shortage and 25 % to the SC/ST of the

population. The scheme is implemented with a centre – state share of 50:50 and moneys are directly transferred to the bank accounts of Zilla Parishad.

3a.9.2 National Rural Health Mission: The mission was launched in May,2005 with the objective of increasing the availability and access to quality health services to all sections of the society. Under this mission 18 focused States which have weak public health indicators / or weak infrastructure have been identified, Rajasthan is among the identified States. The scheme is implemented with a centre – state share of 85:15 and moneys are directly transferred to the NRHM society.

3a.9.3 Sarva Shiksha Abhiyan: This programme tackles backwardness in primary education through formulation of District Plans based on habitation level plans which are to be prepared on the basis of gaps in infrastructure for which norms have been laid down with the objective to attain Universal Elementary Education in the Country by 2010. The initiative to universalize and improve quality of Education adopting a time bound strategy. The programme lays emphasis on bridging all gender and social category gaps at the elementary education level. The scheme is implemented with a centre – state share of 65:35 and moneys are directly transferred to the Rajasthan council of Elementary Education.

3a.9.4 Pradhan Mantri Gram Sadak Yojana: This is based on, inter-alia, a weightage 75% for need (Share of Unconnected Habitation in the total unconnected habitation of the Country) and 25% on coverage (Share of Connected Habitation in the total unconnected habitation in the country) .The programme was launched in December, 2000 to provide all weather access roads to unconnected habitation with primary objective of providing connectivity in the rural area with a population of 500 and above, and in respect of desert and tribal areas with a population 250 and above. The scheme is implemented with a 100 percent central allocation and moneys are directly transferred to the bank accounts of the State Rural Roads Development agency.

3a.9.5 National Rural Employment Guarantee Programme: The programme provides an opportunity for employment and to create rural asset that would support the rural economic activity. The availability of funds on demand distinguishes this programme from other schemes. The scheme is implemented with a centre – state share of 90:10 and moneys are directly transferred to the bank accounts of Zilla Parishad.

3a.10 In fact the allocation of Rs. 9923.70 under C.S.S. (including those by-passing the State budget) during Xth Plan has increased by over 200% in the XIth Plan with the increase in the corresponding State's matching share by over 269%.

Table 3a. 2
C.S.S. Allocation to Rajasthan

(Rs. In Crore)

	C.S.S.	Matching State Share
Xth Plan (2002-07)	9924	2394
XIth Plan (2007-12)	33918	8838
Annual Plan 2008-09	8707	1820

Plan expenditure through Public Private Partnership (PPP) Project

3a.11 Several projects of public investment are now being implemented in the Public Private Partnership mode. To get a better picture of the Plan investment taking place in the State, it is necessary to also bring out the investment taking place through PPP projects. In Rajasthan, projects under implementation in the Public Private Partnership mode are documented in chapter-3. For example in the State's mega highways project, against an investment of Rs. 1600 crores, the state government's contribution is limited to a Rs. 240 crores interest free loan and an equity contribution of Rs. 25 crores. Thus an investment of over Rs. 1300 crores is being made on public works without it being contributed by the Government.