

12-9-2019 Q:- In the Context of 7th Schedule of the Indian^(IP) Constitution, there is a requirement for the rationalisation of spending of government schemes for optimal resource allocation. Analyse (200 words)

The Seventh Schedule of the Indian Constitution specifies the allocation of power and functions between the Centre and the States. It consists of Union list (100) - power of parliament, State list (62) - power of State government and Concurrent list (52) - both State and Centre (~~demore~~ residuary power).

● ISSUES & CONCERNS IN GOVERNMENT SCHEMES.

In Indian System of governance there is a federal flexibility in the government spending.

1. Central government announces schemes either Central Sector (CS) or Centrally Sponsored Scheme (CSS) for the country development.

The former is 100% Union govt. expenditure and later, ~~the~~ expenditure is borne by the Centre and States bear rest.

1.1 In CSS part of schemes → it reducing the State Subjects. For example - Agriculture Schemes like GREEN REVOLUTION ~~FLASHSHIP~~ UNDERUA SCHEME.

2. Some of the Central govt bills directly affect the State Subjects. For example :- GST and VAT.

3. Before making ^{law} on Concurrent list the Centre should consult the State. But, the residuary power with Centre, in case of taxation (like CESS and SURCHARGE)

A. Even National development Council ^(now says) there is a difficulties for state finding resources to ~~to~~ meet their share on expenditure on CESS. [Ex: - M.P state $\rightarrow$ returns PMAY 25%]

5. CESS have concession for states like North east and Himalayan states (~~60:40~~ ^{90:10}) versus other states (60:40)

5.1 But it failed $\rightarrow$ to match with the performance-based incentives and same share for different states (For. $\uparrow$ population UP and $\downarrow$ population Goa $\rightarrow$ same CESS).

NEED FOR RATIONALISING SPENDING:-

1. Chaturvedi report (Planning Commission 2001) - ~~says~~ suggested on restructuring of CESS by 9 flagship schemes (MNREGA, IAY, etc) $\rightarrow$ CESS and other 6 schemes (JNNURM, RKVY etc) $\rightarrow$ CESS and scrap all other.

2. NITI Aayog 2015 $\rightarrow$ report on rationalisation of CESS. Existing CESS should be restructured and maximum of 30 under it. All schemes $\rightarrow$ "Umbrella Scheme" $\rightarrow$ with a Uniform funding pattern.

3. NDC 3rd Meeting $\rightarrow$ suggests $\rightarrow$ A large number of schemes were sponsored by other ministers also. For ex: - training scheme of Ministry of health shared by Ministry of Home Affairs.

For every CSS, the Union govt. should consult with ~~at~~ all states at an appropriate forum.

Thus, the 7th Schedule was product of historical circumstances. Why should there be CSSs for items in the state ~~list~~ list (such as health)? If the Union govt. should contribute for health because it is nationally important, why should states not contribute for defence?

The discussion for rationalisation of CSS is need now because the present CSS basket expired on 2020, need to plan in advance. There is an optimal level of governance at which public goods are best provided.