

In the context of 7th schedule of the Indian constitution, there is a requirement for the rationalisation of spending of government schemes for optimal resource allocation analysis.

Constitutional democracy and federalism has been the pillar of stable growth of India. Understanding socio-economic development, 7th schedule has divided the powers to make a difference between centre and state. Furthering this commitment by attaining SDG targets, slew of schemes have been introduced.

Centrally sponsored schemes, introduced in 1960, whereas undergone several pruning as the economy, society has progressed on indicators of development. With tight fiscal prudence, a further rationalisation has been called for, to fine tune rationale.

Need for rationalisation:-

1) Fiscal constraints:-

There are 28 core ~~of~~ CSS with several sub policies. Huge amount of expenditure for them, amounts to revenue deficit, finally affecting fiscal deficit target.

2) Time period of CSS bucket:-

The current CSS scheme bucket is said to expire in March 1, 2022. This is done to keep in tandem with Finance Commission cycles. Further definite time period expeditious implementation.

3) Burden on state governments:-

- Centrally sponsored schemes rationale is to avail support centre in big tickets projects like electricity, infrastructure.
- The state governments often feel constrained to contribute their share on account of lower tax revenue source in accordance to 7th schedule.

example:- UDAY schemes throw light on dismal state affairs in handling electricity subsidies

4) Rigid schemes and funds devolution:-

The centrally sponsored scheme do not provide flexibility to states in implementation to solve their tailor made problems. These funds have been diverted, misused, poorly implemented
example:- PM KUSUM in subtropical climate areas.

5) Breeding inequality:-

Devolving same amount to all states equally widens ^{gap of} rich-poor performing states. Unequal socio economic development, perpetuates the problem and fund wastage.

example:- Literacy programs need focus on BIMARU states.
 South states have outperformed well.

6) No rigid outcomes:-

Schemes have become a tool for populist agenda. SDG report by NITI AAYOG shows, India still lags in most of the indicators vital for economic growth

Thus, the rationalisation of spending, can be brought about by restructuring as recommended by subcommittee of NITI AAYOG, which says

- 1) Performance based incentives for states
- 2) State led model of implementation
- 3) Coordination committee of center and states
- 4) Renew, outcome based plans

Optimal resource allocation breeds responsibility to states, bringing solid outcomes, shirks ~~past~~ away mutual blame game.