Central Government kickstarts the five-yearly process of appraisal and approval of Centrally Sponsored Schemes (CSSs) and the Central Sector Schemes (CSs)

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The Department of Expenditure, Ministry of Finance, today organised a half-day workshop with the Secretaries of various Ministries and Departments of the Government of India, and initiated an elaborate exercise for ‘Appraisal and Approval of the Centrally Sponsored Schemes (CSSs) and the Central Sector Schemes (CSs)’ for their continuation over the next five years. The new five year cycle will start on 1st April 2026 and is aligned with the 16th Finance Commission (FC) cycle.

The workshop was chaired by the Cabinet Secretary Dr T.V. Somanathan. Shri Ajay Seth, Finance Secretary and Secretary, Department of Economic Affairs; Shri Vumlunmang Vualnam, Secretary, Department of Expenditure, and Secretaries of various Ministries and Departments of the Government of India attended the workshop. Financial Advisors of various Ministries and other senior officers were also present.

The policy of evaluation of ongoing schemes and having a sunset date for each scheme was articulated by the Government of India in the Union Budget Speech of 2016, which stated that in order to improve the quality of public expenditure; every scheme will have a sunset date and an outcome review. Accordingly, the schemes have been aligned with the Finance Commission cycles and its continuation is based on the evaluation of each scheme by a third party.

During the meeting, the Cabinet Secretary emphasised on the rigour of the evaluation process and urged the Secretaries to use its recommendations to recalibrate the design, architecture of the scheme, remove redundancies and ineffective suboptimal interventions, merge schemes and close schemes which have either outlived their utility or have fulfilled their objectives. This will enable optimum deployment of scarce public resources.

The Department of Expenditure provided a brief overview of the availability of financial resources. Secretaries were informed about the norms likely to be used for deciding the resource envelops of each Department/Ministries for its schemes over the next five year cycle. There are 54 CSSs and 260 CSs which have their terminal date of approval till 31.03.2026 and are likely to be submitted to re-appraisal. A majority of these will also require fresh approval of the Cabinet. Schemes cover a wide gamut, from social sectors like health, women and child development, school and higher education, tribal welfare to agriculture sector, urban and rural infrastructure, water and sanitation, environment, scientific research etc.

The Department of Expenditure stressed upon the quality and effectiveness of public expenditure and in this context highlighted that such exercise in the past had allowed the Central Government to enhance its capital expenditure substantially which now stands at Rs. 11.21 lakh crore for FY 2025-26 (BE).

Various policy priorities of the Government of India like challenge mode of financing for schemes, universal Aadhaar-based Direct Benefit Transfer (DBT), convergence of various schemes for having a greater impact, eliminating duplication, attaching conditionalities to drive reforms and aligning the scheme objectives with the larger goal of India @100 were discussed at length. The implementation of the concept of just in time, release of funds and avoiding parking of funds was also emphasised. This will enable deployment of the savings thus accrued for new schemes or expansion of ongoing schemes

The Government of India has been funding the development needs of the country through various CSSs and CSs. While in case of CSs, the government of India bears 100 percent of the cost, in case of CSSs, the scheme expenditure is shared in a predefined ratio between the central and the state governments. It has been a constant endeavour of the Ministry of Finance to enhance the quality of expenditures made under schemes through contemporaneous design and architecture and better targeting.

As per stated policy of the Government, the Development Monitoring Evaluation Organisation (DMEO) in NITI Aayog is conducting evaluations of the CSSs while the evaluation of the CSs is being conducted by third-party agencies selected by the Ministries concerned

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