

3rd-party evaluation must for Central schemes to go on beyond March 2026

The meeting, which was attended by Secretaries of Government of India and Financial Advisors, discussed the appraisal and approval process of CSS and CS for the 16th Finance Commission cycle (2026-31).

Written by [Harikishan Sharma](#) [Follow](#)

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The Ministries and Departments have been informed that in the 16th Finance Commission cycle (2026-31), they will receive allocation 5.5 times their average actual annual expenditure during the last five fiscal years (2021-22-2025-26).

As the government prepares to prioritise its schemes for the 16th Finance Cycle starting on April 1st next year, the Ministry of Finance has told all ministries and departments that no **Centrally Sponsored Scheme (CSS)** or Central Sector Scheme (CS) will be considered for continuation beyond March 31st, 2026, unless a third-party evaluation of the scheme is carried out.

This was conveyed to all Secretaries of the Government of India and Financial Advisors (FAs) during a meeting chaired by Cabinet Secretary TV Somanathan on Thursday. The meeting, which was attended by Secretaries of Government of India and Financial Advisors, discussed the appraisal and approval process of CSS and CS for the 16th Finance Commission cycle (2026-31).

Before the meeting, the Department of Expenditure had circulated to the ministries “a note on the points to be discussed in the meeting and context”.

“No Scheme (CSS and CSs) which is to continue over the next FC cycle will be taken up for appraisal unless a Third Party evaluation of the scheme is conducted. The Evaluation Report must demonstrate positive ‘outcomes’ as well as the need for continuing the scheme in view of its mandate and performance,” reads the note.

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According to sources, NITI Aayog, the government’s top think tank, is currently conducting evaluation of the CSSs. This exercise is to be completed shortly and the draft reports will be shared with the respective ministries and departments, the sources said.

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NITI Aayog officials present in the meeting, made a PowerPoint presentation on the ongoing evaluation studies.

The sources say that ministries and departments have been asked to conduct evaluation studies of their schemes by the end of July this year and get approval for continuation of schemes beyond March 31, 2026 from the Expenditure Finance Committee (EFC) before the start of the budget making process.

EXPLAINED

Average spending calculation

The Ministries and Departments have been informed that in the 16th Finance Commission cycle (2026-31), they will receive allocation 5.5 times their average actual annual expenditure during the last five fiscal years (2021-22-2025-26).

During the meeting, several ministries are learnt to have sought higher allocation for their programs. For instance, the Ministry of Health and Family Welfare sought additional funding for vaccinations, it is learnt. When officials from several ministries made demands for higher allocation in the next Finance Commission cycle, the Cabinet Secretary is learnt to have made a remark that they should propose realistic outlays and not “inflated” figures while seeking outlay for the next five years.

In November 2023, the government approved the constitution of the 16th Finance Commission. It is expected to make its report available by October 31, 2025. The recommendations of the 16th Finance Commission will be for a period of five years commencing on the 1st day of April, 2026.



Harikishan Sharma

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Harikishan Sharma, Senior Assistant Editor at The Indian Express' National Bureau, specializes in reporting on governance, policy, and data. He covers the Prime Minister's Office and pivotal central min

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