

# GUIDELINES FOR THE FORMULATION OF ANNUAL PLAN (2025-26)

The process of formulation of the Annual Plan 2025-26, i.e. the fourth year's programme of the Fourteenth Five Year Plan (2022-27) has been started by the State Planning Board. The formulation of the Annual Plan for 2025-26 should be completed within the stipulated time frame. Departments should adhere to the guidelines while furnishing scheme proposals for the next Annual Plan.

## 1. General Guidelines

- 1.1 The Annual Budget of the State Government for the year 2025-26 will be presented in the Legislature in the last quarter of the current financial year. The process of formulation of the Annual Plan 2025-26 will have to be completed in accordance with the guidelines and within the stipulated time limit even before the presentation of the Budget.
- 1.2 The plan discussions with the Heads of Departments will be held in October 2024 and the discussions between the Vice Chairperson, Ministers and Government Secretaries will be held in November 2024 at the State Planning Board. The schedule of discussions will be intimated in due course.
- 1.3 The size of the proposed outlay of the Annual Plan 2025-26 will be decided after discussions with the Finance Department on scheme of financing. Therefore, schematic outlay proposed by the departments for the Annual Plan 2025-26 will be finalised after the Minister level discussions by analysing the size of scheme of financing and considering the priority areas for the year 2025-26. Therefore, the current year's outlay can be considered as a tentative ceiling for the Annual Plan proposals 2025-26.

## 2. Aggregate Plan

From 2014-15 onwards all the Central Assistance to the State was transferred through the public exchequer instead of direct transfer to Heads of Departments/ Implementing Agencies. Accordingly, the State Plan resources are much larger than in earlier years and renamed as **Aggregate Resources**, which includes the **State Plan** and **Central Assistance**, instead of State Plan alone. Further, the Department of Expenditure, Ministry of Finance, GoI had issued revised procedure for release of funds to States for the centrally sponsored schemes (CSS). The new procedure was effective from July 1, 2021 and the Ministries/Departments will release the central share for each CSS to the State Government's account held in the RBI for further release to the Single Nodal Agency's (SNA) account. In 2023-24, central share of the CSS viz. Post Matric Scholarship to Scheduled Caste Students (60% CS), Jal Jeevan Mission (50% CS), and Pradhan Manthri Mathru Vandana Yojana (60% CS) have been released directly to the SNA account of the implementing agencies & heads of accounts for central assistance were delinked from Budget 2023-24. In such cases, central share of the CSS is not included in the Aggregate Plan Resources.

### **3. Principles for Allocation of Funds**

Sector/Sub-sector/Scheme-wise allocation of Plan funds will be broadly on the basis of the principles approved by the State Planning Board and the Government. Physical and financial performance of the schemes will be considered for due weightage.

### **4. Important Guidelines**

#### **4.1 Major Objectives**

The State has had to confront multiple challenges with respect to natural disasters, the COVID-19 pandemic and limited financial resources, and setbacks caused by adverse policy stand from the Centre. Yet, Kerala has been acclaimed for its remarkable achievements in several spheres. As Kerala enters the third decade of the 21st century, it has to face a unique set of challenges for all-round development in a scientific and rational manner. While deepening and extending its achievements in human development, these gains will be used as a foundation to create employment opportunities, particularly for the youth, to enhance productive forces and increase incomes from production in agriculture, industry and income-bearing services, and to build infrastructure. The State has to increase its investment in infrastructure significantly to generate funds for social welfare schemes from revenue earned through capital investments and thereby for the creation of a new Kerala (Navakeralam). Infrastructure development must be resilient in the face of climate extremes. Disaster prevention must be ensured in the development process and should not come as an afterthought.

The general approach of the Plan is premised on the principle that no one should be excluded from the development process. Climate change and disaster management are also becoming part of the development paradigm. The 14th Plan will help to meet the challenge of sustainable development scientifically and logically. The challenges include eradicating extreme poverty, building an employable and productive economy, modernising higher education, and creating better employment avenues for the youth.

Empowering women and promoting gender equality in every sphere of life are essential to improving their lives and achieving the Sustainable Development Goals. The Government is set to identify such marginalised people and devise micro-plans to help them transcend the poverty line.

The Heads of Departments may critically review the programmes/schemes/projects in each sector and analyse the benefits gained from each scheme in the previous plan periods and also ensure the need of continuance of the particular scheme in the Annual Plan (2025-26). Programmes/schemes may be rationalised to bring economy measures wherever possible. While preparing plan proposals, priority should be given for the completion of ongoing schemes. Efforts should be taken to reduce the number of schemes by merging schemes and components having similar composition. All such schemes and components may be merged without losing flexibility in implementation. Initiatives may also be taken for winding up long pending (unproductive and unwanted) schemes/projects. Departments can design and submit their plan proposals in line with the latest policies and priorities of the State Government.

The plan proposals of each scheme should indicate objectives, physical and financial targets, period of implementation, specific sources of funds, performance indicators and outcomes. The scheme write-up should be comprehensive covering all the components of expenditure so that a complete picture of the financial requirements would be available. A performance appraisal report of the schemes of Annual Plan 2023-24 and review report of schemes during the first half of the Annual Plan 2024-25 also needs to be furnished. The Heads of Departments should take necessary steps to incorporate relevant components in the plan schemes to achieve the Sustainable Development Goals (SDGs).

Head of Departments may provide due care to include new components/items as part of the existing schemes. Only indispensable items should be included as new schemes. Similarly, salary components and recurring expenditure should not be included in plan proposals. New schemes or expansion of existing schemes may be taken up on the basis of Approach Paper for the 14<sup>th</sup> Five Year Plan and recommendations of the Working Group Reports.

#### *Approach Paper for the Fourteenth Five Year Plan (2022-2027)*

Approach Paper for the Fourteenth Five Year Plan (2022-27) lays down the broad policy of the plan and specifies the development vision of the State Government for the Fourteenth Five Year Plan period (2022-2027). Sector/Sub sector wise broad approach and strategy are specified in this document. Hence, departments may propose schemes/programmes in accordance with the vision and objectives laid down in the Approach Paper.

#### *Working Group Reports for the Fourteenth Five Year Plan (2022-2027)*

As part of the formulation of the Fourteenth Five Year Plan, Working Groups under different sectors/subsectors had been constituted and its reports were published. The Working Group reports revealed the current status of the sector/subsector/schemes, issues confronting the sector, recommendations for starting new initiatives/schemes/projects, remedial and revamping measures required to be undertaken in a sector. Departments may consider the recommendations of Working Groups while preparing Annual Plan proposals for 2025-26. The working Group reports are available in the State Planning Board website. ([www.spb.kerala.gov.in](http://www.spb.kerala.gov.in))

## **4.2 Centrally Sponsored Schemes**

Government of India has restructured the Centrally Sponsored Schemes (CSS) by merging similar schemes/scheme components in 2022. While furnishing plan proposals for the Annual Plan (2025-26), the departments may ensure that the schemes are in conformity with the rationalised CSS approved by the Government of India. Due care should be taken to ensure that only those schemes of Government of India which are currently operational are proposed to be included in the Budget for 2025-26. If it is a new scheme pending approval of the Government of India, details of the scheme forwarded to the Government of India may also be furnished. Departments may also explore the possibility of availing assistance under centrally sponsored schemes which are not yet available to the State, if the guidelines of the schemes are applicable to the State. Proposals for any existing or new CSS in the Annual Plan 2025-26 should reflect the latest changes in the scheme guidelines including a change in their name, if any.

### 4.3 Externally Aided Projects

State Government seeks financial assistance from various external sources including international donors to bridge the resource gap for development programmes. The World Bank, Japan International Co-operation Agency (JICA), Asian Development Bank (ADB) etc. are some of the major donor agencies that have been funding different projects of the State like education, irrigation, urban development, drinking water supply, waste management, power and Kerala State Transport Project (KSTP). External assistance is an important component of Plan assistance and is routed through Government of India and made available to the State through a budgetary mechanism. The external loans are now available to the State on the same terms and conditions as granted by the lending agencies on back to back basis. Externally Aided Projects included in the Annual Plan should get sanction in all respects from competent authorities.

### 4.4 SCSP/TSP/Ambedkar Settlement Development Scheme

The outlays under Scheduled Caste Sub Plan (SCSP), Tribal Sub Plan (TSP) and Ambedkar Settlement Development Scheme (erstwhile ATSP) are mainly allocated to the respective Head of Departments and LSGIs. Departments / Institutions which require allotment from *Pooled Fund* under SCSP/TSP should submit detailed proposals separately indicating objectives, physical and financial targets, period of implementation, sources of funds and outcomes etc. as contained in G.O. (P) No.44/2009/SCSTDD dated 19.06.2009 and G.O. (Rt) No.2964/2017/SCSTD dated 21.11.2017.

### 4.5 Gender and Child Responsive Plan

Gender Budgeting is perceived as an integral part of the Planning process. It is necessary to analyse how effectively gender aspect is introduced in all Government policies, programmes, and budgetary allocation in response to the needs and concerns of women. The initiative on Gender Responsive Budgeting aims at categorisation of specific schemes/ components/ programmes with a direct focus on women and girls. Specific need based programmes to address the concern of women/girls shall be included where ever feasible. **The amount/percentage allocated for women component should be specified in the Plan write-up and the details shall be furnished in the prescribed proforma. (Proforma IA & IB)**

4.6 Budget for children helps in assessing the allocations for child focused programmes/schemes, which are meant exclusively or largely for children (up to 18 years of age) in different areas like survival and health of children, early childhood care and development, education, protection of children in difficult circumstances and the problem of adolescence. Amount allocated for children shall be specified in the write-up and details shall be furnished in the prescribed proforma **(Proforma II)**.

4.7 Kerala is the first State to frame a transgender policy in India. Specific programmes/schemes may be proposed for mainstreaming transgender persons into the society. The details may be furnished in the prescribed proforma **(Proforma III)**.

### 4.8 Duplication of Plan Schemes

State Planning Board has conducted a workshop and identified several overlapped and duplicate schemes under Annual Plan Budget 2022-23. On the basis of this workshop a report has been prepared which includes the duplicating schemes. In this regard, all Heads of Departments are requested to ensure that no scheme or component or objective shall repeat on other schemes while preparing the Annual Plan Proposal 2025-26.

#### **4.9 Zero Expenditure Schemes**

An analysis of schemes under Thirteenth Five Year Plan (2017-22) and first year (2022-23) of the Fourteenth Five Year Plan revealed that several schemes with adequate outlay had no expenditure in consecutive years. It is also observed that schemes are proposed without considering the actual need and feasibility of implementation. State Planning Board has initiated the task of identifying schemes with zero expenditure during the above period. Hence all Heads of Departments should critically evaluate proposals in accordance with the necessity, viability, and importance of the scheme.

#### **5. Planspace**

Planspace ([www.planspace.kerala.gov.in](http://www.planspace.kerala.gov.in)) is a web based plan monitoring system accessed by all the Heads of Departments and Implementing Agencies. The progress in the implementation of each scheme during 2024-25 will be reviewed based on the information available on Planspace at the Member/Secretary/Heads of Department level discussions of Annual Plan (2025-26). The financial achievement under each scheme (available on Planspace at the time of plan discussions) will be one of the important criteria to determine scheme-wise allocation of funds for 2025-26. All Heads of Departments and Implementing Agencies should ensure timely updation of plan progress in Planspace portal.

Planspace was introduced at the district level in 2015-16 with the objective of strengthening plan review. Now, the Planspace portal is upgraded to a new version (Planspace 2.0) to capture local body level plan outlay and expenditure. All Implementing Officers shall ensure to update the details regarding the financial outlay, expenditure and physical achievements of the schemes in planspace portal.

#### **6. District-wise break up of funds**

As envisaged in the Constitution of India, Comprehensive District Development Plans are prepared for the overall development of each district in Kerala. For this, each department shall prepare scheme-wise devolution of funds to districts in consultation with the District/ Regional level offices. Hence, all the HoDs and Implementing Agencies (IA) shall ensure district-wise earmarking of plan funds under the respective schemes at the time of formulation of Annual Plan proposals. Detailed proformae in this regard will be sent to the HoDs as soon as the budgetary process is completed.

#### **7. Summary Document on Officer Responsible**

Summary Document on sector/sub-sector/scheme-wise officer responsible for the implementation of each scheme has to be submitted to the Legislature along with the Budget documents. Hence, the details may be furnished in the prescribed proforma (**Proforma IV**).

#### **8. Extra Budgetary funding and Public Private Participation (PPP)**

Budgetary funds should be used to mobilise complementary development projects. While formulating Annual Plan proposals for 2025-26, the scope and feasibility in taking up schemes/projects/components in PPP mode may also be carefully examined. Extra budgetary and Public Private Participation (PPP) programmes shall be complementary in nature and duplication with public funded programmes to be avoided.

## 9. Online Submission of Annual Plan (2025-26) Proposals

The last date for submission of Annual Plan (2025-26) proposals along with its enclosures to the State Planning Board, through the web based application viz. Planspace and in hard copy is 30, September 2024. If no proposals are received within the stipulated time limit, it will be presumed that the department does not require any change and outlay will be finalised accordingly.

The Annual Plan (2025-26) proposals need to be submitted online through [www.planspace.kerala.gov.in](http://www.planspace.kerala.gov.in) by using the **same id and password** allotted for keying plan progress information to Planspace 2.0. The web application for online plan submission now available is a simple version and scheme wise information can be easily uploaded along with individual scheme write-up as an attachment. While furnishing the proposals online, scheme wise physical targets should be submitted for which mandatory fields provisions are made in the portal. In addition to online proposals, hard copies of Annual Plan proposals along with all statements should be furnished within the stipulated time limit.

## 10. Research & Development Budget

As part of the preparation of State Budget, R&D budget document has also a significant role. Details regarding the following may be furnished for the preparation of R&D Budget 2025-26.

- The allocations and expenditures reported under the departmental heads of account with explicit mention of the word 'research'.
- A certain percentage of allocation reported under the departmental heads of account which do not give any direct reference to the word 'research'
- The components such as scientific infrastructure, physical infrastructure, human resource, R&D expenses, training capacity building, administrative expenses, O&M etc having a direct or indirect bearing on R&D have been considered.
- The extent of funds set apart from the grants provided by the government and from its own resources by the universities for research activities has been counted.
- The provision made in the budget for promoting innovation/start-ups has been counted as R&D expenditure.

Along with the format (**Proforma V**), the following items also to be included in the R&D budget document.

- The way forward (future plans for R&D sector based on priority areas/potentials which are specific/relevant to the State of Kerala).
- R&D and Economy (R&D and Economic Growth, R&D for knowledge economy, importance of R&D for Kerala Economy)

## 11. Formats for the preparation of Annual Plan

The Annual Plan (2025-26) proposals are to be furnished in three parts. The first part will cover description of the strategies and detailed objectives of the plan, brief assessment of the 14<sup>th</sup> Five-Year Plan, performance and achievement of the 1<sup>st</sup> half of the Annual Plan 2024-25.

The second part shall contain component specific write up (not exceeding 150 words) with objectives, proposed financial and physical targets and performance indicators for each scheme (2025-26). The scheme/project which has a component or specific allocation for women or is 100 percent for women shall be indicated in the write-up itself. Along with this, schemes/projects which has SCP,TSP components may also be mentioned in the write-up.

The third part will consist of statements to be submitted in the format prescribed by the State Planning Board. The list of statements is as follows;

- |         |                 |                                                                                                                          |
|---------|-----------------|--------------------------------------------------------------------------------------------------------------------------|
| (i)     | Annexure-I      | Draft Annual State Plan (2025-26) - Proposed Outlays (Scheme- wise)                                                      |
| ii)     | Annexure-II     | Draft Annual State Plan (2025-26) - Physical Targets and Achievements (Scheme-wise)                                      |
| (iii)   | Annexure-III    | Draft Annual State Plan (2025-26) - Statement regarding Externally Aided Projects                                        |
| (iv)    | Annexure-IVA    | Allocation, Release & Expenditure of Centrally Sponsored Schemes & Central Sector Schemes during the Annual Plan 2023-24 |
| (v)     | Annexure-IVB    | Allocation, Release & Expenditure of Centrally Sponsored Schemes & Central Sector Schemes during the Annual Plan 2024-25 |
| (vi)    | Annexure –IV C  | Draft Annual Plan (2025-26) Centrally Sponsored Schemes                                                                  |
| (vii)   | Annexure-VA     | Draft Annual Plan (2025-26) - Financial Outlays for Tribal Sub Plan (TSP)                                                |
| (viii)  | Annexure-VB     | Draft Annual Plan (2025-26) Physical Targets & Achievements for Tribal SubPlan (TSP)                                     |
| (ix)    | Annexure–VI A   | Draft Annual Plan (2025-26) Financial Outlays for Scheduled Caste Sub Plan (SCSP)                                        |
| (x)     | Annexure –VI B  | Draft Annual Plan (2025-26) Physical Targets & Achievements for Scheduled Caste Sub Plan (SCSP)                          |
| (xi)    | Annexure–VII A  | Draft Annual Plan (2025-26) Women Component (WC) in the State Plan Programmes- Financial Outlays                         |
| (xii)   | Annexure –VII B | Draft Annual Plan (2025-26) Women Component (WC) in the State Plan Programmes- Physical Targets & Achievements           |
| (xiii)  | Annexure VIII   | Draft Annual Plan (2025-26) NABARD Assisted Schemes                                                                      |
| (xiv)   | Proforma IA     | Gender Budget Statement - Schemes benefitting 90-100 per cent women                                                      |
| (xv)    | Proforma IB     | Gender Budget Statement - Schemes benefitting less than 90 per cent women                                                |
| (xvi)   | Proforma II     | Child Budget Statement – Schemes benefitting Children                                                                    |
| (xvii)  | Proforma III    | Transgender Budget Statement 2025-26– Schemes benefitting transgender persons                                            |
| (xviii) | Proforma -IV    | Draft Annual Aggregate Plan (2025-26) Summary Document – Schemes & Implementing Departments/ Agencies                    |
| (xix)   | Proforma –V     | R&D budget document 2025-26                                                                                              |