

GUIDELINES FOR THE FORMULATION OF ANNUAL PLAN (2026-27)

The State Planning Board has initiated the formulation of the Annual Plan 2026–27, which represents the fifth-year programme of the Fourteenth Five-Year Plan (2022–27). The preparation process must be completed within the stipulated time frame and strictly adhering to the guidelines issued by the Board. All Departments are therefore required to comply with these guidelines when submitting scheme-wise proposals for the next Annual Plan.

1. General Guidelines

- 1.1 The State Government's Annual Budget for 2026–27 will be presented to the Legislature in the last quarter of the current financial year. Meanwhile, the formulation of the Annual Plan for 2026–27 must be completed in accordance with the prescribed guidelines and within the stipulated timeframe—prior to the Budget's presentation.
- 1.2 Plan discussion sessions with the Heads of Departments are scheduled for September–October 2025, followed by consultations between the Vice-Chairperson, Ministers, and Government Secretaries in October–November 2025 at the State Planning Board. The detailed schedule will be communicated in due course.
- 1.3 The size of the proposed outlay for the Annual Plan 2026–27 will be determined after consultations with the Finance Department regarding the scheme of financing. Consequently, departmental schematic outlays for the Annual Plan 2026–27 will be finalized after minister-level discussions, by analysing the size of scheme of financing and aligned with the priority areas for 2026–27. Therefore, the current year's outlay may be regarded as a provisional ceiling for the Annual Plan 2026–27 proposals.

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-, and scheme-wise allocations of Plan funds will be determined broadly in alignment with the guiding 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

Despite facing recurrent natural disasters, the COVID-19 pandemic, and fiscal constraints, Kerala has consistently delivered commendable people-centered progress. The Government of Kerala successfully maintained continuity in development and welfare initiatives—even expanding outreach into rehabilitation and social schemes without disruption. As we move forward into the third decade of the 21st century, the state confronts a unique set of challenges—a need to strike a scientific, rational balance between resilience and growth. Leveraging its hard-won human development advances, Kerala aims to foster youth employment, enhance production-based incomes (across agriculture, industry, and services), and build robust infrastructure. Consequently, infrastructure is not just a means to spur productivity but also a revenue-generating engine to sustain social welfare programs, forging the foundation of a new Kerala—Navakeralam—built with foresight, inclusivity, and resilience at its core. Infrastructure development must be resilient to climate extremes, and disaster prevention must be integral to the planning process—not an afterthought.

The Plan is grounded in the principle of inclusive development, ensuring that no individual or community is left behind in the growth trajectory. Recognizing the growing threats of climate change, disaster risk mitigation is now embedded within the development paradigm. The 14th Five-Year Plan (2022–27) articulates a vision of sustainable development, underpinned by scientific rigor and logical planning. Its key objectives include eradicating extreme poverty, building an employable and productive knowledge-based economy, modernizing higher education, and expanding quality employment opportunities for youth.

Empowering women and advancing gender equality across all facets of society is fundamental to enhancing lives and achieving the Sustainable Development Goals. The Government is committed to identifying marginalized individuals and designing targeted micro-plans that enable them to rise above the poverty line.

Heads of Departments should critically review programmes/ schemes/projects across sectors, assess their benefits during previous plan periods, and determine whether each should be continued in the Annual Plan for 2026–27. Programmes and schemes should be rationalized to achieve cost efficiencies wherever possible. In preparing plan proposals, priority must be given to completing ongoing schemes. Efforts should be made to reduce the number of schemes by consolidating those with similar components or objectives—without compromising implementation flexibility. Long-pending, unproductive, or redundant schemes and projects should be identified for winding up. Departments are expected to design and submit their plan proposals in alignment with the State

Government's latest policies and priorities.

Each scheme's proposal should clearly outline its objectives, physical and financial targets, implementation timeline, specific funding sources, performance indicators, and expected outcomes. The write-up must cover all expenditure components comprehensively, ensuring a full understanding of the required finances. In addition, a performance appraisal report for schemes under the Annual Plan 2024–25 and a review of their progress during the first half of the Annual Plan 2025–26 must be submitted. The Heads of Departments should integrate 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 14th 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. Accordingly, departments should propose schemes and programmes aligned with the objectives and strategic directions articulated 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 2026-27. The working Group reports are available in the State Planning Board website. (www.spb.kerala.gov.in)

4.2 Centrally Sponsored Schemes

Departments, when drafting plan proposals for the Annual Plan (2026–27), must ensure that the schemes conform to the rationalized framework of Centrally Sponsored Schemes (CSS) as approved by the Government of India. Only those CSS that are currently operational should be proposed for inclusion in the State Budget for 2026–27. For any new scheme that is pending central approval, departments should furnish full details of the scheme as submitted to the Government of India. Additionally, departments may explore the possibility of utilizing eligible assistance under CSS not yet extended to the State, provided the scheme guidelines permit. Any existing or new CSS proposed for the Annual Plan 2026–27 must reflect current guidelines and updated nomenclature, 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 2026-27.

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) 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 2025-26 will be reviewed based on the information available on Planspace at the Member/Secretary/Heads of Department level discussions of Annual Plan (2026-27). 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 2026-27. 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 proforma 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 2026-27, 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 (2026-27) Proposals

The last date for submission of Annual Plan (2026-27) proposals along with its enclosures to the State Planning Board, through the web based application viz. Planspace and in hard copy is 16, September 2025. 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 (2026-27) proposals need to be submitted online through 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 State Budget formulation, the R&D budget document plays a critical role. Departments are requested to furnish detailed information on the following to support preparation of the R&D Budget 2026-27:

- 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 (2026-27) 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 14th Five-Year Plan, performance and achievement of the 1st half of the Annual Plan 2025-26.

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 (2026-27). 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;

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| (i) | Annexure-I | Draft Annual State Plan (2026-27) - Proposed Outlays (Scheme-wise) |
| ii) | Annexure-II | Draft Annual State Plan (2026-27) - Physical Targets and Achievements (Scheme-wise) |
| (iii) | Annexure-III | Draft Annual State Plan (2026-27) - Statement regarding Externally |

Aided Projects

- (iv) Annexure-IVA Allocation, Release & Expenditure of Centrally Sponsored Schemes & Central Sector Schemes during the Annual Plan 2024-25
- (v) Annexure-IVB Allocation, Release & Expenditure of Centrally Sponsored Schemes & Central Sector Schemes during the Annual Plan 2025-26
- (vi) Annexure –IV C Draft Annual Plan (2026-27) Centrally Sponsored Schemes
- (vii) Annexure-VA Draft Annual Plan (2026-27) - Financial Outlays for Tribal Sub Plan (TSP)
- (viii) Annexure-VB Draft Annual Plan (2026-27) Physical Targets & Achievements for Tribal SubPlan (TSP)
- (ix) Annexure–VI A Draft Annual Plan (2026-27) Financial Outlays for Scheduled Caste Sub Plan (SCSP)
- (x) Annexure –VI B Draft Annual Plan (2026-27) Physical Targets & Achievements for Scheduled Caste Sub Plan (SCSP)
- (xi) Annexure–VII A Draft Annual Plan (2026-27) Women Component (WC) in the State Plan Programmes- Financial Outlays
- (xii) Annexure –VII B Draft Annual Plan (2026-27) Women Component (WC) in the State Plan Programmes- Physical Targets & Achievements
- (xiii) Annexure VIII Draft Annual Plan (2026-27) 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 2026-27– Schemes benefitting transgender persons
- (xviii) Proforma -IV Draft Annual Aggregate Plan (2026-27) Summary Document – Schemes & Implementing Departments/ Agencies
- (xix) Proforma –V R&D budget document 2026-27