

- When the Indian think tank was constituted in January 2015, it was certainly not designed as a successor institution to the Planning Commission, whose goals, institutional framework, and instrumentalities for promoting the development agenda are qualitatively different.

INTERNATIONAL MODELS OF PLANNING

- Once the market-oriented economic reforms began, the State Planning Commission became more powerful in China.
- China became the production hub, backed by an industrial policy driven by the National Development & Reforms Commission.
- East & Southeast Asian countries, industrial policy was planned & executed as part of five-year or longer plans.
- Countries had planning institutions with industrial policy which helped them achieve sustaining growth
- In most of Latin America/Caribbean, countries and in Sub Saharan Africa abandoned planning.
- While East Asian and Southeast Asian countries still had, and have, five-year plans, what was also integral to their planning was productive use of labour, their most abundant factor, through an export-oriented manufacturing strategy.
- It was this strategy that was lacking in India's planning.

PLANNING IN INDIA

- Planning Commission of India established in March 1950 by executive resolution of union cabinet – recommended by advisory planning board constituted in 1946 under chairmanship of K.C. Neogi
- Non-constitutional & non-statutory body
- Former supreme body for socio-economic planning in India
- In 1997 PCI created a new post of Adviser – Development Policy Research
- Meghnad Saha – physicist – fellow of Royal Society – advised to form the National Planning Committee – established in Delhi session 1938 under Congress Presidential of Subhash Chandra Bose – Visvesvaraya appointed head of planning committee.
- Meghnad Saha requested Visvesvaraya to step down & then Nehru became head of planning committee.
- Tennessee Valley Authority under Patrick Geddes – regional planning – ecology & locality planning - developed idea of educational & urban planning for India

- Planning Commission, making assessment of all resources of country, augmenting deficient resources, formulating plans for optimum utilisation of resources, determining priorities.
- Composition of PCI – PM as chairman, Deputy chairman – de facto executive head – appointed by Central Cabinet – rank of a cabinet minister – could attend cabinet meetings – Minister of Finance & minister of power – ex-officio members
- PCI had 4-7 full-time expert members (rank of minister of state) – a member secretary (senior IAS)
- Internal organisation of PCI – Technical Division, Housekeeping branches, Programme Advisors (connecting PCI & States)
- Established as an advisory body – emerged as powerful directive authority – super cabinet / Economic Cabinet (Acc. to ARC).
- According to K. Santhanam, planning has superseded the federation & our country is functioning like in unitary system in many respect
- Rajamannar the chairman of 4th finance commission highlighted the over-lapping of functions between PCI & FCI
- By the 1990s, planning lost its social perception, turned a technocratic, bureaucratic body, centred around fragmentary debates.
- In terms of planning, socialism is a system where the govt very closely oversees every aspect of the economy
- The recognised importance of prudent fiscal management as a tool for economic development – one-year span of annual budget was inadequate to reflect reforms in govt revenue & expenditure
- After 2003, five-year plans are not the only long-term projections.
- According to K.P. Kannan (former Director of the Centre for Development Studies, Thiruvananthapuram) the charge of the Planning Commission was entrusted to eminent experts, many of whom had trained in neoliberal schools. This did not fit well with the imperative for an inclusive & equitable path of economic development in India, which is a socially hierarchical and economically iniquitous society.
- In the original Nehruvian vision, the public sector was entrusted with the economy, given the weak market mechanism which was dominated by mercantile capital and a feudalistic system, especially in rural areas.
- According to K.P. Kannan, The rise of neoliberalism, the decline of erstwhile socialist regimes worldwide & the rise of right-wing market fundamentalists

within the country paved the way for the demise of the Planning Commission.

- Its replacement by NITI Aayog looks more apologetic than substantial for the task of transforming a deeply unequal society into a modern economy that ensures the welfare of all its citizens, irrespective of their social identity.
- It has no role in influencing, let alone directing, public or private investment. It does not seem to have any influence in policy making with long-term consequences
- Volatility in the economies all over the world – Fiscal stimulus & later its withdrawal requires planning beyond the annual budget.
- Plan expenditure get priority over non-plan expenditure especially when austerity and expenditure reduction has to be done periodically for fiscal consolidation.
- For example budget provision for maintenance of hospitals, schools & dams already created under Plan but whose maintenance is treated as non-Plan.
- Dichotomy results in dual & confusing responsibility of the MoF & PCI : – affects budget process, formulation & implementation
- MoF is responsible for fiscal consolidation. But in formulating the budget its role in Plan expenditure budgeting is diluted by the discussions which ministries have with PCI.
- Review & implementation of schemes is direct responsibility of MoF & Ministry of Statistics & Programme Implementation – PCI served as focal point for Plan allocations, dilutes the role of Finance Ministry.
- Output (Quantity) & outcome (quality) budgeting was introduced in the budget for 2005-06. Non-Plan expenditure seems to be out of its purview.
- Outcome budgeting – end products & results of various govt. initiatives & interventions – measured not in terms of money but in physical units like Kilowatt – also in terms of qualitative targets.
- Dismantling of PCI was a boost to federalism as it approved or rejected state plans & budget – similar exceeding power practices are possible with NITI Aayog too.
- India may face a policy vacuum due to absence of Five Year Plans
- NITI has a willing audience in centre & state govts – it is guided by decision makers & steered by thinkers – it needs to have its assessment network as relevant to its collaborative operations.
- Planning commissions impact & influence can be felt through FYPs , annual allocations, acceptance of utilization certificates , discretionary grants .
- NITI Aayog's new three years strategic paper forms part of its 15 year vision document & 7 year national development agenda.

INTRODUCTION OF NITI AAYOG

- NITI Aayog's principal mandate is therefore to forge meaningful partnerships with state governments, civil society organisations, the private sector, and innovators for accelerating the pace of India's development
- It empowers itself with all the intellectual firepower that can enable it to bring to bear transformative ideas for solving the challenges faced by the varied stakeholders, and their subsequent execution through the line ministries in either the centre or state governments.
- The Governing Council of NITI Aayog — comprising Chief Ministers and Lieutenant Governors of all States and Union Territories — is the premier body tasked with evolving a shared vision of national priorities & strategies in shaping the development narrative.
- To enable the inclusion of common regional issues & challenges in designing the development path for the constituent States, the NITI Forum for North East has been established and tangible sectoral proposals are being implemented by States in partnership with the North East Council.
- It is envisaged that similar to the NITI Forum for the North East, other regional councils of contiguous States could be formed in future.
- The first step has been taken through the formation of the Himalayan States Regional Council & the formation of a coalition of 13 central universities located in these States.
- The indices on water conservation, quality of school education, delivery of public health, state of innovation ecosystem, export preparedness, and achievement of Sustainable Development Goals (SDGs) have attracted significant positive attention.
- NITI Aayog's Aspirational Districts Programme (ADP) was recently lauded by the United Nations Development Programme for enabling significant improvements in the 112 least developed districts of the country across health, nutrition, and education outcomes since its inception.
- The Development Monitoring & Evaluation Office (DMEO) office within NITI Aayog evaluates the performance of all line ministries on the basis of the output and outcomes achieved in the various central and centre-sponsored schemes.
- DMEO reviews the progress of infrastructure departments of the central govt for periodic review by the prime minister.
- In order to improve governance at all levels of government, DMEO is collaborating with state governments for establishing similar capacity.
- NITI Aayog has been closely monitoring the progress of SDGs across all states as well as engaging with them to set up real-time technology-based monitoring capacities.

- NITI Aayog is continuously engaged in providing fresh policy-related inputs for implementation by relevant central government ministries.
- It was involved with the drafting of the National Medical Commission Bill, as well as the Bills for reforming the education system pertaining to Indian Systems of Medicine and Homeopathy.
- All three Bills have been passed by both houses of Parliament, paving the way for building a world-class medical education system in the country.
- NITI brought, a sharp break from Soviet inspired National Development Plans
- Paragraph (3) of Cabinet resolution states: we “require institutional reforms in governance & dynamic policy shifts that can seed & nurture large-scale change.” (NITI)
- The cabinet resolution for establishment of NITI Aayog, speaks about – Bharatiya approach of development – means no outsider model can be transplanted into India.

ORGANIZATIONAL STRUCTURE

- Composition – Chairman – PM & a Vice Chairman – Cabinet Minister rank
- Governing council- All CMs (Delhi & Puducherry) – Lt. Governors of other UTs
- Regional Councils - to address specific issues & contingencies impacting more than one state or region – CMs & Lt. Governors of region
- Special invitees – experts
- Full time members – Rank of state ministers – Part time members- 2 people from leading universities, research organisation in ex-officio capacity
- Ex-officio members- 4 people from union cabinet
- CEO - appointed by PM – secretary to GOI level
- Secretariat
- Specialised wings – Research wing, Consultancy wing (matchmakers), Team India wing (representation from every state & ministry)
- Pro-people agenda, participative approach, inclusion are basic pillars of vision of NITI Aayog
- Criticism of just the change of nomenclature
- National Institute of Labour Economics Research & Development is a subordinate office of NITI Aayog – previously Institute of Applied Manpower & Research (IAMR)
- It requires a huge degree of convergence across a number of Ministries, and between Central and State governments. NITI Aayog is best placed to achieve this convergence and push the agenda forward.
- NITI Aayog is also bringing about a greater level of accountability in the system.
- NITI Aayog has established a Development Monitoring & Evaluation Office which collects data on the performance of various Ministries on a real-time basis.

- The data are then used at the highest policy making levels to establish accountability and improve performance.
- This performance & outcome-based real-time monitoring & evaluation of government work can have a significant impact on improving the efficiency of governance.
- The Atal Innovation Mission, is established under NITI Aayog, for improving the innovation ecosystem in India.
- It has established more than 1,500 Atal Tinkering Labs in schools across the country.
- According to Santosh Mehrotra, the former member of Planning Commission, If NITI Aayog is to implement such a strategy within a planning framework in India, two major changes in governance structures are needed : –
 - planning will have to become more decentralised, but within a five-year plan framework.
 - bureaucracy will need to change from generalist to specialist, and its accountability will have to be based on outcomes achieved, not inputs or funds spent.
- NITI Aayog must have the ability to independently evaluate the government’s programmes at the Centre & in the States.
- Critics counter that the Planning Commission had a Programme Evaluation Organisation all along and which continues.
- They miss the need for fundamental transformation in the approach to planning & change.
- The traditional approach of after-the-fact evaluation sits in the old paradigm of numbers, budgets and controls.
- The transformational approach to planning & implementation requires evaluations and course-corrections in the midst of action.

ANALYSIS OF FUNCTION

- No significant policy prescriptions emerged from NA
- Source of real change will be changes in the way in which central transfers are made to states – flexibility & accountability of states should be considered.
- It is natural for federal system to have vertical transfers – centre has advantage in raising funds through taxes.
- India’s tax structures are evolving but expenditure mechanisms & intergovernmental transfers still need significant reforms
- NA serves as a fund for public investment for both centre & state – will have to define its own role carefully – limit its direct intervention in the Indian economy.
- NITI Aayog 2.0 must create a niche, assume the role of another policy instrument & become the second pillar of the new fiscal federal structure.

- The Planning Commission used to give grants to the States as conditional transfers using the Gadgil-Mukherjee formula.
- With the PCI disbanded, there is a vacuum as the NITI Aayog is primarily a think tank with no resources to dispense.
- It is best that the Union Finance Commission be confined to focussing on the removal of the imbalance of public goods
- NITI Aayog 2.0 should also be mandated to create an independent evaluation office which will monitor and evaluate the efficacy of the utilisation of such grants
- NITI Aayog should be seen as an action tank rather than just a think tank
- NITI Aayog can bring a greater level of accountability in the system.
- NITI Aayog should maintain a respectable intellectual distance from the government of the day.
- Indian socio-political system and governance system doesn't have a paradigm of planning for development.
- A planning institution must be a systems reformer & a force of persuasion, not just a control centre
- Every country should have its principle of planning.
- Any planning institution in a federal and democratic system faces two basic challenges - a constitutional challenge & the challenge of competence.
- Policies must continue beyond the terms of govts that change in shorter spans in electoral democracies.
- If the planning body does not have constitutional status, it will be forced to bend to the will of the latter.
- Short-termism in policymaking is a weakness of electoral democracies.
- A fundamental principle of democratic governance is that the power to allocate public money must be supervised by elected representatives
- A planning body that allocates money must be backed by a constitutional charter, and also accountable to Parliament
- India's national planning process must address the constitutional relationship between the Centre and the States.
- Economists, advising policymakers do not have comprehensive models of socio-environmental systems.
- The NITI Aayog's charter points to the need for new methods of cooperative learning & cooperative implementation by stakeholders, who are not controlled by any central body.
- According to C. Rangarajan, the budgetary responsibility of allocation should be with the MoF & not with any planning body.

- The traditional approach of after-the-fact evaluation sits in the old paradigm of numbers, budgets and controls
- It requires new methods to speed up 'organisational learning' amongst stakeholders.
- One of the functions of the body will be to address the needs of national security in economic strategy.
- Networking with other national and international think-tanks and with experts and practitioners, as has been envisaged.
- Advisory & monitoring functions of the PCI have retained & executive function of framing Plans & allocating funds taken away.

FEDERAL ROLE OF NITI

- Multiple dimensions — establishing open borders within the country for an open labour market; facilitating effective implementation of national programmes that promote job creation, improve the quality of the labour force & enhance ease of doing business; ensuring high-quality public expenditure, particularly capital expenditure; and ensuring policy predictability at the state level.
- As a run-up to the 2022 GC meeting, the first National Conference of Chief Secretaries was held in Dharamshala from June 15-17
- The NITI Aayog — the think-tank at the Central level — will handhold each state to set up similar bodies, replacing their planning boards

FIRST PROPOSITION

- NITI Aayog's role in enhancing alignment between the Centre & states and can be crystallised in the form of seven propositions.
- India's growth is that of its states and UTs.
- As custodians of regional policy and prime executors of development programmes, states are the Indian economy's growth drivers.
- States control urban governance, agriculture, power distribution, land records modernisation, labour law simplification and pollution control. For India to remain one of the fastest-growing major economies, states must identify their strengths.
- NITI Aayog must ensure productive engagement and dialogue with the states to develop a growth roadmap.

SECOND PROPOSITION

- To achieve greater socio-economic cohesion within the country, achieving income convergence across states must be a policy priority.
- Despite country-wide economic growth, the less developed Indian states are not catching up.
- NITI Aayog needs to engender discourse to address this crucial issue through improved governance structures, adequate financial development and infrastructure.

THIRD PROPOSITION

- In addition to income growth, performance on social indicators is a sound metric for assessing a

state's performance. Social outcomes are de-linked from income in several states.

- Mizoram's performance on the Infant Mortality Rate (IMR) is one example. Despite being a middle-income state, its IMR is the lowest at 3 deaths per 1,000 live births, whereas the national average is 28.
- NITI Aayog has developed several social sector indices and dashboards. Regular monitoring and performance evaluation will incentivise states to achieve better social outcomes.

FOURTH PROPOSITION

- We must focus on ensuring that growth originates from the grassroots while addressing significant inter-state and inter-district variations.
- The Aspirational Districts Programme (ADP) to address these challenges through data-driven, outcome-based governance.
- The programme focuses on fostering competition among districts, enabling convergence of schemes and promoting collaboration.
- NITI Aayog must focus on guiding state governments in replicating the ADP template at the block level and for districts not categorised as aspirational.

FIFTH PROPOSITION

- Better managed urbanisation is crucial.
- Cities face challenges such as affordable housing, water supply and waste management.
- Further, there is a need to tap into resources other than government budgets, such as monetising land assets and engaging private capital in service delivery.

- Efforts to empower and make large urban local bodies autonomous are the needs of the hour.

SIXTH PROPOSITION

- NITI Aayog must act as an intermediary between the Centre and states to ensure cross-sharing of these best practices, insights and perspectives.
- Some areas that merit particular focus are the use of advanced technology using blockchain and AI, development of social registry, reducing compliance burden, implementation of PM Gati Shakti, decriminalisation of minor offences and simplification of laws and processes to enhance ease of doing business.

SEVENTH PROPOSITION

- The challenge of climate change is upon us.
- The world has so far witnessed two models of development— the Industrial Revolution & the rise of East Asia.
- Both depended on cheap, fossil-fuel energy.
- India aspires to grow equally fast but is now subject to a carbon constraint.
- At the state level, it is crucial to frame the decarbonisation challenge in the context of the states' urgent need to create millions of new jobs, increase incomes and improve public health.
- It is critical to understand how the challenges facing states might be affected by decarbonisation, both with regard to mitigation and adaptation.
- We need to continue our national debate around this challenge.
- Using its convening power, NITI Aayog is well-positioned to generate such a conversation and guide states to catalyse climate action.