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PLANNING IN INDIA AND NITI AAYOG

Dr .Yaduraj Singh Yadav

**Associate Professor .
 K.R.(PG) College, Mathura.**



ABSTRACT:

At the time of independence India was a backward underdeveloped country. There was a realisation that development of Indian economy is very much needed and could not be left alone to the government and the public sector. Planning was perceived in the 1950s as the most appropriate tool for ushering in faster economic growth. Hence, planning model adopted in India was that of mixed economy in which both public and private sectors would work hand in hand. Mixed economy as a model of economic development was adopted in 1948 even before the setting up

of the planning commission in 1950. It was in 1951 that the first five year plan was formulated on the basis of democratic planning under which both public and private sector would work together.

KEYWORDS: *Indian economy , faster economic growth.*

INTRODUCTION:

Before Independence there was a lot of exploitation of India during the British colonial rule. This made Indian people very poor. The aim of freedom struggle was not mere gaining political freedom from the British rule but also to attain economic freedom for the Indian people. Economic freedom implies the removal of mass poverty that prevailed in India.

At the time of independence there was deficiency of good industrialists who could use the natural resource endowment of India for economic development and to improve living standards

of the people, it was necessary to accelerate rate of economic growth. It was thought that the private sector lacked the necessary resources and the proper mind set to bring about rapid economic growth.

Inspired by the Russian experience, planning as an instrument of economic development was adopted. The Planning Commission was set up to prepare five year plans which would indicate directions in which the Indian economy should move. Resources were to be allocated both at the Centre and in the States according to the plan priorities decided in a five year plan.

The basic objective of Indian planning has been acceleration of economic growth so as to

raise the living standards of the people. Further, various five year plans also gave high priority to generation of employment opportunities and removal of poverty.

HISTORY OF PLANNING IN INDIA

The architect of Indian planning was India's first Prime Minister Pandit Jawaharlal Nehru who conceived planning as tool of economic and social development. While he had planning model of Soviet Russia as the basis of planning. The concept of economic planning in India is derived from the Russia (then USSR). India has launched 12 five year plans so far. First five year plan was launched in 1951. Now the present NDA

government has stopped the formation of five year plan. The concept of economic planning in India is derived from the Russia (then USSR). India has launched 12 five year plans so far. Now the present NDA government has stopped the formation of five year plans. **So 12th five year plan would be called the last five year plan of India. The decades-old Five-Year Plans will make way for a three-year action plan**, which will be part of a seven-year strategy paper and a 15-year vision document. The NitiAayog, which has replaced the Planning Commission, is launching **a three-year action plan from April 1, 2017.**¹

The role of public sector was to be overwhelming as this sector was expected to shoulder the major responsibility of growth and development hence public sector enterprises were described as temples of modern India. The dominance of public sector found expression in the form of Nehru-Mahlanobis model of heavy industries which was adopted in second Five year plan beginning in 1956.

It was from 1992 that a definite shift took place in planning strategy from "Planning by Inducement" to "Indicative Planning" under which the private sector was expected to perform a much greater role than public sector.

It was decided in 2014 that planning commission would be disbanded in favour of new institution known as NITI Aayog (National Institution of Transforming India).

APPRAISAL OF PLANNING COMMISSION

Planning Commission has received many criticisms as a result of which NITI Aayog has replaced it. However, the planning commission has a distinguished past. Planning was seen as deliverance and India was primed for planning. Commission grew into power centre within independent India's government. Its prestige owed much to the significance Nehru attached to its work. During these years, it became the institutional face of the Indian development story. Its success in 1950s, especially in industrial production, drew the attention of developing nations such as Egypt, Ghana etc.

Erstwhile Planning Commission used to perform these functions:

- First and foremost, it used to draw a blueprint for the country's economic development over a five year period as well as outlining a detailed strategy for achieving the goals and objectives enshrined in the blueprint which we call the plan.
- Second, flowing from its function of determining the size of plans for states, the commission allocated funds to states, distribution of which had again been contentious issues.
- Third, the commission had a key role in the formulation of various policies and programmes. It critically assessed the individual programmes and major projects of ministries.

ROLE/OBJECTIVE OF PLANNING IN INDIA²

- Accelerating economic growth of the country
- Regulatory role of the States
- To compensate for market failures
- Tackling with the problems of poverty and Unemployment
- Economic equality and social justice
- Full employment
- Economic self-reliance
- Modernisation

CRITICISMS RECEIVED BY PLANNING COMMISSION

- The inclusion of the Prime Minister and a number of ministers in the commission is said to have made it an extension of Cabinet.

¹<https://www.jagranjosh.com/general-knowledge/list-of-all-five-year-plans-of-india-1468309723-1>

²<http://www.economicdiscussion.net/india/planning/top-5-objectives-of-planning-in-india/14199>

- It is also argued at times that the commission works almost in isolation from the field. Its recommendations are, therefore at times divorced from reality.
- Taking advantage of the flexibility in its operation the commission has tended to expand itself very much.
- Scrutiny of the proposals of the Central and State government by the commission takes a lot of time.
- Planning commission tends to take over the functions of Ministry of Finance. There was an overlapping between their functions.
- Monitoring and evaluation is the weakest part of the Commissions’ function.

NITI AAYOG

Despite the demise of Planning Commission, country needed another institution with new capabilities and new orientation with the task of preparing a blueprint for the country to shape the economy over certain time frame.

The National Institution for Transforming India, also called NITI Aayog, was formed via a resolution of the Union Cabinet on January 1, 2015. NITI Aayog is the premier policy ‘Think Tank’ of the Government of India, providing both directional and policy inputs. While designing strategic and long term policies and programmes for the Government of India, NITI Aayog also provides relevant technical advice to the Centre and States.

The Government of India, in keeping with its reform agenda, constituted the NITI Aayog to replace the Planning Commission instituted in 1950. This was done in order to better serve the needs and aspirations of the people of India. An important evolutionary change from the past, NITI Aayog acts as the quintessential platform of the Government of India to bring States to act together in national interest, and thereby fosters Cooperative Federalism.

At the core of NITI Aayog’s creation are two hubs – Team India Hub and the Knowledge and Innovation Hub. The Team India Hub leads the engagement of states with the Central government, while the Knowledge and Innovation Hub builds NITI’s think-tank capabilities. These hubs reflect the two key tasks of the Aayog.³

NITI Aayog is also developing itself as a State of the Art Resource Centre, with the necessary resources, knowledge and skills, that will enable it to act with speed, promote research and innovation, provide strategic policy vision for the government, and deal with contingent issues.

In terms of policy formulation, such institution can take a holistic view and offer advice. Thus, was established NITI Aayog. Obviously, the new institution replacing the Planning Commission cannot carry on trying to Co-ordinate States with a control mind-set and with the authority to allocate money.

HOW EXACTLY NITI AAYOG WILL BE DIFFERENT FROM PLANNING COMMISSION?

- Its function will be limited to only acting as a policy think-tank relieving it of the two more functions viz allocation of funds and project evaluation of ministries.
- Evidence informed policy and practice
- Ensures that the policy innovation by any state, regardless of the party in power gets due attention.
- It actively promotes collaborations between policy makers and researchers.

NITI AAYOG V/S PLANNING COMMISSION

Parameter	NITI Aayog	Planning Commission
Financial clout	To be an advisory body or a think tank	Enjoyed power to allocate funds to government
Full time members	Fewer than planning commission	Last commission had eight full time members
States’ role	Expected to play more	Limited to the national

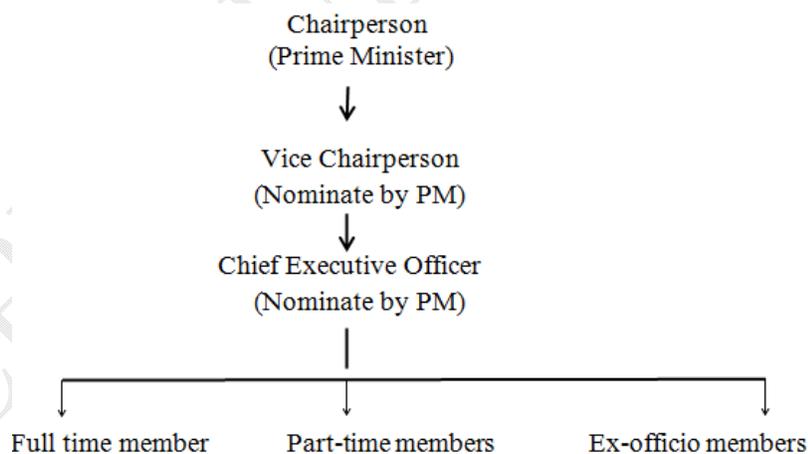
³<https://niti.gov.in/content/overview>

	significant role	development council
Member-Secretary	Known as CEO and to be appointed by Prime Minister	Appointed through usual process
Part-time members	Depending on the need of time to time	No provision for part time member

FUNCTIONS OF NITI AAYOG⁴

- To foster cooperative federalism through structured support initiatives and mechanisms with the States on a continuous basis, recognizing that strong States make a strong nation.
- To develop mechanisms to formulate plans at the village level and aggregate these progressively at higher levels of government.
- To pay special attention to the sections of our society that may be at risk of not benefiting adequately from economic progress
- To design strategic and long term policy and programme frameworks and initiatives, and monitor their progress and their efficacy.
- To provide advice and encourage partnerships between key stakeholders and national and international like-minded Think tanks, as well as educational and policy research institutions.
- To create a knowledge, innovation and entrepreneurial support system through a collaborative community of national and international experts, practitioners and other partners.
- To maintain a state-of-the-art Resource Centre, be a repository of research on good governance and best practices in sustainable and equitable development as well as help their dissemination to stake-holders.
- To actively monitor and evaluate the implementation of programmes and initiatives, including the identification of the needed resources so as to strengthen the probability of success and scope of delivery.
- To focus on technology up gradation and capacity building for implementation of programmes and initiatives.

ORGANISATIONAL STRUCTURE OF NITI AAYOG



It too have a governing council which includes all state Chief Ministera and Lt. Governors of the Union Territory.

Three sub-groups of Chief Minster has been formed to advice the Central government on subject of schemes, skill development etc.

⁴<https://niti.gov.in/content/functions>

CONTRIBUTIONS OF NITI AAYOG SO FAR

- Gone are the five years plans, NITI Aayog sets a 15 year plan for government actions for achieving social goals.
- Seven year strategy document for 2017-24 will chart out policy action outlined as “National Development Agenda”
- Three year “Action Agenda” from 2017-18 to 2019-20 has been worked out to assess funding requirements.
- It also organises the Transforming India lecture series featuring such high-profile speakers.
- It has a knowledge portal to share best practices across sectors i.e. www.indiaknowledgehub.gov.in
- Niti Aayog is the nodal body for overseeing the implementation of Short term development goals.
- Niti aayog has been entrusted with the task to cut down on wasteful expenditures and as this will lead to savings.
- Niti aayog has driven new initiative to push people to go for digital payments and has been training officials of various ministries to adopt digital mode of transactions.
- Task force made by Niti Aayo suggested ways of raising agricultural productivity.
- Niti Aayog has suggested clubbing various social programmes and centrally sponsored schemes for efficient delivery of services and avoid wasteful expenditure.
- Aayog has led the way for creation of a vibrant innovation and entrepreneurship ecosystem in country through its Atal Innovation Mission (AIM) and Self Employment and Talent Utilization (SETU), also backed deeper labour reforms to accelerate the salaried jobs.
- Aayog has taken initiative to identify numerous Sick public sector units for closure as well as also identified several functioning units for strategic disinvestment.

CHALLENGES FACED BY NITI AAYOG

- Expected to serve as source of new ideas and achieve convergence between state and central government and at same time is expected to coordinate among various departments and because of these function it will overlap with the Inter-State Council.
- Accessing high quality researchers in multiple discipline
- Creating a willingness among policy makers to learn from evidence
- To take care of the cared less segments and use the used less manpower is a challenge as we have careless and useless manpower

CONCLUSION

A systematic analysis of what India needs today and the best practices suggest that NITI Aayog must be at the core in catalyzing development and growth. Such an independent research think tank comprising experts can provide careful analysis as well as give intellectual heft to innovative policy. Such a think tank can also function as an entity which fosters a new culture of critical thinking, openness and debate.