NITI Aayog – How it is different from Planning Commission

Planning Commission has been renamed as NITI (National Institution for Transforming India) Aayog. Does it mean old wine in new bottle or is it going to have a positive impact on the country?

If you go by the previous speeches of Prime Minister Narendra Modi, the new government was planning to do away with Planning Commission. In fact many were – and still are – of the view that it was a vestige of the stagnant Nehruvian socialist economic model that has pushed the country back by at least 50 years.

According to the official press release, “The centre-to-state one-way flow of policy, that was the hallmark of the Planning Commission era, is now sought to be replaced by a genuine and continuing partnership of states.”

“The institution will serve as a ‘think tank’ of the government – a directional and policy dynamo. NITI Aayog will provide governments at the Central and State levels with relevant strategic and technical advice across the spectrum of key elements of policy,” the release further said.

According to the various statements coming out of the government, the Aayog, instead of being in the controlling seat, is going to provide a direction. It is going to be an ‘enabler’ instead of a ‘provider of first and last resort’.

Prime Minister Narendra Modi in his various tweets said, “(NITI Aayog) is a pro-people, pro-active & participative development agenda stressing on empowerment & equality is the guiding principle behind it. Through NITI Aayog, we bid farewell to a ‘one size fits all’ approach towards development. The body celebrates India’s diversity & plurality”.

So what’s the big difference between the older Planning Commission and the newer NITI Aayog?

In the Planning Commission, there was just one central figure that practically controlled every aspect of the commission: the Deputy Chairman. It’s another matter whether it was the Deputy Chairman or the actual-powers-that-be (the ominous National Advisory Council in the ruinous UPA days, headed by Sonia Gandhi) who used the Deputy Chairman merely as a puppet to perpetuate their own policies. For instance in the UPA days it was never clear whether the Commission was working to boost the country’s economy or was trying to keep it as backward as possible.

To do away with the central authority and to make the Aayog more useful in terms of policy, direction and implementation, the Deputy Chairman has been replaced by a CEO and a Vice Chairperson (with a caveat that they’ll be appointed by the PM). Asian Development Bank’s Former Chief Economist Arvind Panagariya is being tipped to be the first Vice Chairperson.
Instead of control, the focus will be on being a catalyst and providing a platform for the States and the Centre to come together and discuss matters of economic policies and development plans. The planning will be orchestrated at the village level and an aggregation of these inputs shall be used to formulate national-level plans and policies. Even during the formation of the Aayog, Chief Ministers from all the States were invited to participate; it’s another matter that some Chief Ministers sent their representatives instead and CMs like Mamata Bannerjee simply refused to attend due to the ongoing acrimony with the Centre.

Aside from the CEO and the Vice-Chairman Niti Aayog will have a governing council comprising of Chief Ministers and Lieutenant Governors. They will also be for Union Ministers serving as ex-officio members. There will be full time members and part-time members. People will also be drawn from regional councils and experts and specialists from varied fields will also be a part of Niti Aayog, mostly as special invitees nominated by the Prime Minister. The Aayog will also have 2 part-time members from leading universities and research organizations.

While the government feels that it is a totally new approach, different from the Planning Commission that has overseen 12 five-year plans and sundry other plans involving more than Rs. 200 lakh crores in its 65-year-old history, the detractors are saying that nothing much has been changed. For instance, the structure is almost the same with a few changes here and there. Even in the old Planning Commission experts were invited based on various needs. Earlier the Commission was reporting to the National Development Council consisting of State Chief Ministers and Lieutenant Governors and this has been replaced by a governing council which, again, comprises of State Chief Ministers and Lieutenant Governors. Even the regional councils are the same, according to Kriti Parikh, a former member of the Planning Commission.

The big difference is, as mentioned above, the States will now have a greater say. Previously it was the Planning Commission that formulated plans and then asked the States to implement them (provided they agreed), this time the States themselves will be able to actively participate in the planning so that there is no communication gap and the plans can be implemented effectively. Prime Minister Narendra Modi, being a big advocate of federalism, believes that decentralisation can play a big role in facilitating a balanced growth and making every individual State an important stakeholder, instead of the Centre acting like a big brother handing over goodies. Regional councils will be formed to address specific issues particular to those areas impacting the local populations.

Issues of national security that were ignored so far, will be incorporated at various levels of economic strategy and policy. All the necessary technological upgrades will be implemented and the functioning of the Aayog will be brought at par with any world-class organisation involved in nation building.

Special stress will be put on the benefit of those marginalised sections of the society that have been ignored due to the template-nature of the Planning Commission so far.

Whatever the detractors may say – considering that their interests don’t lie in the big and small changes happening in the way the economy and the government function – there is a paradigm
shift in the way the policy formulation and implementation are being worked out. Instead of being the last resort, as rightly put by the official statement, the government should act as an enabler.

Right now there is too much control. This control isn’t going to go away immediately – after all it has been there for the past 65 years and immediately yanking it out may collapse the administrative infrastructure – but it will go away gradually and Niti Aayog could be the first, albeit, small change.

When the central authority is minimized, the Aayog will be allowed to function in a more flexible manner, involving 2 types of changes – planned changes and changes influenced by the indigenous as well as global markets. Since the policy decisions will be made from the bottom of the pyramid and then move upwards, they will be more realistic and human-centered rather than something being prepared from an ivory tower. Remember how the Planning Commission thought if a family could afford to spend Rs. 22 a day it was above the poverty line? Only individuals totally detached from the realities of the world could come with such numbers. Such bizarre policy decisions can be avoided if decisions are made from the bottom-up.