

# India's Journey from Planning Commission to Niti Aayog

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**Abstract:** *NITI Aayog stands for National Institution for Transforming India. The Government has replaced Planning Commission with a new institution named NITI Aayog. NITI Aayog has been set up as a think-tank for formulating a new policy framework in keeping with the changes and challenges of rapidly evolving socio-economic scenario in the country..NITI Aayog seeks to facilitate and empower the critical requirement of good governance, which is people-centric, participative, collaborative, transparent and policy-driven. It will provide critical directional and strategic input to the development process, focusing on deliverables and outcomes. This, along with being as incubator and disseminator of fresh thought and ideas for development, is the core mission of NITI Aayog.*

**Keywords:** Niti Aayog, Structure, Agenda , Key Difference Planning commission & Niti Aayog, Features & Objectives, challenges & opportunities, SDG Index India

## 1. Brief History of Planning Commission

India has been playing with the idea of planned economy in the country. As early as in 1876, when Dadabhai Naoroji wrote his 'Poverty of India' it was realised that India's poverty could be eradicated only if efforts in some planned way were made.

It was in 1933 that M. Visvesvaraya came out with his ten year plan with the target of doubling the income of the country. In 1938, Indian National Congress set up a National Planning Committee under the Presidentship of Late Pt. Jawahar Lal Nehru.

The work of the Committee was, however, hampered due to the outbreak of Second World War. In 1941, the then Government of India realised the need and necessity of some sort of planning body in India and appointed a Committee for Planning. In 1943, this Committee was replaced by the Reconstruction Committee of the Executive Council, which was headed by the Governor General himself. A year later in 1944, a separate Planning and Development Department was set up by the Government of India. Simultaneously some industrialists of India came forward, with 'Bombay Plan' aiming at economic development of the country in a planned way. In 1946, an Advisory Planning Board was set up by the interim Government of India with **K. C. Neogy** as its Chairman.

Immediately after independence in 1947, the Economic Programme Committee (EPC) was formed by All India Congress Committee with Nehru as its chairman. This committee was to make a plan to balance private and public partnership and urban and rural economies. In 1948, National Planning Committee was accordingly set up by the government.

The Planning Commission was set up on the **15<sup>th</sup> of March, 1950** through a Cabinet Resolution. Nearly 65 years later, the country has transformed from an under-developed economy to an emergent global nation with one of the world's largest economies.

The Planning Commission from 1950 to 2014 formulated twelve five year plans. The 1<sup>st</sup> and 2<sup>nd</sup> plans aimed at raising public resources for investments in public sector, the 3<sup>rd</sup> plan

focused on increased emphasis on exports and the 4<sup>th</sup> Plan formulated at a difficult period of balance of payments crisis focused on agricultural development. The 5<sup>th</sup> Plan provided enhanced allocations for social sector spending. The 6<sup>th</sup> and 7<sup>th</sup> Plans were infrastructure plans focusing on raising plan resources for infrastructure spending. The 8<sup>th</sup> Plan formulated in the midst of economic reforms achieved 6.7 percent growth. The 9<sup>th</sup> Plan period witnessed a sharp decline in economic growth to 2.4 percent. The 10<sup>th</sup> and 11<sup>th</sup> Plans implemented in the 2004-2014 period witnessed economic growth trajectory of above 9 percent.

### 1.1 Brief Introduction of NITI AAYOG

On 29 May 2014, the Independent Evaluation Office submitted an assessment report to Prime Minister Narendra Modi with the recommendation to replace the Planning Commission with a "control commission." On 13 August 2014, the Union Cabinet scrapped the Planning Commission, to be replaced with a diluted version of the National Advisory Council (NAC) of India. On 1 January 2015 a Cabinet resolution was passed to replace the Planning Commission with the newly formed NITI Aayog (National Institution for Transforming India). The Union Government of India announced the formation of NITI Aayog on 1 January 2015.

The National Institution for Transforming India, also called NITI Aayog, was formed via a resolution of the Union Cabinet on January 1, 2015. The first meeting of NITI Aayog was chaired by Narendra Modi on 8 February 2015.

**What exactly is a think tank?** (A think tank or policy institute is a research institute which performs research and advocacy concerning topics such as social policy, political strategy, economics, military, technology, and culture.) 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 Governing Council of NITI, with The Prime Minister as its Chairman, comprises Chief Ministers of all States and Lt. Governors of Union Territories (Uts). NITI Aayog acts as the quintessential platform of the Government of India to

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bring States to act together in national interest, and thereby fosters Cooperative Federalism.

## 2. Structure of Niti Aayog

- Chairperson: Prime Minister
- Vice-Chairperson: To be appointed by Prime-Minister
- Governing Council: Chief Ministers of all states and Lt. Governors of Union Territories
- Regional Council: To address specific regional issues, Comprising Chief Ministers and Lt. Governors Chaired by Prime Minister or his nominee.
- Adhoc Membership: 2 member in ex-officio capacity from leading Research institutions on rotational basis.
- Ex-Officio membership: Maximum four from Union council of ministers to be nominated by Prime minister.
- Chief Executive Officer: Appointed by Prime-minister for a fixed tenure, in rank of Secretary to Government of India.
- Special Invitees: Experts, Specialists with domain knowledge nominated by Prime-minister.

## 3. Objective of Paper

- To study the concept of Planning Commission & Niti Aayog
- To find out the agenda for set up of Niti Aayog
- Composition of Niti Aayog
- To understand major differences between Planning Commission & Niti Aayog
- To study about the aims & objectives of NITI AAYOG
- To know the role of SDG Index

## 4. Research Methodology

My research is based on qualitative approach, study the facts and finding about Niti ayog, what measures are taken to adopt this huge step and agenda behind transformation the 65 years old Planning Commission, the major differences between Planning commission and Niti Aayog, and what are the parameters to evaluate the Niti aayog for achieving the Goals. The study focuses on extensive study of Secondary data collected from, offline annual reports, magazines government reports, publications from various websites which focused on my subject matter

### 4.1 Agenda

The Government of India has decided to set up NITI Aayog (National Institution for Transforming India), in place of the erstwhile Planning Commission, as a means to better serve the needs and aspirations of the people of India. A wide consultation was held prior to the formation of NITI Aayog, with Chief Ministers, Experts, r. Economists & relevant institutions. In essence, effective governance in India will rest on following 'pillars':

- **Pro-people agenda** that fulfils the aspirations of the society as well as individual
- **Pro-active** in anticipating and responding to their needs,
- **Participative**, by involvement of citizenry,

- **Inclusion** of all groups,
- **Equality of opportunity** to our country's youth,

## 5. NITI Aayog has developed a scheme of three plans which would run parallel

- 1) A 15 year '**Vision**' that covers all the objectives of the government to be fulfilled by the end of 15 years.
- 2) A 7-year '**Strategy**' envisaging the blueprint of development in next 7 years called as 'National Development Agenda'. This is again divided into two phases.
- 3) A 3-year **Action Plan** that enlists all the goals and the actions that will be taken by the government to accomplish the goals.

## 6. Key Differences between Niti Asayog Vs Planning Commission

Parameter	NITI Aayog	Planning Commission
Financial clout	To be an advisory body, or a think-tank. The powers to allocate funds might be vested in the finance ministry	Enjoyed the powers to allocate funds to ministries and state governments
Full-time members	The number of full-time members could be fewer than Planning Commission	The last Commission had eight full-time members
States' role	State governments are expected to play a more significant role than they did in the Planning Commission	States' role was limited to the National Development Council and annual interaction during Plan meetings
Member secretary	To be known at the CEO and to be appointed by the prime minister	Secretaries or member secretaries were appointment through the usual process
Part-time members	To have a number of part-time members, depending on the need from time to time	Full Planning Commission had no provision for part-time members

## 7. Features

NITI Aayog is 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. NITI Aayog's entire gamut of activities can be divided into four main heads:

- 1) Design Policy & Programme Framework
- 2) Foster Cooperative Federalism
- 3) Monitoring & Evaluation
- 4) Think Tank and Knowledge & Innovation

### 7.1 The NITI Aayog will work towards the following objectives:

- To evolve a shared vision of national development priorities, sectors and strategies with the active involvement of States in the light of national objectives. The vision of the NITI Aayog will then provide a

framework 'national agenda' for the Prime Minister and the Chief Ministers to provide impetus to.

- 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 credible plans at the village level and aggregate these progressively at higher levels of government.
- To ensure, on areas that are specifically referred to it, that the interests of national security are incorporated in economic strategy and policy.
- To pay special attention to the sections of our society that may be at risk of not benefitting adequately from economic progress.
- To design strategic and long term policy and programme frameworks and initiatives, and monitor their progress and their efficacy. The lessons learnt through monitoring and feedback will be used for making innovative improvements, including necessary mid-course corrections.
- 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 offer a platform for resolution of inter-sectoral and inter-departmental issues in order to accelerate the implementation of the development agenda.
- 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 upgradation and capacity building for implementation of programmes and initiatives.
- To undertake other activities as may be necessary in order to further the execution of the national development agenda, and the objectives mentioned above.

## 8. Challenges and Opportunities to build a New India

India is the sixth largest economy in the world, poised to become a \$5 trillion economy by 2022 and aspiring to be a \$10 trillion economy by 2030. Integration of digital technologies and innovation is bringing about disruptive transformation in the country making it a land of immense opportunities.

The construction and housing sector has huge potential to change things if we want to realise the dream of New India by 2022. As per the 2011 census, 31% of India's population lives in urban areas. This number is expected to rise drastically and cross 50% by 2050\* as a result of growing aspirations and opportunities in urban areas. This scale of

growth will exponentially increase the demand for basic services and housing in cities.

To achieve the vision of "Housing for All", the government of India launched the **Pradhan Mantri Awas Yojana (Urban)** in June, 2015. The validated housing demand as per the inputs received from States/UTs is about 10 million (1 Crore). Out of this, 7.3 million (73 lakh) houses have already been sanctioned under the mission and more houses are likely to be approved in the coming months. At an average cost of INR 0.6 million (6 lakh) per dwelling unit, a total investment of about INR 6 trillion or more would be required. In addition to the direct impact that this can have on the economy, it will also have a multiplier effect on all the allied sectors, besides boosting employment opportunities and flow of knowledge and skills.

However to meet the magnitude of demand (which would be akin to building two and a half Americas in the next five decades) and ensure timely deliveries (longer gestation period of projects has a huge impact in the project costs and as a result on its affordability), we will have to ditch conventional methods and pole vault into a new construction regime. The **Global Housing Technology Challenge – India (GHHC-India)** has been conceptualised to bring about such a paradigm shift in the construction sector in India.

The Hon'ble Prime Minister envisaged the use of best technologies in construction from across the globe, for the building of nearly 10 million houses by 2022. The aim is to take inspiration from the best and make builders and developers in India among the best in the world.

### 8.1 NITI Aayog CEO Amitabh Kant pointed out the list of challenges and Opportunities for India Startup

- The advantage of India has with a young population below 32 years that account for 72 percent of the population unlike the ageing population in the west. "The challenge for India is to grow at 8-9 percent for three decades or more so as to lift the poor out of the poverty line". One of the ways, he suggested was for the young to get entrepreneurial. The government is helping by scrapping old rules that existed for over 60 years. The number of forms for registration for a startup has been reduced to three now, Competition fosters growth and innovation. The competition within states in India to become the number one startup state has also thrown up various solutions for agriculture, water management and other issues
- Globalisation is the key to success and for that, it is important to dream big. Countries will grow if they continue to penetrate global markets. Size and scale is important and hence, living as we are in a globalised world, it is important for India to become integral to the global supply chain. He urged startups to use the domestic markets as a springboard to go global.
- Different studies have shown that there is tremendous energy in the startup movement in India. By 2022-23, India should have 100,000 startups at a valuation of Rs 75,000 billion. There is a huge amount of work being done by the young generation by going entrepreneurial, but for

India to grow at 8-9 percent, gender parity is essential. Women entrepreneurs in India contribute only 17 percent to the GDP while globally it was 30 percent. An example of Meera Ganesh, co-founder and CEO of healthcare startup, Portea Medical who he said had created 15,000 jobs through her startup venture. Women entrepreneurs have to make it big to make a difference to the country and ecosystem

- India has become a global centre of innovation with Bangalore and Hyderabad leading in innovations as it is linked with multinational companies (MNCs) based there. Many companies have set up their plants in India, like Renault for instance, because the country provides frugal engineering and innovation at a cost that no other country can offer "That is why IITs have been educating students to do great engineering at frugal costs,"
- Pointing out that India will be confronted with challenges like plastic, sewage, water management, etc, unlike the West which has always innovated for the 'rich and the famous', said Kant. Silicon Valley may have the highest number of innovations for the least amount of problems, he said. Praising the digital revolution that has been flagged off by demonetisation, Kant said that India will be a 'data rich' country and he believed financial decisions would be then taken with the help of data and not on the discretion of a bank manager. "We are on the cusp of a revolution.
- The other big challenge for the country is urbanisation. Around 600-700 billion people will migrate to urban areas for which the country will have to create regions that are 2.5 times the size of America, The challenge then is to create cities that become models to the world. "Electrical vehicles, climate change are critical for India and need innovation".

## 9. SDG Index India

NITI Aayog has constructed the SDG India Index spanning across 13 out of 17 SDGs (leaving out Goals 12, 13, 14 and 17). The Index tracks the progress of all the States and Union Territories (UTs) on a set of 62 National Indicators, measuring their progress on the outcomes of the interventions and schemes of the Government of India. The SDG India Index is intended to provide a holistic view on the social, economic and environmental status of the country and its States and UTs. The Index offered insights into the social, economic, and environmental status of the country and the States/UTs in their march towards achieving the SDGs. NITI Aayog ensured that insights from the SDG India Index were available in the public domain for policymakers, civil society, businesses, and the general public.

To coordinate all the SDG efforts at the national and sub-national levels, NITI Aayog acts as the nodal institution. At the same time, owing to the federal structure of the country, the States/ Union Territories play a significant role in ensuring the success of the SDG agenda. This report measures the progress achieved and distance to be covered by the States/UTs in their journey towards meeting the targets, using the SDG India Index. The SDG Index is a powerful tool which offers excellent possibilities for the States/UTs to identify priority areas which demand action,

facilitate peer learning, highlight data gaps, and promote healthy competition.

Based on the score, the States and UTs were classified into four categories, namely Achiever, Front Runner, Performer and Aspirant. This criteria of classification is as follows:

- **Achiever** – when SDG India Index score is equal to 100
- **Front Runner** – when SDG India Index score is less than 100 but greater than or equal to 65
- **Performer** – when SDG India Index score is less than 65 but greater than or equal to 50
- **Aspirant** – when SDG India Index score is less than 50

### 9.1 SDG India Index 1.0 and Index 2.0

The SDG India Index 1.0 (**SDGII 1.0**), launched in December 2018, preceded the finalisation of the National Indicator Framework. The Index was computed using 62 indicators covering 13 SDGs – goals 12, 13, 14, and 17 could not be included owing to the lack of data at the sub-national level.

Whereas **SDGII 2.0** is the second edition of the Index which builds upon its first version. It is constructed using 100 indicators, covers 54 targets across 16 goals, barring Goal 17, which primarily focuses on partnerships (where National Indicators are not available). Although the SDGII 2.0 does represent a refinement over the first edition, nevertheless, one of the continuing challenges that remain is the lack of disaggregated data across population groups. The SDG India Index 2.0 is an attempt to translate SDGs into an easy tool to explain the broader concept of the Agenda 2030 and the SDGs. However, support from all the key stakeholders will be required to report on progress at national, sub-national and local levels. Further, government alone cannot achieve the SDGs through schemes in addition to governments, other key stakeholders. Business, civil society organisations, academia, the media, and others will all play a vital role in turning the SDGs into reality.

### 9.2 SDG India Index 2019: Performance across Goals

- SDG 1. No Poverty
- SDG 2. Zero Hunger
- SDG 3. Good Health and Well-Being
- SDG 4. Quality Education
- SDG 5. Gender Equality
- SDG 6. Clean Water And Sanitation
- SDG 7. Affordable and Clean Energy
- SDG 8. Decent Work and Economic Growth
- SDG 9. Industry, Innovation and Infrastructure
- SDG 10. Reduced Inequalities
- SDG 11. Sustainable Cities and Communities
- SDG 12. Sustainable Consumption And Production
- SDG 13. Climate Action
- SDG 14. Life Below Water
- SDG 15. Life on Land
- SDG 16. Peace, Justice and Strong Institutions
- SDG 17. Partnership

## 10. Conclusion

In keeping with these changing times, the Government of India has decided to set up NITI Aayog (National Institution for Transforming India), in place of the erstwhile Planning Commission, as a means to better serve the needs and aspirations of the people of India. A wide consultation was held prior to the formation of NITI Aayog, with Chief Ministers, Experts, Economists & general public through MyGov.

SDGs call for a constant review of the progress made, without which they cannot effectively map their path towards realising the Goals

NITI Aayog is for charting India's (SDG) Sustainable Development Goals, particularly in critical social sectors such as health and education. A Three Year Action Agenda and a Seven Year Strategy have already been prepared by the NITI Aayog and placed in the public domain. Niti Aayog are now engaged in developing a fifteen-year vision document for the nation's development.

In SDG implementation through well-designed programmes of the Government of India such as Poshan Abhiyaan (National Nutrition Mission), Aayushman Bharat (National Health Protection Scheme), Beti Bachao Beti Padhao (Care for the Girl Child) and Aspirational Districts Programme, to name a few. The common theme of these programmes articulated by the honourable Prime Minister is 'Sabka Saath, Sabka Vikas, Sabka Vishwas' or 'Development for All' ensuring that Agenda 2030 is mainstreamed in India's development strategy on the lines of the 2030 Agenda for Sustainable Development.

To fast track this agenda, NITI Aayog has released a Three-Year Action Agenda covering years 2017-18 to 2019-20 and unfurled the strategy going forward - 'Strategy for New India @ 75'. Reflecting the country's long-standing federal tradition, States and UTs participate actively to prepare these documents and are based on the SDG framework.

**Mahatma Gandhi** had said: "Constant development is the law of life, and a man who always tries to maintain his dogmas in order to appear consistent drives himself into a false position". Reflecting this spirit and the changed dynamics of the new India, the institutions of governance and policy have to adapt to new challenges and must be built on the founding principles of the Constitution of India, the wealth of knowledge from our civilizational history and the present day socio-cultural context.

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