

ECONOMIC PLANNING VS NITI AYOJ

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ABSTRACT

The National Institution for Transforming India is abbreviated as NITI Aayog. The Planning Commission has been replaced by NITI Aayog, a new government agency. The National Institute of Transforming India (NITI Aayog) was established as a think tank to develop a new policy framework in response to the country's fast changing socio-economic situation.. It will give the development process crucial direction and strategic input, with a focus on deliverables and outcomes. The fundamental purpose of NITI Aayog is to act as an incubator and disseminator of new thought and ideas for development.

Keywords: *Niti Ayog, Planning commission, economic planning, government, difference, objectives*

INTRODUCTION

During the British government, our country was suffering from stagnation because the

Anti-growth policy was operating in our country. They did not assume an active leadership in India's economic development.

The excellent service of Soviet Russia, the Great depression of 1930, the New Deal in America Tennessee Valley Authority, and the need for economic development for the underdeveloped

country like India were some of the main and effective forces which gave strength to the Indians to think about planning. Thus, planning is a very essential instrument for economic development and growth came into existence in 1951.

Economic planning in India was established by Sir M. Visvesvaraya, a renowned engineer, statesman and Diwan of Mysore. He was a member of the National Planning Council (NPC) who published a book named, "Planned Economy for India " in 1934 in which he formulated a ten-year plan for the economic development of the country. He also published several articles to let people know about the significance of this ten-year plan, thereby influencing top politicians and intellectuals. Sir Visvesvaraya played a very interesting role for the benefit of Indian planners. He assembled an "Economic Council" in which the expert economists and representative businessmen were the main participants. The Economic Council and its Standing Committee's sole objective was to advise and play a supervisory role in cooperation with an official body called the Development Committee. Then, in 1938, Subhash Chandra Bose formed the National planning

Committee (NPC) with Pandit Nehru as Chairman and Professor K.T. Shah as General Secretary. The National Planning Committee consisted of 15 members including well known industrialists, Economists, Financiers, Professors and Scientists in addition to representatives of the provincial governments and those of the Indian States of Hyderabad, Mysore, Baroda, Travancore and Bhopal. The Committee was organized to prepare a comprehensive economic plan for India. The National Planning Committee showed much satisfactory work, but it was disturbed due to the Second World War and resignation of the Congress Government and other developments of the country. So, the result was it was unable to present any final report.

In June 1941, the British Government of India set up an Inter-Departmental Committee under the chairmanship of the Congress Member for the investigation of reconstruction problems. Its work was unsatisfactory, so in March 1943, it was replaced by the Reconstruction Committee of the Viceroy's as chairman with a separate secretariat. The Reconstruction Committee published two reports in 1944 on the progress made in drawing up plans.

The Department of Planning and Development was established in 1944 under Sir Ardeshir Dalal as chairman. A statesman on Indians Industrial Policy was given by the Department on April 26, 1945. Its aim was to control industrial progress in public respect and also a wide measure of state encouragement and assistance.

The planning in India was taken up by the two separate organizations. One of them may be called official and other non-official or political. There were three "private plans" which came into existence in January 1944. These were the Bombay plan, People's plan and Gandhian Plan. Eight main industrialists gave a proposal for a "Plan for Economic Development for India." It is famous by the name of "Bombay Plan". Sir Pushottam Das, Thakur Das, J.D. Tata, Sir Ardeshir Dalal, A.D. Shroff, Dr. John Matthai, D.G. Birla, Sir Shri Ram and Kasturbai Lalbhai introduced this plan. In a span of

15 years ₹10000 crores was fixed for the total expenditure for the fifteen years. The plan envisaged an increase of 500 % in industrial output, 230% in agricultural output and a growth of 300% in the tertiary sector. The development of the basic industries like power, mineral, etc. and the manufacture of capital goods were given high priority. In agriculture it gave strength to land reforms, consolidation of holdings, indebtedness, providing irrigation facilities and to improve the quality of seeds and manures. The idea behind the Bombay plan was to establish a "balanced economy" through industrialization.

Then came the Ten Years People's Plan. A Radical Democratic party of Mr. M.N. Roy and the Indian federation of Labor announced it. It was different from the Bombay Plan in terms of methodology and priorities. This socialist plan which advocated state capitalism envisaged a fourfold improvement in the standard of living over a period of ten years at a total outlay of ₹15000 crores. The main objective of this plan was to provide the necessary wants such as food, clothing, housing, health and education. Agriculture was given high priority as it was the main source of employment. The consumer goods industries were given importance in the Industrial Sector.

The Gandhian Plan based on Gandhian philosophy (of labor and the dignity of the individual apart from eternal devotion to truth and non-violence) was organized by Shriman Narayana Agarwal.

A.H. Hanson writes:-

"Essentially this was no plan at all, but an essay in economic morality, preaching the virtues of simplicity manual labor, local self-sufficiency, decentralization and independent village community where strictly economic arguments were used, they merely provided additional support for proposals based on moral principles."

All these plans, both official and non-official, suffered from serious limitations. With independence they became inadequate though their technique and policies were useful.

Professor A.K. Das Gupta summarizes their long term significance:

“Structurally, the First Five Year Plan may be said to be an off spring of the Bombay Plan. The formulation of growth target, the application of the concept of investment by “created money” which is another name for deficit financing - all these are apparently derived from the Bombay Plan. Its inspiration is derived from the NPC and its contacts largely from the official reconstruction Programmers. The later emphasis on socialism may perhaps be traced to the frame-work of the People’s Plan.”

On 26th October, 1946 an Advisory Planning Board (APB) was set up by the Interim Government with K.C. Neogy, a chairman and K.T. Shah and Penderel Moon are Joint Secretaries. It was recommended that only the Government could take the final decision. This APB was assembled to do a rapid survey of the field and to make recommendations regarding the cooperation and improvement of planning and as regards objectives and priorities and the future machinery of planning.

INDIA’S PLANNING COMMISSION

On 26th January 1950, the New Constitution of the Republic of India came into operation. Important support for the creation of a Planning Commission came from the Programme Committee of the Congress whose distinguished membership included Pt. Nehru, Azad, Ranga, Shankarrao Deo and John Mathai, appointed by AICC on 17th November 1947. Thus, on 15th March, 1950, the Planning Commission was established by the cabinet resolution of India under the chairmanship of Pt. Nehru and a prominent congressman Nanda. The Indian Planning Commission was a highly political body, founded to prepare a plan for the most effective and balanced utilization of the country's resources.

The main features are as follows:

- To assess the material, capital and human resources of the country including technical personnel and investigate the possibilities of augmenting such resources as are found to be deficient in relation to the nation's requirements.
- To formulate a plan for the most effective and balanced utilization of the country's resources.
- On a determination of priorities, to define the stages in which the plan should be carried out and propose the allocation of resources for the due competition of each stage.
- To indicate the favors which are tending to retard economic development, and determine the conditions which in view of the current social and political situation, should be established for the successful execution of the plan.
- To determine the nature of machinery which will be necessary for securing the successful implementation of each stage of the plan in all its aspects.
- To appraise from time to time the progress achieved in the execution of each stage of the plan and recommended the adjustments of policy and measures that such appraisal may show to be necessary
- To make such interim or ancillary recommendations as appropriate either facilitating the discharge of the duties assigned to it, or a consideration of the prevailing economic conditions, current policies, measures, and development or on an examination of such specific problems as may be referred to it for advice by Central or State Government.

The resolution also specified clearly and briefly, the commission's role in the system of governments. The planning commission will make recommendations of the cabinet. In framing its recommendations, the Commission will act in close understanding and consultation with the Ministries of the Central Government and the Government of the States. The responsibility of taking and implementing decisions will rest with the Central and State Governments.

The Planning Commission is associated with the cabinet and its members, Prime Minister and the minister of Finance. Some others may be appointed in the Commission as members on account of their individual capacities or by the virtue of the special portfolios they hold. Other members are also appointed in the Commission on the basis of their eminence, ability and competence and not on political considerations.

One of the most comprehensive definitions is given by H.D. Dickinson in his Economics of Socialism, "Economic Planning is the making of major economic decisions- what and how much is to be produced; how, when and where it is to be produced; and to whom it is to be allocated by the conscious decision of a determinate authority, on the basis of a comprehensive survey of the economic system as a whole."

FEATURES OF THE DEFINITION

- Economic planning implies conscious and deliberate efforts in making economic decisions.
- It contains a definite set of aim and objectives.
- Economic Planning is carried out by some central authority.
- In planning, economic decisions should be based on the survey of the entire economy. Planning should not be piecemeal or restricted to a particular sector but should be comprehensive and general.
- Economic planning is concerned not only with production, but also with distribution. In planning, decisions are made as to what and how much is to be produced and to whom is to be allocated.

When democratic planning took birth in India the Planning's targets were to increase consumption, to make the housing better, to educate the people and by doing this the country should become in the state of self-reliance. To gain these objectives, they gave priority to industrialization and increased the rate of

investment in heavy industries. Thus, Their Broad objective was to develop the infrastructure of the economy. As Prem Shankar Jha writes in his book - India a Political Economy for Stagnation - "The prime objectives of the government's Five-Year Plan has been to build the infrastructure of the economy and set up a core of heavy industries which will produce both the mother machines as well to set up industries in the future. In a developing country like India, where people are struggling to raise their standard of living, planning soul objective is to increase the rate of growth, to move towards industrialization, to achieve self-sufficiency in the field of food grains, to increase the employment opportunity, to remove inequalities between income and wealth, to arrange social justice etc. In an underdeveloped country the rate of growth can be achieved only by eradicating the poverty and unemployment which have become the burning objectives of the Indian Five-Year Plans. In an advanced country plan objectives are to use the resources rationally, to eradicate trade cycles and to bring the country in a state of full employment and to reduce the inequalities of income.

NATIONAL INSTITUTION FOR TRANSFORMING INDIA (NITI AYOJ)

The Planning Commission is now known as the National Institution for Transforming India. It was established in 2015 by the NDA government with the recommendation to replace the planning commission with a control commission. The independent evolution was submitted to the prime Minister Narendra Modi on 13th August 2014. Thus, the Union cabinet replaced, Planning Commission into NITI AYOJ came into existence on 8th February 2015 by the PM. Mr. Arun Jaitley, the finance minister, keenly observed the circumstances of the economy and thus gave his view on the necessity of the NITI Ayoj as the demand of time techniques, education and skill, etc. needs updates in day-to-day lifestyle. So, the PM gave assurance to replace the planning commission into NITI AYOJ and thus, the

planning commission of 65 years of journey broke down.

What is a think tank, exactly? (A think tank, also known as a policy institute, is an organization that conducts research and lobbying on topics such as social policy, political strategy, economics, service, technology, and culture.) NITI Aayog is the Government of India's top policy think tank, providing both directional and policy inputs. NITI Aayog gives applicable expert advice to the Center and States in designing strategic and long-term programmes and programmes for the Government of India.

Niti Ayog seems to be a Hindi word for policy commission. Abbreviation for National Institution for transforming India is a policy think tank of the government of India established with the motive to gain sustainable development goals with cooperative federalism. Its vision is for the long-term period and in the short term period, capital and techniques cannot be changed and if changed, the result or achievement is seen in the long period. So, for generating innovative ideas, it maintains a dignified, intellectual distance from the government of the day.

The involvement of the state government of India in the economic policy making process using a bottom-up approach. Its initiatives include a "15 year road map", "7 year vision, strategy and action plan. AMRUT digital India, ATAL innovation mission, medical education reform, agricultural reforms, model land, leasing law, reforms of the Agricultural Product Marketing Committee Act, Agricultural Marketing and farmer friendly reforms index for ranking states, INdices Measuring States performance in health education and water management, sub group of chief minister on Rationalization of centrally sponsored schemes, subgroups, sub groups of chief minister on SWatch Bharat Abhiyan, sub group of chief Ministers on Skill Development, task forces on agriculture and poverty and Transforming India lectures Series.

The Planning Commission was replaced by the Modi cabinet's Niti Ayog and from 1st April, 2017 onwards, a three year action plan for seven year strategy period and a fifteen year vision document. After the twelfth five year plan, NITI Ayog does not have any role in the five year plan because it has ended with the planning commission. The NITI Ayog main function is to actively monitor and evaluate the program established in all the fields and to evaluate that the natural resources are fully utilized. And fulfill the supply for the production. To upgrade the techniques and to make the program successful. NITI AAYOG is neither a constitutional body nor a statutory body.

The seven pillars of Niti Ayog which are based on effective governance are:

- Pro-people
- Pro-activity
- Participation
- Empowering
- Inclusion of all
- Equality
- Transparency

MEMBERS OF NITI AAYOG

The Prime Minister is the chairperson, so PM Narendra Modi is the first Chairman of NITI Ayog, Vice chairman, Mr. Rajeev Kumar, ex officio members - Amit SHah, Rajnath Singh, Nirmala Sitaraman and Narendra Singh Tomer. Special invitees are Nitin Gadkai, Piyush GOyal, Virendra Kumar, Shwini, Vaishnavan Rao, Indrajeet Singh. Jurisdiction government of India, preceding government of India, Agency; Planning commission, Parent Government Agency, Ministry of planning, the present CEO is Mr. AMitabh kant.

NITI AAYOG's entire gamut of activities can be divided into four main heads -

- Policy and programme framework

- Cooperative federalism Monitoring and evaluation
- Think Tank and Knowledge and
- Innovative Hub

OBJECTIVES

There is major 13 objectives of NITI Ayog which are as follows:

- To make a comprehensive strategy for the active participation of the state, priority will be given to the development of the economy and the involvement of the state
- To facilitate the formulation of the rural infrastructure and aggregate these progresses at higher levels of government
- In economic strategy and policy, national security is considered to safeguard the interests of citizens
- Special attention will be given to those in society who are not effectively benefited
- Creating knowledge, innovation, and technologies based on collaboration with national and international experts, practitioners, and others will be a special

focus.

- The development agenda was accelerated by offering a platform.
- Increasing capacity for program implementation and focusing on technological changes
- Formulate strategic long-term policy and program frameworks and initiatives and monitor their progress.
- Strengthening partnerships between domestic and foreign stakeholders.
- Monitoring and evaluating the implementation of programmes and initiatives to ensure successful supply
- As a researcher on good governance, maintain a state-of-the-art resource center.
- Conducting other activities necessary and appropriate to the national development agenda and the above objectives

KEY DIFFERENCES BETWEEN PLANNING COMMISSION AND NITI AYO

Difference between Planning commission and NITI Aayog



Planning Commission	NITI Aayog
Enjoyed the powers to allocate funds to ministries and state governments.	To be an advisory body , or a think-tank. The powers to allocate funds might be vested in the finance ministry.
The last Commission had eight full-time members	The number of full-time members could be fewer than Planning Commission
States' role was limited to the National Development Council and annual interaction during Plan meetings.	State governments are expected to play a more significant role than they did in the Planning Commission.
Secretaries or member secretaries were appointment through the usual process	Secretaries to be known as the CEO and to be appointed by the prime minister.
Full Planning Commission had no provision for part-time members.	To have a number of part-time members , depending on the need from time to time.
The commission reported to National Development Council that had state chief ministers and lieutenant governors.	Governing Council has state chief ministers and lieutenant governors.
Had deputy chairperson, a member secretary and full-time members	New posts of CEO, of secretary rank, and Vice-Chairperson. Will also have five full-time members and two part-time members. Four cabinet ministers will serve as ex-officio members.
Policy was formed by the commission and states were then consulted about allocation of funds.	Consulting states while making policy and deciding on funds allocation. Final policy would be a result of that.
Had power to decide allocation of government funds for various programmes at national and state levels.	No power to allocate funds
Imposed policies on states and tied allocation of funds with projects it	NITI is a think-tank and does not have the power to impose policies.

CONCLUSION

In order to better serve the needs and ambitions of the people of India, the Government of India has decided to establish NITI Aayog (National Institution for Transforming India) in place of the previous Planning Commission. Prior to the foundation of NITI Aayog, Chief Ministers, Experts, Economists, and the general people were consulted through MyGov.

The NITI Aayog is responsible for mapping India's Sustainable Development Goals (SDGs), particularly in important social sectors like health and education. The NITI Aayog has already created a three-year action plan and a seven-year strategy, which have been made public. Niti Aayog is now working on a fifteen-year vision blueprint for the country's growth. SDGs are being implemented through well-designed government of India programmes like Poshan

Abhiyan (National Nutrition Mission), Aayushman Bharat (National Health Protection Scheme), Beti Bachao Beti Padhao (Care for the Girl Child), and Aspirational Districts Program, to name a few. The honorable Prime Minister's common theme for these programmes is "Sabka Saath, Sabka Vikas, Sabka Vishwas," or "Development for All," ensuring that Agenda 2030 is mainstreamed in India's development strategy along the lines of the 2030 Agenda for Sustainable Development.

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 must 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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