

The Strides of Transformation: From Planning Commission to NITI Aayog

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Mandavi Mehrotra considers the issues that plagued the Planning Commission from its inception and led to it being scrapped by the Modi administration last year. She argues the new NITI Aayog is a fresh concept with great potential, but that only time will tell if it can address the weaknesses of its predecessor.



It has been more than 60 years to India's independence and its growth chart proudly boasts of rapid economic development. The current government is marching with confident strides in the form of sweeping changes to the social and economic policies of the nation. One of the most significant changes in the last year was the death of the 64 year-old extra-constitutional Planning Commission. In its place, the BJP-led government has established the National Institution for Transforming India, popularly abbreviated as NITI Aayog.

In 1947, the economic and social conditions in India demanded potent and participative institutions as instruments of change. This need paved the way for the Planning Commission of India, established in 1950. The post-colonial era of the Indian democracy witnessed sharp focus on heavy industrialisation, eradication of poverty and the introduction of the five-year plans. The successful start to the Planning Commission, at least for the first ten years by Pandit Jawaharlal Nehru whose leadership in the national economic and financial stability was unparalleled, proved promising to the development in India. The popularity of Soviet-style planning in India led by the Planning Commission prevailed until 1965, when the centre-state relations in India became critical to the growth and governance of India. Until 1965, the Congress was established in the politics both at the centre and in a large number of states. Thus, the politics and planning was heavily centralised in the early post-independence years.

However, centralisation has often been synonymous with a less effective, undemocratic and unconstitutional feature to the Indian polity. The debatable extra-constitutionality of the Planning Commission was a strong bone of contention for its critics, who argued that the Commission never lived up to the spirit of the Indian Constitution. They argued that the Commission was only superficially founded on the basis of (now repealed) Article 382 of the Constitution, essentially formed as a parallel body to the cabinet but devoid of constitutional limitations of a statutory body. Dissent and criticism against the extra-constitutional nature and centralised role of the Planning Commission naturally crept in. It was reflected from the resignation in 1950 of the then Finance Minister of India, John Mathai who was deeply unsatisfied with the centralised power, composition and functions of the Planning Commission even at its inception. The turning phase for the national economy in the form of liberalisation and the New Economic Policy of 1991 further relegated the roles of the Planning Commission in federal finance, marking a clear break from "Nehru-Mahalanobis strategy" and public investment models.

Responsive to the weaknesses of the Planning Commission, NITI Aayog is a policy-driven, participative, transparent and collaborative think tank which has the potential to offer [strategic and directional](#) input into the developmental process. By including state Chief Ministers and Lieutenant Governors of Union Territories, the structure seeks to promote [cooperative federalism](#) where the government is an "enabler" rather than "a provider of first and last resort". The NITI Aayog promises to end the "centre-to-state one-way flow of policy" and replace it with "[a genuine and continuing partnership of states](#)".

Articles 21 and 28 of the [Universal Declaration of Human Rights](#) emphasise the right to a social and international order which enables full realisation of the rights and freedoms set forth in the Declaration. They indicate a complex interplay of good governance, human rights and sustainable development is required to enable citizens to access their rights. The creation of the National Institution for Transforming India is a clear reflection of the ideological

inclination of the makers of the model who believe in transparency and effective communications.

As Modi's government moves to create ambitious infrastructure and growth-oriented programmes of river linking, Make in India, Digital India, Swachh Bharat Abhiyan and bullet trains, it needs many ministries to work together, which would require an effective coordinating agency. As a think tank designed to direct strategic governance NITI Aayog is a fresh concept which will be more independent than its predecessor. However, the government has not yet clarified the procedure to actualise its innovative ideology of states and financial inclusion in the NITI Aayog. The danger that the supposedly independent think tank may succumb to the corporate and capitalist sector is a big apprehension that looms around the institution. At the outset, the replacement of the Planning Commission by the NITI Aayog does not seem to promise anything more than liberalisation-friendly ideological think tank which is more constitutional than the old one and seemingly more democratic, participative and, thus, popularly acceptable. Maybe it is rightly put that NITI Aayog is an old wine in a new bottle or nothing else. Only time will tell.

Respecting the federal nature and unitarian spirit of the Indian polity, Dr. B.R. Ambedkar once rightly remarked that:

Though the country and the people may be divided into different states for the convenience of administration, the country is one integral whole, its people are single people living under a single imperium derived from a single source.

It is sincerely hoped that the NITI Aayog lives up to the rights-conscious citizenry's expectations and facilitates India's development more effectively than its predecessor.

Cover image: Screenshot from [E-book of NITI Aayog](#)

Note: This article gives the views of the author, and not the position of the India at LSE blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.

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