

IS NITI AAYOG RELEVANT?

Relevant for: Indian Economy | Topic: Issues relating to Planning

Prime Minister Narendra Modi with NITI Ayog Vice Chairman Rajiv Kumar releasing a report during the inauguration of the Global Mobility Summit at the Vigyan Bhavan on September 07, 2018 in New Delhi. | Photo Credit: [R.V. Moorthy](#)



The NITI Aayog was formed to bring fresh ideas to the government. Its first mandate is to act as a think tank. It can be visualised as a funnel through which new and innovative ideas come from all possible sources — industry, academia, civil society or foreign specialists — and flow into the government system for implementation. We have regular brainstorming sessions with stakeholders from various industries and sectors. Initiatives like Ayushman Bharat, our approach towards artificial intelligence and water conservation measures, and the draft bill to establish the National Medical Commission to replace the Medical Council of India have all been conceptualised in NITI Aayog, and are being taken forward by the respective Ministries.

In that sense, I think of NITI Aayog as an action tank rather than just a think tank. By collecting fresh ideas and sharing them with the Central and State governments, it pushes frontiers and ensures that there is no inertia, which is quite natural in any organisation or institution. If it succeeds, NITI Aayog could emerge as an agent of change over time and contribute to the Prime Minister's agenda of improving governance and implementing innovative measures for better delivery of public services.

We also work to cut across the silos within the government. For example, India still has the largest number of malnourished children in the world. We want to reduce this number vastly, but this requires a huge degree of convergence across a number of Ministries, and between Central and State governments. NITI Aayog is best placed to achieve this convergence and push the agenda forward.

NITI Aayog is also bringing about a greater level of accountability in the system. Earlier, we had 12 Five-Year Plans, but they were mostly evaluated long after the plan period had ended. Hence, there was no real accountability.

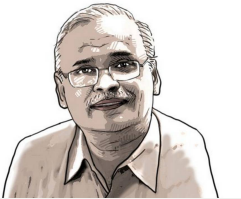
NITI Aayog has established a Development Monitoring and Evaluation Office which collects data on the performance of various Ministries on a real-time basis. The data are then used at the highest policymaking levels to establish accountability and improve performance. This performance- and outcome-based real-time monitoring and evaluation of government work can have a significant impact on improving the efficiency of governance.

Using such data, we also come up with performance-based rankings of States across various verticals to foster a spirit of competitive federalism. That is another big mandate of NITI Aayog. We identify the best practices in different States in various sectors and then try to replicate them in other States. We also play an important role of being the States' representative in Delhi, and facilitate direct interactions with the line ministries, which can address issues in a relatively shorter time.

The Atal Innovation Mission, which is also established under NITI Aayog, has already done commendable work in improving the innovation ecosystem in India. It has established more than 1,500 Atal Tinkering Labs in schools across the country and this number is expected to go up to 5,000 by March 2019. It has also set up 20 Atal Incubation Centres for encouraging young innovators and start-ups.

With its current mandate that is spread across a range of sectors and activities, and with its unique and vibrant work culture, NITI Aayog remains an integral and relevant component of the government's plans to put in place an efficient, transparent, innovative and accountable governance system in the country.

Rajiv Kumar is the vice-chairman of Niti Aayog. As told to Yuthika Bhargava



The erstwhile Planning Commission had been on the decline since 1991, much before the final blow was delivered to it by the present regime in 2014. At some point, the charge of the Planning Commission was entrusted to eminent experts, many of whom had trained in neoliberal schools. This did not fit well with the imperative for an inclusive and equitable path of economic development in India, which is a socially hierarchical and economically iniquitous society.

In the original Nehruvian vision, the public sector was entrusted with the economy, given the weak market mechanism which was dominated by mercantile capital and a feudalistic system, especially in rural areas. Even then, the Planning Commission controlled only half of the total investment in India, since what was consciously adopted was a mixed economy system. It also fitted well with our republican democratic Constitution.

The rise of neoliberalism, the decline of erstwhile socialist regimes worldwide, and the rise of right-wing market fundamentalists within the country paved the way for the demise of the Planning Commission. Its replacement by NITI Aayog looks more apologetic than substantial for the task of transforming a deeply unequal society into a modern economy that ensures the welfare of all its citizens, irrespective of their social identity.

It has no role in influencing, let alone directing, public or private investment. It does not seem to have any influence in policymaking with long-term consequences (for instance, demonetisation and the Goods and Services Tax).

NITI Aayog is supposed to be a think tank. This implies that while generating new ideas, it maintains a respectable intellectual distance from the government of the day. Instead, what we see is uncritical praise of government-sponsored, acronym-infested schemes. It sings paeans to the virtues of the private corporate sector as the saviour of the Indian economy without realising, let alone appreciating, the foundational and socially oriented contribution of India's vast public sector.

How can a country like India transform itself with new ideas and strategies if it doesn't have a paradigm of planning for development? How can it lift its poor? How can we ensure that every working member of the Indian population has a decent job with at least a minimum wage and social/employment security? Why doesn't it occur to the political leadership to ask why more than 90% of those in the workforce slog in the unorganised sector — in small farms and tiny

non-farm establishments — with two-thirds of the total being working poor? Why don't they ask why more than half the workers in the organised sector end up as 'insecure' or 'informal' labour? Why is the labour force participation rate of women so low and declining when neighbours like Bangladesh have registered an increasing trend? Why do the Dalits and Adivasis continue to be at the bottom of the ladder in every conceivable social and economic indicator of well-being? Why do regional, gender and other inequalities based on social identity keep increasing?

India requires planning that addresses social justice, reduces regional and gender inequalities, and ensures environmental sustainability.

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“The road to the free market was opened and kept open by an enormous increase in continuous, centrally organised and controlled interventionism,” wrote Karl Polanyi in *The Great Transformation*. Polanyi was referring to the structural transformation in the 19th and 20th centuries. He wrote: “While the laissez faire economy was the product of deliberate state action, subsequent restrictions on laissez faire started in a spontaneous way. Laissez faire was planned; planning was not.” In other words, planning for a developing economy can be abandoned, but only at its own peril. The implication for a complex country like India that became an industrial economy late is that planning would, and should, remain a central function of the state in the medium run. However, we would contend that the Planning Commission, unfortunately, did not fulfil its function adequately. NITI Aayog will need to evolve into a much stronger organisation than it is.

Learning from the experience of the now-industrialised countries, the Chinese state ensured that after its market-oriented economic reforms began, its State Planning Commission became more powerful in the state apparatus. The result was growth and poverty reduction on a scale unprecedented in history. China became the “factory of the world” — backed by an industrial policy driven by the National Development and Reforms Commission.

Similarly, in all East Asian and Southeast Asian countries, industrial policy was planned and executed as part of five-year or longer-term plans. It was precisely because these countries had planning institutions which went hand in hand with industrial policy that they managed to steer policies through turbulent times in the global economy, thus sustaining growth.

In most of Latin America/Caribbean (LAC) countries and in Subsaharan Africa (SSA), two full decades of potential economic growth and human development were lost when per capita income barely rose even as populations continued to grow. These countries abandoned planning and became captives of the Washington Consensus. On the other hand, the important identifier of East Asian and Southeast Asian countries, which did not experience such “lost decades” in the 1980s and 1990s, were their planning structures, backed by an industrial policy and implemented by learning bureaucracies. That is how they were able to ride the wave of their demographic dividend, which comes but once in the life of a nation. India cannot risk going the LAC/ SSA way, since it is already past the midpoint of its dividend.

While East Asian and Southeast Asian countries still had, and have, five-year plans, what was also integral to their planning was productive use of labour, their most abundant factor, through

an export-oriented manufacturing strategy. It was this strategy that was lacking in India's planning. Giving 'planning' per se a bad name for poor policy is indicative of an ahistorical understanding of planning.

If NITI Aayog is to implement such a strategy within a planning framework in India, two major changes in governance structures are needed. First, planning will have to become more decentralised, but within a five-year plan framework. Second, bureaucracy will need to change from generalist to specialist, and its accountability will have to be based on outcomes achieved, not inputs or funds spent. NITI Aayog should spell out how these reforms will be implemented.

Santosh Mehrotra served in the Planning Commission for nearly a decade

Last week Ram Kadam, a BJP MLA from Maharashtra, told the men in an audience that if they were interested in women who didn't reciprocate the feeling,

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