

54 NITI Aayog

ESTABLISHMENT

On the 13th of August, 2014, the Modi Government scrapped the 65-year-old Planning Commission and announced that it would be replaced by a new body. Accordingly, on January 1, 2015, the NITI Aayog (National Institution for Transforming India) was established as the successor to the planning commission.

However, it must be noted here that the NITI Aayog, like that of the Planning Commission, was also **created by an executive resolution¹** of the Government of India (i.e., Union Cabinet). Hence, it is also neither a constitutional body nor a statutory body. In other words, it is a non-constitutional or extra-constitutional body (i.e., not created by the Constitution) and a non-statutory body (not created by an Act of the Parliament).

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 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.

In a paradigmatic shift from the command and control approach of the past, NITI Aayog accommodates diverse points of view in a collaborative, rather than confrontationist, setting. In the spirit of federalism, NITI's own policy thinking too is shaped by a 'bottom-up' approach rather than a 'top-down' model.

RATIONALE

While explaining the reason for replacing the Planning Commission with the NITI Aayog, the Union Government made the following observation: “India has undergone a paradigm shift over the past six decades—politically, economically, socially, technologically as well as demographically. The role of Government in national development has seen a parallel evolution. 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.”²

The new institution will be a catalyst to the developmental process; nurturing an overall enabling environment, through a holistic approach to development going beyond the limited sphere of the Public Sector and Government of India. This will be built on the foundations of:³

1. An empowered role of States as equal partners in national development; operationalising the principle of Cooperative Federalism.
2. A knowledge hub of internal as well as external resources; serving as a repository of good governance best practices, and a Think Tank offering domain knowledge as well as strategic expertise to all levels of government.
3. A collaborative platform facilitating implementation; by monitoring progress, plugging gaps and bringing together the various ministries at the Centre and in States, in the joint pursuit of developmental goals.

In the same context, the then Union Finance Minister Arun Jaitley said: “The 65-year-old Planning Commission had become a redundant organisation. It was relevant in a command economy structure, but not any longer. India is a diversified country and its states are in various phases of economic development along with their own strengths and weaknesses. In this context, a ‘one-size-fits-all’ approach to economic planning is obsolete. It cannot make India competitive in today’s global economy.”⁴

The Resolution observed: “Perhaps most importantly, the institution must adhere to the tenet that while incorporating positive

influences from the world, no single model can be transplanted from outside into the Indian scenario. We need to find our own strategy for growth. The new institution has to zero in on what will work in and for India. It will be a Bharatiya approach to development.”

COMPOSITION

The composition of the NITI Aayog is as follows:

- (a) Chairperson: The Prime Minister of India
- (b) Governing Council: It comprises the Chief Ministers of all the States, Chief Ministers of Union Territories with Legislatures (i.e., Delhi, Puducherry and Jammu and Kashmir) and Lt. Governors of other Union Territories.
- (c) **Regional Councils**: These are formed to address **specific issues** and contingencies impacting more than one state or a region. These are formed for a **specified tenure**. These are convened by the Prime Minister and comprises of the Chief Ministers of States and Lt. Governors of Union Territories in the region. These are chaired by the Chairperson of the NITI Aayog or his nominee.
- (d) Special Invitees: Experts, specialists and practitioners with relevant domain knowledge as special invitees nominated by the Prime Minister.
- (e) Full-time Organisational Framework: It comprises, in addition to the Prime Minister as the Chairperson:
 - (i) Vice-Chairperson: He is appointed by the Prime Minister. He enjoys the rank of a Cabinet Minister.
 - (ii) Members: Full-time. They enjoy the rank of a Minister of State.
 - (iii) Part-time Members: Maximum of 2, from leading universities, research organisations and other relevant institutions in an ex-officio capacity. Part-time members would be on a rotation.
 - (iv) Ex-Officio Members: Maximum of 4 members of the Union Council of Ministers to be nominated by the Prime Minister.
 - (v) Chief Executive Officer: He is appointed by the Prime Minister for a fixed tenure, in the rank of Secretary to the Government of India.
 - (vi) Secretariat: As deemed necessary.

SPECIALISED WINGS

NITI Aayog houses a number of specialised wings, including⁵ :

1. *Research Wing*: It develops in-house sectoral expertise as a dedicated think tank of top notch domain experts, specialists and scholars.
2. *Consultancy Wing*: It provides a marketplace of whetted panels of expertise and funding, for the Central and State Governments to tap into matching their requirements with solution providers, public and private, national and international. By playing match-maker instead of providing the entire service itself, NITI Aayog is able to focus its resources on priority matters, providing guidance and an overall quality check to the rest.
3. *Team India Wing*: It comprises of the **representatives from every State and Ministry** and serves as a permanent platform for national collaboration. Each representative:
 - (a) Ensures that every State/Ministry has a continuous voice and stake in the NITI Aayog.
 - (b) Establishes a direct communication channel between the State/Ministry and NITI Aayog for all development related matters, as the dedicated liaison interface.

NITI Aayog functions in close cooperation, consultation and coordination with the Ministries of the Central Government, and State Governments. While it makes recommendations to the Central and State Governments, the responsibility for taking and implementing decisions rests with them.

OBJECTIVES

The objectives of the NITI Aayog are mentioned below:

1. To evolve a shared vision of national development priorities, sectors and strategies with the active involvement of States.
2. To foster cooperative federalism through structured support initiatives and mechanisms with the States on a continuous basis, recognising that strong States make a strong nation.
3. To develop mechanisms to formulate credible plans at the village level and aggregate these progressively at higher levels of government.
4. To ensure, on areas that are specifically referred to it, that the interests of national security are incorporated in economic strategy and policy.
5. To pay special attention to the sections of our society that may be at risk of not benefitting adequately from economic progress.
6. 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 midcourse corrections.
7. 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.
8. To create a knowledge, innovation and entrepreneurial support system through a collaborative community of national and international experts, practitioners and other partners.
9. To offer a platform for resolution of inter-sectoral and inter-departmental issues in order to accelerate the implementation of the development agenda.
10. 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.
11. 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.

12. To focus on technology upgradation and capacity building for implementation of programmes and initiatives.
13. To undertake other activities as may be necessary in order to further the execution of the national development agenda, and the objectives mentioned above.

Through the above, the NITI Aayog aims to accomplish the following objectives and opportunities:⁶

1. An administration paradigm in which the Government is an “enabler” rather than a “provider of first and last resort.”
2. Progress from “food security” to focus on a mix of agricultural production, as well as actual returns that farmers get from their produce.
3. Ensure that India is an active player in the debates and deliberations on the global commons.
4. Ensure that the economically vibrant middle-class remains engaged, and its potential is fully realised.
5. Leverage India’s pool of entrepreneurial, scientific and intellectual human capital.
6. Incorporate the significant geo-economic and geo-political strength of the Non-Resident Indian Community.
7. Use urbanisation as an opportunity to create a wholesome and secure habitat through the use of modern technology.
8. Use technology to reduce opacity and potential for misadventures in governance.

The NITI Aayog aims to enable India to better face complex challenges, through the following:⁷

1. Leveraging of India’s demographic dividend, and realisation of the potential of youth, men and women, through education, skill development, elimination of gender bias, and employment
2. Elimination of poverty, and the chance for every Indian to live a life of dignity and self-respect
3. Redressal of inequalities based on gender bias, caste and economic disparities
4. Integrate villages institutionally into the development process
5. Policy support to more than 50 million small businesses, which are a major source of employment creation
6. Safeguarding our environmental and ecological assets

FUNCTIONS

The various functions performed by the NITI Aayog can be divided into four main heads:

1. Design policy and programme framework.
2. Foster co-operative federalism.
3. Monitoring and evaluation.
4. Think-tank, and Knowledge and Innovation Hub.

The NITI Aayog is functionally divided into various Verticals which are responsible for examining and looking into sectoral issues and priorities for national development and economic growth.

By dividing the entire gamut of activities in the NITI Aayog, the Team India and Knowledge and Innovation Hubs were constituted, and accordingly Verticals and Core Divisions were created. The two hubs are at the core of NITI's efficient functioning. The Team India Hub carries out the mandate of fostering 'Cooperative Federalism' and 'Designing Policy and Programme Frameworks'. It provides requisite coordination and support framework to NITI Aayog in its engagement with the States. On the other hand, the Knowledge & Innovation Hub ensures fulfilling the mandate of maintaining a State-of-the-Art Resource Centre; to be a repository of research of good governance and best practices and their dissemination to stakeholders; and to provide advice and encourage partnerships across key areas.

The NITI Aayog uniquely focus thematic policy interventions which encourages convergence across central ministries, state governments, development partners, sector experts and professionals. This convergence approach to governance is applied to achieve the objectives of NITI Aayog.

The different Verticals of NITI Aayog provide the requisite co-ordination and support framework for NITI Aayog to carry out its mandate. The list of Verticals is as follows:

1. Agriculture
2. Data Management & Analysis
3. Energy
4. Financial Resources
5. Governance & Research
6. Governing Council Secretariat
7. Health

8. Human Resource Development
9. Industry
10. Infrastructure Connectivity
11. Land & Water Resources
12. Managing Urbanisation
13. Natural Resources & Environment
14. NGO Darpan
15. Project Appraisal & Management Division (PAMD)
16. Public-Private Partnerships
17. Rural Development
18. Science & Technology
19. Skill Development & Employment
20. Social Justice & Empowerment
21. State Coordination and Decentralized Planning
22. Sustainable Development Goals
23. Voluntary Action Cell
24. Women & Child Development

GUIDING PRINCIPLES

In carrying out the above functions, the NITI Aayog is guided by the following principles⁸ :

1. *Antyodaya*: Prioritise service and uplift of the poor, marginalised and downtrodden, as enunciated in Pandit Deendayal Upadhyay's idea of 'Antyodaya'.
2. *Inclusion*: Empower vulnerable and marginalised sections, redressing identitybased inequalities of all kinds—gender, region, religion, caste or class.
3. *Village*: Integrate our villages into the development process, to draw on the vitality and energy of the bedrock of our ethos, culture and sustenance.
4. *Demographic dividend*: Harness our greatest asset, the people of India; by focussing on their development, through education and skilling, and their empowerment, through productive livelihood opportunities.
5. *People's Participation*: Transform the developmental process into a people-driven one, making an awakened and participative citizenry—the driver of good governance.
6. *Governance*: Nurture an open, transparent, accountable, pro-active and purposeful style of governance, transitioning focus from Outlay to Output to Outcome.
7. *Sustainability*: Maintain sustainability at the core of our planning and developmental process, building on our ancient tradition of respect for the environment.

Therefore, the NITI Aayog is based on the following seven pillars of effective governance:

- (i) Pro-people agenda that fulfils the aspirations of the society as well as individuals.
- (ii) Pro-active in anticipating and responding to citizen needs.
- (iii) Participative, by involvement of citizens.
- (iv) Empowering women in all aspects.
- (v) Inclusion of all groups with special attention to the SCs, STs, OBCs and minorities.
- (vi) Equality of opportunity for the youth.
- (vii) Transparency through the use of technology to make government visible and responsive.

Through its commitment to a cooperative federalism, promotion of citizen engagement, egalitarian access to opportunity, participative and adaptive governance and increasing use of technology, the NITI Aayog seeks to provide a critical directional and strategic input into the development process. This, along with being the incubator of ideas for development, is the core mission of NITI Aayog.

COOPERATIVE FEDERALISM

The NITI Aayog has been constituted to actualize the important goal of cooperative federalism and to enable good governance in India, to build strong states that will make a strong nation. In a truly federal state, several objectives that ought to be achieved may carry political ramifications throughout the country. It is impossible for any federal government to achieve the national objectives without active cooperation from state governments. It is, therefore, crucial that the Centre and State governments work together as equals^{8a}.

The two key features or aspects of Cooperative Federalism are:

- (i) Joint focus on the National Development Agenda by the Centre and the States; and
- (ii) Advocacy of State perspectives with Central Ministries^{8b}.

In keeping with this, the NITI Aayog has been mandated the task of evolving a shared vision of national development priorities, sectors and strategies with the active involvement of States. These priorities ought to reflect the national objectives and foster cooperative federalism through structured support to States on a continuous basis. The NITI Aayog ought also to help states develop mechanisms to formulate credible plans at the village level and aggregate these progressively at higher levels of government. The aim is to progress from a stage when the Centre decided development policies to a truly federal government wherein States are equal stakeholders in the planning process^{8c}.

The policy of the Government to involve State governments is reflected in changes in the interaction processes of the NITI Aayog. Consistent with its mandate, the NITI Aayog has undertaken several crucial initiatives to ensure that States are equal partners in the policy making and implementing process^{8d}.

At the meetings of the Governing Council of NITI Aayog, the Prime Minister highlighted the importance of NITI Aayog as a platform to inculcate cooperative federalism, stressing on the need for effective center-state cooperation to advance development outcomes and achieve double-digit and inclusive growth for India.

It is the constant endeavor of NITI Aayog to evolve a shared vision of national priorities, sectors, and strategies with the active involvement of States, wherein States are equal stakeholders in the

planning process as well. In keeping with this, the Vice-Chairman of NITI Aayog committed himself to visit all States, to develop and offer a platform for resolution of inter-sectoral and inter-departmental issues in order to accelerate the implementation of the development agenda.

The NITI Aayog has also established models and programmes for development of infrastructure and to reignite and establish Private-Public Partnership, such as the Centre-State partnership model: Development Support Services to States (DSSS); and the Sustainable Action For Transforming Human Capital (SATH) programme which is designed to help States improve their social sector indicators by providing them technical support.

Further, with the aim of correcting regional development imbalance, the NITI Aayog has taken special steps for regions needing special attention and support, like the North Eastern States, Island States and hilly Himayalan States by constituting special forums to identify their specific constraints, formulating special policies to ensure sustainable development takes place in these regions while also protecting their abundant natural resources.

From the above discussion, we can summarise the various manifestations of Cooperative Federalism in the working of the NITI Aayog:

1. Meetings of Governing Council
2. Sub-groups of Chief Ministers on different subjects
3. Task Forces on specific subjects
4. NITI Forum for North East
5. Sustainable Development in the Indian Himayalan Region
6. Development Support Services to States
7. Sustainable Action For Transforming Human Capital (SATH)

CRITICISM

Hitting out at the government for its decision to restructure the Planning Commission and rechristen it as “NITI Aayog”, the Opposition said the move is just a “fluff” and mere “gimmickry”. They also expressed their apprehension that the new body will pave the way for discrimination, as “corporates will call the shots” in policy-making in the country.

CPI(M) leader Sitaram Yechury termed the renaming of the Planning Commission as *aniti aur durniti* (no policy and bad policy).

Mr. Yechury said, “just a change of nomenclature and gimmickry does not serve any purpose. Let us see what the government plans to do with it”.

“If the government wants to greet people with fluff and not substance on the first day of 2015, then there is nothing more that can be said... If the North Block or the Finance Ministry has a very short-term view of both fiscal and monetary objective and is going to be the final arbiter between the states and the Centre... it being the stakeholder in the process... I am afraid, is going to discriminate against the states,” Congress leader Manish Tewari said.

“After all, what was the Planning Commission doing? It used to plan policy. So by changing the nomenclature from Planning Commission to NITI Aayog what is the message this government is trying to send,” Mr. Tewari said, adding that Congress’ opposition to restructuring of the Planning Commission was based on “principles”.

“It’s not a question of fighting a war, it’s a matter of principle. The Opposition Bharatiya Janata Party used to go extra lengths talking about federalism and how the sanctity and sacrosanct of federalism has to be maintained. And now they are going exactly the reverse,” the Congress leader said.

Veteran CPI leader Gurudas Dasgupta said that dismantling of the Planning Commission and bringing in a new body in its place will lead to an unregulated economy. “It is not a change of name. The Planning Commission is being abolished because they (government) don’t believe in planning,” he said.

“The government would like to have a fullmarket economy (which is) totally unregulated,” Mr. Dasgupta said adding. “If this becomes the policy of the government to not help advance the country, control

inflation and create job opportunities, it will not be good for the country".⁹

"Mere change of name from Yojana Aayog to NITI is not objectionable if it is coupled with real reform. Otherwise, it will be purely cosmetic like earlier naming ceremonies," Congress spokesperson Abhishek Manu Singhvi said. He said the Congress would have supported constructive reform of the Planning Commission. But the "alteration of identity and basic structure", he said, "is being done because of anti-Nehruvianism and anti-Congression."¹⁰

CPI(M) central committee member Md Selim, MP, said no meaningful purpose would be served by just renaming the Planning Commission. Alleging that the BJP government had decided to dissolve the planning commission "to dilute the planning process", he said the government should have given more teeth to the National Development Council instead.¹¹

ATTACHED OFFICES

There are two offices attached to the NITI Aayog. They are explained below:

1. National Institute of Labour Economics Research and Development

The National Institute of Labour Economics Research and Development (NILERD) was formerly known as the Institute of Applied Manpower Research (IAMR). It is a central autonomous organization attached to the NITI Aayog. Its primary objectives are research, data collection, education and training in all aspects of human capital planning, human resource development, and monitoring and evaluation.

The IAMR was established in 1962 under the Societies Registration Act of 1860 as an institution that would function as a clearinghouse of ideas and undertake policy research on human capital development to inform perspective planning and promote policy integration. The main object of the Institute is to advance knowledge about the nature, characteristics and utilisation of human resources through research, education and training, consultancy, etc.

The IAMR has been renamed as NILERD in 2014. The NILERD is mainly funded by grants-in-aid from the NITI Aayog (formerly Planning Commission), and supplemented by its own revenue from contracted research projects, and education and training activities. The prime objective of NILERD has been to develop an institutional framework capable of sustaining and steering a systematic applied human resource planning research process.

Since its inception, the Institute has carved out its own trajectory to achieve academic heights, and in the process, developed a range of academic activities not only in the field of human resource planning and development, but also in monitoring and evaluation of public policies and programmes. During the past few years, the Institute has exhibited remarkable dynamism in addressing the issues of national priorities. The Institute has emerged as a pioneering institute in providing academic training on human resource planning and development for both international and national participants.

The Institute moved to its own campus at Narela in 2002. Narela is a developing urban and institutional hub declared as a special economic zone for knowledge in the National Capital Region.

2. Development Monitoring and Evaluation Office:

The need for an efficient and independent evaluation mechanism in India was recognized by the planners and policy-makers right from the introduction of planning process in the country and resultantly, the Programme Evaluation Organization was established by the Government in 1952 to carry out independent and objective impact evaluation of the Central Government funded programmes.

The Development Monitoring and Evaluation Office (DMEO) was established by the Government in 2015 as an attached office of the NITI Aayog by merging the erstwhile Programme Evaluation Organization and the Independent Evaluation Office. The DMEO is headed by the Director General who is equivalent to an Additional Secretary to the Government of India. To ensure that DMEO is able to function independently and effectively, it has been provided with separate budgetary allocations and manpower in addition to complete functional autonomy.

The DMEO has been mandated to actively monitor and evaluate the implementation of the programmes and initiatives of the Government of India, including the identification of the needed resources so as to strengthen the probability of the success and scope of delivery.

The functions of DMEO are:

1. Monitor the implementation of Government programmes
2. Help Ministries in designing TORs for evaluation studies
3. Monitor the implementation and progress of SDGs
4. Promote the spirit of Cooperative Federalism
5. Conduct evaluation of the Government programmes

At the NITI Aayog level, the programme evaluation work is being looked after under the overall guidance of the Vice-Chairman, NITI Aayog. In addition to the Director General, the DMEO has been provided with 4 Deputy Director Generals (SAG level) to look after the functional mandate in addition to the Joint Secretary (Adm. & Fin.) who is to provide administrative and logistics support. The Headquarter of DMEO is in NITI Aayog, New Delhi.

The DMEO had 15 Regional Offices known as Regional Development Monitoring and Evaluation Offices (RDMEOs). Each

RDMEO was headed by a Director level officer. The RDMEOs conducted field surveys and data/ information collection work for evaluation studies, and they also played an important role in promoting cooperative federalism by their interaction with the States and UT administrations. However, keeping in view the changed functional requirements, they were closed in 2017 and the staff were transferred to DMEO Hqrs in New Delhi.

ERSTWHILE PLANNING COMMISSION

The erstwhile Planning Commission was established in March 1950 by an executive resolution of the Government of India, (i.e., the Union Cabinet) on the recommendation of the Advisory Planning Board constituted in

1946, under the chairmanship of K.C. Neogi. Thus, the erstwhile Planning Commission was neither a constitutional body nor a statutory body. In India, it was the supreme organ of planning for social and economic development.

Functions

The functions of the erstwhile Planning Commission included the following:

1. To make an assessment of material, capital and human resources of the country, and investigate the possibilities of augmenting them.
2. To formulate a plan for the most effective and balanced utilisation of the country's resources.
3. To determine priorities and to define the stages in which the plan should be carried out.
4. To indicate the factors that retard economic development.
5. To determine the nature of the machinery required for successful implementation of the plan in each stage.
6. To appraise, from time to time, the progress achieved in execution of the plan and to recommend necessary adjustments.
7. To make appropriate recommendations for facilitating the discharge of its duties, or on a matter referred to it for advice by Central or state governments.

The Allocation of Business Rules had assigned the following matters (in addition to the above) to the erstwhile Planning Commission:

1. Public Co-operation in National Development
2. Specific programmes for area development notified from time to time
3. Perspective Planning
4. Institute of Applied Manpower Research
5. Unique Identification Authority of India (UIDAI)

6. All matters relating to National Rainfed Area Authority (NRAA)

Earlier, the National Informatics Centre was also under the erstwhile Planning Commission. Later, it was brought under the Ministry of Information Technology.

It should be noted that the erstwhile Planning Commission was only a staff agency—an advisory body and had no executive responsibility. It was not responsible for taking and implementing decisions. This responsibility rested with the Central and State Governments.

Composition

The following points can be noted in context of the composition (membership) of the erstwhile Planning Commission:

1. The Prime Minister of India was the chairman of the commission. He presided over the meetings of the commission.
2. The commission had a deputy chairman. He was the de facto executive head (i.e., full-time functional head) of the commission. He was responsible for the formulation and submission of the draft of Five-Year Plan to the Central cabinet. He was appointed by the Central cabinet for a fixed tenure and enjoyed the rank of a Cabinet Minister. Though he was not a member of cabinet, he was invited to attend all its meetings (without a right to vote).
3. Some Central Ministers were appointed as part-time members of the commission. In any case, the finance minister and planning minister were the exofficio (by virtue of) members of the commission.
4. The commission had four to seven fulltime expert members. They enjoyed the rank of a minister of state.
5. The commission had a member-secretary. He was usually a senior member of IAS. The state governments were not represented in the commission in any way. Thus, the erstwhile Planning Commission was wholly a Centre-constituted body.

Critical Evaluation

The erstwhile Planning Commission was originally established as a staff agency with advisory role but in the course of time it had emerged as a powerful and directive authority whereby its recommendations were considered both by the Union and states. The critics had described it as a 'Super Cabinet', an 'Economic

Cabinet', a 'Parallel Cabinet', the 'Fifth Wheel of the Coach' and so on.

The following observations were made on the domineering role played by the erstwhile Planning Commission.

1. Administrative Reforms Commission (ARC) of India: The ARC observed: 'Under the Constitution, the ministers, whether in the Centre or the states, are in effect, the ultimate executive authorities. Unfortunately, the Planning Commission has, in some measures, earned the reputation of being a Parallel Cabinet and sometimes, a Super Cabinet'.¹²
2. K. Santhanam This eminent constitutional expert stated that, 'Planning has superseded the federation and our country is functioning like a unitary system in many respects'.¹³
3. P.V. Rajamannar Rajamannar, the Chairman of the Fourth Finance Commission, highlighted the overlapping of functions and responsibilities between the erstwhile Planning Commission and Finance Commission in federal fiscal transfers.¹⁴

NATIONAL DEVELOPMENT COUNCIL

On the 1st of January, 2016, it was reported¹⁵ that the Modi government is also going to abolish the National Development Council (NDC) and transfer its powers to the Governing Council of the NITI Aayog. However, till now (October 2019), such a resolution has not been passed.

It must also be noted here that the last meeting (57th) of the NDC was held on the 27th of December, 2012 to approve the 12th Plan (2012–2017).

The National Development Council (NDC) was established in August 1952 by an executive resolution of the Government of India on the recommendation of the First Five Year Plan (draft outline). Like the erstwhile Planning Commission, it is neither a constitutional body nor a statutory body.¹⁶

Composition

The NDC is composed of the following members.

1. The Prime Minister of India (as its chairman/head).
2. All Union Cabinet Ministers (since 1967).¹⁷
3. The Chief Ministers of all the states.
4. The Chief Ministers/administrators of all union territories.
5. Members of the Planning Commission (now NITI Aayog).

The secretary of the Planning Commission (now NITI Aayog) acts as the secretary to the NDC. It (NDC) is also provided with administrative and other assistance for its work by the Planning Commission (now NITI Aayog).

Objectives

The NDC was established with the following objectives.

1. To secure cooperation of states in the execution of the Plan.
2. To strengthen and mobilise the efforts and resources of the nation in support of the Plan.
3. To promote common economic policies in all vital spheres.
4. To ensure balanced and rapid development of all parts of the country.

Functions

To realise the above objectives, the NDC is assigned with the following functions:

1. To prescribe guidelines for preparation of the national Plan.
2. To consider the national Plan as prepared by the Planning Commission (now NITI Aayog).
3. To make an assessment of the resources required for implementing the Plan and to suggest measures for augmenting them.
4. To consider important questions of social and economic policy affecting national development.
5. To review the working of the national Plan from time to time.
6. To recommend measures for achievement of the aims and targets set out in the national Plan.

The Draft Five-Year Plan prepared by the Planning Commission (now NITI Aayog) is first submitted to the Union Cabinet. After its approval, it is placed before the NDC, for its acceptance. Then, the Plan is presented to the Parliament. With its approval, it emerges as the official Plan and published in the official gazette.

Therefore, the NDC is the highest body, below the Parliament, responsible for policy matters with regard to planning for social and economic development. However, it is listed as an advisory body to the Planning Commission (now NITI Aayog) and its recommendations are not binding. It makes its recommendations to the Central and state governments and should meet at least twice every year.

Critical Evaluation The first and foremost function of NDC is to act as a bridge and link between the Central Government, the State Governments and the Planning Commission (now NITI Aayog) especially in the field of planning, to bring about coordination of policies and programmes of plans. It has been, to a large extent successful in this regard. Besides, it has also served as a forum for Centre-State deliberations on matters of national importance, and also as a device for sharing responsibility between them in the federal political system.

However, two diametrically opposite views have been expressed on its working. On one hand, it has been described as a 'Super Cabinet' due to its wide and powerful composition, though its recommendations are only advisory and not binding, and can hardly be ignored as they are backed by a national mandate. On the other hand, it has been described as a mere 'rubber stamp' of the policy

decisions already taken by the Union government. This is mainly due to the Congress Party rule both at the Centre and states for a long period. However, due to the emergence of regional parties in various states, the NDC is steadily acquiring its federal character and thus providing a greater say to the states in the preparation of national plans.

NOTES AND REFERENCES

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4. “We will use every provision in the Constitution to push reforms”, OPEN Magazine, January 9, 2015.
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7. *Ibid.*
8. See Reference 2 above.
- 8a. Annual Report 2017–2018, NITI Aayog, Government of India, p.14.
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- 8c. *Ibid.*
- 8d. *Ibid.*
9. “Opposition attacks government over plan panel new avatar”, *The Asian Age*, page No.2, dated January 2, 2015.
10. “Renaming of Plan Panel due to ‘anti-Nehruvianism’: Congress”, *The Indian Express*, page No.9, dated January 2, 2015.
11. “Left parties slam Centre for renaming plan panel”, *The Statesman*, dated January 2, 2015.
12. Interim Report on the Machinery for Planning, 1967, Para 15.

13. K. Santhanam, *Union-State Relations in India*, Asia Publishing House, 1960, p. 70.
14. Report of the Fourth Finance Commission, New Delhi, Government of India, 1965, pp. 88–90.
15. “NDC to be scrapped, NITI Aayog council likely to get its powers”, *The Hindu*, dated January 1, 2016.
16. The Sarkaria Commission on Centre-State Relations (1983–1987) recommended that the NDC should be given a constitutional status under Article 263 of the Constitution and should be renamed as National Economic and Development Council.
17. Before 1967, only selected cabinet ministers like Home, Finance, Defence, External Affairs, and so on were members of the NDC.