

Centre State Relations in India

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Week 07: Grant-in-aid, Discretionary Grant, Borrowing, Inter State Council, Zonal Council, NITI Aayog

Lecture 36: National Development Council, Planning Commission and NITI Aayog

Greetings to all of you. So, we have been discussing the role and responsibilities of different institutions which are playing instrumental role in shaping up the Centre and State relations in India. So, in this regard we have discussed the role of Inter-State Council, we have discussed the role of Zonal Council. In today's session, we will be talking about the role and responsibility of institutions which were established or which is still in existence or newly established through the executive order and how these institutions are now transforming the relation between the Centre and the States that is what we will be studying today. So, these institutions will be covered today, Planning Commission, how the Planning Commission has come into existence, National Development Council, then now you have a NITI Aayog and how these institutions they have been playing role in strengthening the federal structure of this country or in transforming the federal structure of this country. It is important to take note that these bodies are not constitutional bodies, these bodies have come into existence through executive order.

So, they are not bodies with a constitutional sanction and thus they are been interested with the responsibility as the government of the day decided to assign the task. But then at the same time these bodies had played or have been playing a significant role in improving overall developmental quotient of this country and at the same time guiding the States on developmental strategy. To start with let us discuss Planning Commission, though it is a matter of fact that Planning Commission is no more a body in existence, it has been discontinued, but then why it was decided to include this also in the part of the curriculum. So, we need to get a kind of

comprehensive idea that apart from constitutional structuring and constitutional arrangement, the government of the day also have played a role in establishing institution and such institutions have determined the federal relations in India.

And in that regard Planning Commission appears to be the first one which came into existence right after independence, wherein it was suggested by Meghnad Saha ji where he said that let there be a National Planning Committee and a resolution was passed in the 1950 which says that let there be an Advisory Planning Board which shall be appointed by the Government of India and that should review the planning problems and recommend that is resolution says that it that there shall be an appointment of a Planning Commission to devote continuous attention to the field of development. Now when you look at the recommendation, you would find that the idea was at the time of independence that that as far as socioeconomic development is concerned, there should be a kind of approach equitable concern, so that every region of the country develops whether it is a backward region of the country or those who are already industrially advanced. All the region they should move forward so that people residing in those areas they should not get deprived, they should not be lagged behind based on their geographical location and that is why it was decided that these bodies will be coming up with a necessary strategy in identifying the priorities, what should be the kind of socio-economic goals to be pursued by the State governments or what kind of plans to be supported by the Central government. That is how Planning Commission was set up in pursuit of this objective of the government to promote a rapid rise in the standard of living of the people because where India got independence, the socio-economic condition of the country was really abysmal, not very great and therefore it was a concern that apart from political democracy there has to be significant focus on social and economic democracy of this country and that is why it was said this resolution has said that to constitute a Planning Commission in the in the following terms what it said that there is a need for comprehensive planning based on a careful appraisal of resources and on an objective analysis of all the relevant economic factors has become imperative. So, you can very well look at that the idea was to identify the strength and to also work on the weaknesses so that overall development of the country is achieved and ensured. So, what Planning Commission aimed for? It aimed for efficient exploitation of the resources of the country and with that there shall be an increased production so that that minimizes the unemployment and there should be a

kind of employment opportunity generated in the country so that overall development is guaranteed. It was debated that how this Planning Commission should be institutionalized because that is something which gives a kind of legitimacy to the institution.

So, it was suggested that let it be a body also be established under one of the constitutional provisions or should it be simply a kind of executive order and ultimately what we find is that Planning Commission was established through an ordinary executive order resolution. The idea underlying was that to keep the flexibility with the structural arrangement so that as the country moves with the newer experience of functioning of this Planning Commission there would be a kind of necessary adjustments and realignment to be done on the power and function of the Planning Commission that is what was suggested that why we should not go with any rigid structuring that is what was thought of doing so and because of that Planning Commission was created by an executive order of the government. This was the composition of the Planning Commission where Chairman was the Prime Minister and then Deputy Chairman was a kind of de facto executive head of who was a full time functional head. So, full time official running for running the affairs of the Planning Commission was the Deputy Chairman and then there are some part time members who were Central Ministers and ex official Ministers who were Finance Minister and Planning Minister.

This was the role of the Planning Commission. It was given the task of suggesting on fiscal management, planning the future course of economic policies. India after independence adopted a 5 year plan system. So, what shall be the 5 year plan? To formulate 5 year plan was the responsibility of the Planning Commission and to review these plans were also the responsibility of the Planning Commission. So, when you look at it they were into kind of evaluating capital material and the human resources of the nation.

They were given the responsibility to study the possibility of enhancing the resources which are required for the nation's growth. They have been asked to draft a plan in a such a way so that there shall be optimal use of the resources of the country and then they were also asked to define the stages in which plan should be implemented and necessary resource allocation to be done so that a meaningful and methodological advancement of the country takes place. That is what was the function given to the Planning Commission. They were being also asked to specify the

factors that hamper the economic development so that that can be adequately addressed through the necessary strategy, through the necessary plan. They have been asked to determine the kind of machinery required for obtaining the successful execution of the plan at each stage.

Then they were given the responsibility to appraise the progress that how the plan is getting fulfilled at the State level and what are rectifications required, what are the recommendations on the basis of which those plans are to be further improvised. So, all these were the functions of the Planning Commission. In fact, at one point of time the Planning Commission came under heavy criticism that it is emerging as a kind of parallel kind of government where it is giving a kind of very upper hand to the body, upper hand to the Commission where State governments they need to really go and make the plea for getting the grant. That is what was criticism of this m Commission. So, they were been asked with the responsibility to give recommendations either for enabling the discharge or duties interested on the bodies or what are the existing economic conditions, what kind of restructuring is required, what kind of re-planning is required, all these were given, all were brought within the ambit of the Planning Commission.

It was also suggested that they can ascertain the condition of the prevalent social and economic situation and based on they can plan that how successfully the plan can be implemented at the ground level. So, this was the case with the Planning Commission. Planning Commission was a body which was having a kind of authority which was having a kind of imposition, power of imposition on the States and then another body came into existence as National Development Council. This is what we call Rashtriya Vikas Prasad. It was an apex body which was presided by the Prime Minister and it was more of a kind of having a federal approach where there was a responsibility given to coordinate with the States so that whatever is being planned should have a kind of overall national outlook.

In 1946, the KC Neogi was leading the Planning Advisory Board. He proposed establishment of advisory organization comprising of representative from the stakeholders from the provinces or princely states or of various interests. So, this is something which was being discussed even before independence, but then it came into existence and it became the apex body to take decisions on matters related to approval of five-year plans of the country. So, this was the structuring, this is the structuring of National Development Council where you find Prime

Minister is there, Chief Ministers of States and Union Territories are there, Administrators of the Union Territories are there and then now we have got a new body NITI Aayog. So, members of NITI Aayog are also there which we will be discussing in due course.

So, what are the functions of the Council? It prescribes guidelines for the formulation of the national plan. It gives a guideline for the assessment of resources for the national plan, consider national plan as formulated by the Planning Commission and then it also considers important questions of social and economic policy which affects larger national developmental agenda. It reviews the working of the plan from time to time and recommends the necessary measures which are required for achieving the target fixed in the national plan that is what is the functions. Now, what you find is that this NDC has been now transformed into NITI Aayog and this prime function of the Council is to act as a bridge between the government, then now earlier Planning Commission and the State government. Now, it has been said that now NDC shall be scrapped and it a new body has come into existence which is NITI Aayog known as NITI Aayog.

The full form is National Institution for Transforming India. So, that has taken over the function of the National Development Council. So, National Development Council in a way worked on the philosophy of cooperative federalism which is primarily about maintaining a horizontal relationship between the Centre and the States. Now, NITI Aayog functions on the policy of both cooperative and comparative federalism where the relationship between the State and the Centre is horizontal as well as vertical. That was the kind of change which has been brought in through the introduction of NITI Aayog. So, NITI Aayog replaces the understanding of central state relations.

So, one may say that there is a transformation from Planning Commission to NITI Aayog. Planning Commission was known as Yojana Aayog. So, it was like Yojana Aayog has been replaced by this NITI Aayog (National Institution for Transforming India) and there is a kind of complete newer trajectory has seen has come into play with the NITI Aayog because NITI Aayog is a kind of think tank body. It is more like giving a tailor made policy depending upon the requirement of the States or requirement of that particular infrastructural project whereas, in the Planning Commission it was more of a planning and then imposition of the implementation of the plan on the States. So, there is transformation happening on this front from as rightly said

from Yojana to Niti. So, complete change has happened and these bodies they are playing a significant role in building a relationship between the Centre and the States on a different plan altogether.

So, NITI Aayog is a think tank whereas, National Planning Commission was more on making the private plan for the country and States were being asked to stick to that adhere to that and accordingly the budgets were being released for the States. So, NITI Aayog has brought has been brought in by the present government in the first phase of this government when they came to power in 2014 they came to power, 2015 they introduced NITI Aayog which is about bringing a new cultural shift in the functioning of the Planning Commission where it was said that instead of having a centralized structure where things are being worked right from the from the Centre for the State it is more like looking at the bottom top approach where the body will support the formulation of plans for the villages and then aggregate them at the higher level. So, that is what the idea was. So, it is introducing newer forms of cooperative federalism where rooms are given to the States where states can also present their present their viewpoints and identifies their areas of areas of concern or their priority area and accordingly a scheme can be suggested for those States. For example, when you talk about literacy program you cannot think of having a same literacy program for the State of Kerala and State of Jharkhand.

So, that is something where a kind of tailor made schemes is been suggested this Aayog is suggesting. So, what are the guiding principles of NITI Aayog? It says it should be all round, it should be all pervasive, all inclusive and it should be holistic that is what is the guiding principle of NITI Aayog. So, what is the overall vision of NITI Aayog when you look at it? It says, Antyodaya: prioritise service and uplift the poor, marginalised, downtrodden. Then it says it is a policy, it is a vision of having inclusive development where vulnerable and marginalised sections are to be empowered and to redress identity based inequalities in all kind of walk of life and in all kind of considerations, all kind of parameters be it gender, religion, region, caste or class. Then it says there is an important to strengthen village level development and that is how it stated that integrate our villages into developmental process to draw on the vitality and energy of the bedrock of our ethos and sustenance. Further, it has also vision of people's participation where it said that let the people get involved in driving the developmental agenda. So, that it is part citizen centric developmental growth which takes place.

This is the composition of NITI Aayog where at the top we have a Prime Minister, and then we have got a Governing Council where Chief Ministers of the States and Lieutenant Governor of Union Territory are the members. We have got a Regional Council formed on the basis of the need, it is not that it is to be framed on a regular basis and then it comprises of the concerned Chief Ministers and the Lieutenant Governor. There are full time members of NITI Aayog, part time members are maximum two, ex-officio maximum four nominated members and then there are special invitees depending upon the domain expertise and then we have a Chief Executive Officer who is of the Secretary rank appointed by the Prime Minister that is what it says.

The objective of NITI Aayog is to evolve a shared vision of national development priorities. So, it is not about something which is imposed from the Centre, it is a shared vision of a national development priorities sectors and strategies with active involvement of the States in the light of whatever is the larger goal is been set for the development of the country. And then it says that let there be kind of national agenda to be set in consultation with the Chief Minister by this NITI Aayog and then it says that it is required to promote cooperative federalism through a kind of a structured support initiatives and to look at a continuous support with the State so, that State can make an effective contribution in essence growth and then it was suggested that that there shall be a kind of concrete involvement of village level democracy, village level participation in order to improve socio economic conditioning of people living in villages. So, that they can be also be integrated and their participation can be mainstreamed that is what was suggested objective of the NITI Aayog.

Then it says that there is a need to play a special attention to the sections of our society that may be at the risk of not getting benefit of the economic progress which the country has been experiencing for last 3-4 decades or so after liberalization. So, those areas which are left out somewhere are being overlooked they need to be integrated to design a strategic and long term policy and program frameworks and initiatives and to monitor that how the entire developmental agenda is moving forward. To provide advice and encourage partnership between key stakeholders and national, international like-minded think tanks as well as to coordinate with educational institutions and policy research institutions. To create a new knowledge innovation and entrepreneurial support system through a collaborative community of national and international experts that is what is been suggested and then to offer a platform for resolution of

inter-sectoral and inter departmental issues in order to accelerate the implementation of developmental agenda because we do find in this country that there was a situation when planning was getting stuck between Ministries or between the States. So, NITI Aayog plays a role of identifying the bottlenecks so that a necessary advisory can be given. So, it has been also suggested to maintain a state-of-art resource centre which shall be a repository of a good research so that best practices can be informed and accordingly a decision making process can be taken up to actively monitor and evaluate the implementation of programs and initiatives including the identification of the needed resources that is what it suggested.

To focus on technology upgradation and capacity building for implementation of the programs and initiatives to undertake any other activities which is required to fulfill the national development agenda that is what it says. So, NITI Aayog if you look at it, it works for both cooperative federalism and competitive federalism that is what is the larger objective. When I say cooperative federalism it is more like a horizontal relationship between the Centre and the States. Cooperative federalism it is vertical relationship between the Centre and the States and horizontal between the States so that you find that States are also competing they are pitching for better investments you find these days almost good number of States are now organising investors Summit they are attracting the investors they are portraying good governance in their State so that they can get good investment. They are competing for getting awards for cleanliness city.

So, all these are kind of indicators of competitive federalism which you find has come into play in India post liberalisation where you find that the States are competing with each other so that they can have a better infrastructure and in return they can offer better public services to the people. So, that is a kind of transformation happening through these institutions and right now as I said that Planning Commission and NDC have been scrapped. Now NITI Aayog is playing an important role of think tank wherein based on the agenda based on the priority they come up with the policy document for the guidance of the States and the Centre. So, they are into functioning of the cooperative federalism where the States they come forward, they also give their suggestions, they identify their risk area, they identify their strength and that is why what it calls is a kind of Team India where they work towards the national development agenda. So, it is based primarily on the basis of the idea of cooperative federalism where engagement happens

through subgroups of Chief Minister on national issues so that they come together and they come up with the idea of contributing to the best of their resources available in their States and also to gain the benefit from whatever development is having happening in other regions.

So, this model is enabling the State to actively participate in the formulation of national policy through a systematic and structured interactions that is what it is giving and you find that as the NITI Aayog goes with the tailor made schemes you have a NITI Forum for the North Eastern States which was set up to address the challenges which North Eastern regions are facing particularly the infrastructural challenges and also to look at increasing their economic ability. For example how tourism can be up scaled in those areas. Then you have a Himalayan State Regional Council to ensure sustainable development of Himalayan region. Then you have a Project SATH-E (Sustainable Action for Transforming Human Capital Education) to identify and build three role model states Jharkhand, Odisha and Madhya Pradesh for school education sectors. So, this kind of sector specific, region specific planning is also been done by NITI Aayog so that overall growth of the nation is ensured and guaranteed so that the quality of life should not depend upon that which State you stay in, which State you reside in. So, this should be a kind of minimal threshold should be maintained and should be provided in every region that is what somehow one can see that this is the ultimate goal of through this kind of initiatives.

So, NITI Aayog as I said was also into competitive federalism where they encourage the States to compete with each other healthy competitions so that they can provide better infrastructure for better investment, they can also come up with the better public servicing for the people. So, that is what it suggests. So, it promotes competitive federalism largely through the sectoral indices but at certainly through the transparent method so that it is known that what initiatives they are taking so that other States can also put it. So, the competitive nature has been pushed through Aspirational Districts Program by focusing on governance. So, this is very innovative and something which is also working in this country that is what we are finding.

These are the references for this session. Thank you very much.