

Niti Aayog: No quick fix

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Narendra Modi-led National Democratic Alliance government came to power on the mandate of development and governance. Millions of voters, who posed their trust in the government, believe that the new Prime Minister is the panacea for all of India's problems. Whether Mr Modi can fulfil these expectations will greatly depend on his ability to develop and lead a shared narrative of national development with all states. In this context, the creation of Niti Aayog sits well with his plans. But, Niti Aayog is no quick fix.

To begin with, it saddles upon two roles one that of a national institution for transforming India and the other of a recommendatory commission on economic policy issues.

As an institution, Niti Aayog will have to emerge as a credible lean knowledge body or a think tank. In doing so, it needs to be equipped to think through sound policy initiatives for the medium term and beyond to grow the pie. In order to do that, it must have the ability to envision future scenario and suggest corrective steps when required. Secondly, it must also revive the Independent Evaluation Office (IEO) rather than depend upon an in-house body that has so far proved to be ineffective. In doing all this effectively, it will have to build up sustainable partnerships with the private sector, trade unions, media, think tanks and civil society organisations.

In its second role, it needs to deliver directional and strategic recommendations to the governments on the developmental process. With no clarity on the fate of five-year and annual plans, it remains uncertain how Niti Aayog will achieve this.

But at the same time it would be a fallacy to assume that Niti Aayog has altogether jettisoned planning from its mandate. While it eschews the word planning in its nomenclature, the objectives of Niti Aayog are unequivocal about ushering in village-level planning and aggregation of plans at progressively higher levels. This means linking up six lakh-plus villages with state governments and, in turn, the Central government. This is indeed a mammoth task and one that is likely to throw up fresh and competing demands.

Inspired by Mr Modi's vision of Team India, Niti Aayog also plans to be a platform for fostering cooperative federalism in the area of economy and development. A plain reading of this objective suggests that Niti Aayog would be capable of bringing states to consensus and make them partners in the shared vision but just how it will be done is not clear. Having a representation of all state heads in an overarching council may not be the best way forward as we have seen in the case of the National Development Council. The least that can be done in this regard is to find ways to integrate constitutionally empowered and rejuvenating the Inter-State Council (ISC). Not doing so will be to risk having multiple bodies trying to achieve the same goal. A restructured ISC to suit the objective of the new planning body will provide adequate clarity on how Niti Aayog plans to foster cooperative federalism.

Another significant issue that needs to be addressed pertains to the authority of Niti Aayog in shaping the decisions of the government to promote a healthy ecosystem. With no statutory or constitutional status, it remains to be seen how Niti Aayog will assert itself, especially in the long term. One way to fix this at the outset is by making it a statutory body. This will add weight to its recommendations and will dilute any criticism that its predecessor had with regards to being a body lacking the same. Additionally, it would be a good idea to have the financial allocation function transferred from finance ministry to the constitutionally mandated Finance Commission.

Of course, for this to function seamlessly the Finance Commission too would need to be made into a permanent body which works in tandem with Niti Aayog at all times. Over a period of time these two bodies can hope to be well aligned which, in turn, can lend recommendations of Niti Aayog a de-facto constitutional status through the Finance Commission.

The purpose of creating Niti Aayog was also to change the mindset that is so often accused of slowing down the progress of the country. The Planning Commission was often derided for fostering that mindset and it was populated by civil servants rather than experts. It is, therefore, surprising that the old status quoist staff will be retained in the new body. Such steps can only defeat the purpose of a brand new body that would otherwise suffer from the baggage of the old Plan body. A leaf from past would serve us well to remind that new institutions can be built without the old strains. An apt analogy would be the transition from Monopolies and Restrictive Trade Practice Commission (MRTPC) to Competition Commission of India (CCI). The process of establishing CCI was kept separate and even the old staff of the MRTPC were not ipso facto taken over by the CCI.

Arvind Panagariya, the newly appointed vice-chairman of Niti Aayog and his lean team has much to do in the days ahead. While the role of Niti Aayog would evolve over a period of time, the crew managing the ship can't afford the same luxury.

At the outset, there are immediate questions that need sorting out. A good start would be by providing clarity on the fate of five year and annual plans and just how would the government henceforth devolve funds to the states. Prolonged delay in answering these questions could throw states in disarray.

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