

Battered & bruised, Planning Commission loses more of its teeth

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Most key functions now handled by the finance ministry and other govt departments

Sanjeeb Mukherjee | New Delhi November 03, 2014

When Prime Minister Narendra Modi recently extended a Rs 8,000-crore central support for building roads in Jammu & Kashmir, Union Cabinet's approval for the big-ticket announcement came in barely 48 hours. Unlike in the past, the proposal did not get stuck in the corridors of the Planning Commission, a Nehruvian-era body.

The Commission, which occupied the centre stage in all critical economic and social decisions until a few months ago, is now but a shadow of its former glorious self.

Its office, an imposing five-storied structure opposite Parliament House, earlier teemed with people engaged in one or the other meeting, especially in the run-up to annual Budget preparations. Not anymore; that seems to be a story of the past, as hectic activity has given way to an eerie sense of uncertainty.

During its heyday in the 1960s and '70s, even the location where a public-sector undertaking should come up was decided by the Commission. But, today, the pivotal role it was known to play in shaping the country's development trajectory is conspicuously missing from the scheme of things.

The Planning Commission's importance gradually reduced over the years as India moved from a Soviet-style controlled economy to a more market-driven one. But the body still wielded considerable clout, particularly on important decisions of the Cabinet or Groups of Ministers.

Though all major policy decisions are referred to the Commission even today, its opinion is no longer paramount. In fact, even as a new body to replace the Planning Commission takes shape, the wings of the old one are being gradually clipped.

Its diminishing role is also evident in the fact that a mid-term appraisal (MTA) - a course correction of sorts that in normal circumstances is completed by the third year of a Plan period - is yet to be done for the 12th Five-Year Plan (2012-13 to 2016-17). "We are ready with our sectoral assessment for MTA. But, as of October, there has been no signal from the government on whether or not it wants to carry out the process," said a senior Planning Commission official who did not wish to be named.

The speculation around the contours of a new body to replace the Planning Commission has been rife since Prime Minister Modi first signalled a wind-down of the five-decade-old body, in his Independence Day speech on August 15.

The Commission's reputation of having 'unrivalled financial might' received a body blow when a recent circular directed all major ministries and departments to furnish their Plan Budget estimates for 2015-16 directly to the finance ministry.

This marked a formal shift of responsibility of determining the annual Plan expenditure from the Planning Commission to the ministry.

Earlier, proposals were sent to the Planning Commission, which vetted it and prepared the annual Plan outlays of central ministries, as also state governments. The size of the outlay was finalised after negotiations.

The shifting of responsibilities also indicates that a replacement body, when it comes into being, will not enjoy the power, clout or financial muscle its predecessor did. The Plan expenditure forms an important part of the government's annual Budget expenditure. At Rs 5,75,000 crore, it accounts for around 32 per cent of the government's total expenditure in the 2014-15 Budget estimates.

While the Plan expenditure of Rs 5,75,000 crore for this financial year was finalised after thorough consultation between the Commission and the finance ministry, the exercise henceforth would be solely undertaken by the ministry.

Also, there is little clarity on the fate of the 12th Plan document and steps to implement the recommendations, even as only a little over three years is left for the Plan period to be over. Under Montek Singh Ahluwalia, the Commission had in one of its recommendations for MTA suggested lowering the Plan Budget outlay targets for all sectors, given the slower-than-expected economic growth rates in the first two years of the Plan period.

The Rs 14,60,041 crore allocated by the previous government as budgetary support in the first three years of the 12th Plan period was not enough to meet the targeted Gross Budgetary Support (GBS) of around Rs 35,68,626 crore.

"The MTA offers a window to revisit all targets. Given that economic growth in the first two years of the Plan period has been below the estimated average annual growth of eight per cent, we wanted the body to lower budgetary provision and revisit the physical and financial targets," a former member of the Commission said. However, with no clarity on the Commission's fate, the fate of the 12th Plan document, the recommendations in it and an appraisal of the Plan, hangs in the balance. And so does the fate of the Planning Commission's 1,860-strong staff, including the members posted in attached offices like the National Rainfed Area Authority and National Institute of Labour Economic Research and Development. Budget 2014-15 provided for around Rs 160 crore as expenditure on pay, allowances and travel expenses of the staffers of the ministry of Planning (the Commission is part of this ministry).

According to officials, many of the Commission's officers, who are on deputation, might be sent back to their parent ministries. A concept note on the shape of a replacement body, floated by the Commission a few days ago, had suggested retaining only 40 per cent of the current strength of over 1,000 and sending the rest back to their parent cadre.

The note also talked of attaching a majority of the 31 technical divisions in the existing Commission to the ministries concerned. The technical divisions in the Commission include those like agriculture, communications, information technology, health, family welfare and nutrition and rural development. These divisions give inputs on various aspects of Five-Year Plans and on matters raised by their respective ministries.

The state Plan division is also expected to be attached with the finance ministry and process for this has already been initiated.

A U-TURN

Key dilutions in the Planning Commission's role, despite there being no formal winding down

The process of fixing the Plan expenditure for the Union Budget has been formally taken over by the finance ministry

The finance ministry has also taken over the task of determining the annual Plan size of states

The Independent Evaluation Office (IEO), which was an attached office of the Planning Commission, has been wound down

There are talks that UIDAI, another attached office of the Planning Commission, would be shifted to the Department of Electronics and Information Technology

Ministries and departments are not insisting on a clearance from the Planning Commission before formulating Cabinet notes or other policy papers