Indian Economy · GS - III

How are the principles followed by NITI Aayog different from those followed by the erstwhile planning commission in India?

EXAM YEAR	PAPER	SUBJECT
2018	GS - III	Indian Economy

MARKS	WORD LIMIT
15	~250 words

Answer Hint

Centralised planning versus cooperative federalism; bottom-up planning; policy think tank; state participation; resource allocation; monitoring and evaluation

Model Answer

Introduction

NITI Aayog replaced the Planning Commission on 1 January 2015, reflecting a shift from centralised planning towards cooperative federalism, policy innovation and outcome-oriented governance.

Differences in Principles

Basis	Planning Commission	NITI Aayog
Approach	Centralised, top-down planning	Bottom-up and participatory planning
Federalism	Limited institutional role for states	Cooperative and competitive federalism
Function	Formulated Five-Year Plans	Policy think tank and strategic adviser
Resource allocation	Played a major role in plan-resource allocation	Does not allocate plan funds to states

Basis	Planning Commission	NITI Aayog
State participation	States had relatively limited influence	Governing Council includes Chief Ministers and relevant Union Territory representatives
Planning horizon	Five-Year Plans and annual plans	Long-term strategies, sectoral roadmaps and action plans
Implementation	Planning and allocation-oriented	Emphasises coordination, monitoring and measurable outcomes
Innovation	Traditional planning framework	Encourages experimentation, best-practice sharing and policy innovation

Significance of the Shift

1. **Greater state ownership:** States can contribute more directly to policy formulation and development priorities.
2. **Competitive federalism:** Performance comparisons and indices encourage states to improve governance.
3. **Evidence-based policy:** Research, data and evaluation can inform decisions.
4. **Flexible planning:** Policies can respond more readily to emerging economic and technological challenges.

Limitations

NITI Aayog's recommendations depend on cooperation from ministries and states. Unequal state capacities and coordination difficulties may limit implementation.

Conclusion

The transition represents a move from centralised resource planning to cooperative, flexible and evidence-based policymaking. Its success depends on meaningful state participation and effective implementation.

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