The Understanding of Economic Development of India Through the National Planning Commission of India and The NITI Aayog: An Analysis.

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Abstract
The Indian Constitution, the wealth of knowledge from our civilizational history, and the current socio-cultural-economic contexts must form the basis upon which the institutions of governance and policy must adapt to new challenges if they are to reflect the spirit and altered dynamics of the new India. To achieve India's and its people's aspirations, institutional reforms in governance and dynamic policy modifications that may seed and foster remarkable transformation are required. The government of India has formed NITI Aayog (National Institute for Transforming India) in place of the Planning Commission in order to adapt to current times and suit the needs and aspirations of the Indian people. This article examines the contributions of the National Planning Commission and the National Institution for Transforming India (NITI) Aayog to the development of the Indian economy.

Keywords: National Planning Commission, NITI Aayog, Economic Development, Role of Congress, Bombay Plan, People's Plan, National Planning Committee

Introduction

After the Indian struggle for independence from the British Raj, the newly independent country tried to find its footing by introducing a planning process to intervene and aid in the economic growth. The British, during their rule, drained the country of its economic and natural resources and established structures like the railways, the judiciary and the ports, only when it was beneficial to them. Now India as a modern nation wanted to establish it's own structures for the benefit of its people, to achieve its own goals of modernisation and economic development.

India is a developing economy. It does not qualify as one of the economically developed nations. However, this was not always the case. In the seventeenth century, India was more economically viable than Europe. However, colonial domination and the effects of the industrial revolution wrecked the Indian economy, causing widespread stagnation and poverty. In 1876, Dadabhai Nauroji wrote about the negative effects of the British Rule. Many nationalist leaders emphasized the interventionist role the state must play in eradicating widespread poverty. And this was to accomplished by the democratically voted government.

Role of Congress

Jawaharlal Nehru, under the Congress, umbrella was elected to be the first Prime Minister of India. They introduced a centre-based planning scheme for Indian economic regeneration which meant socialist interventions and providing safeguards for the domestic producers and manufacturers. The state promoted large-scale, in order to bring about massive industrialisation as India had yet to transform into a modern economy.

In 1938, under the leadership of the Indian National Congress, these concepts took form of the National Planning Committee as the freedom war progressed. Due to the fact that the majority of leaders were imprisoned during the Second World War, little progress was accomplished in this field. Again in 1946, before the transfer of power, a Planning Advisory Board was established, which recommended the formulation of a Planning Commission whose exclusive responsibility would be planned development.

National Planning Committee (1938)

The planning process in India was initiated in 1938 by Netaji Subhas Chandra Bose, who was also the President of the Congress and the Supreme Leader of the Indian National Army at the time. Subsequently, Jawaharlal Nehru was selected to manage the National Planning Committee. The next step was to establish a National Planning Committee, which consisted of fifteen individuals. The members of this committee wrote a memorandum in which they emphasized the significance of achieving national independence as a precondition for carrying out any additional steps that might be necessary to put the plan into action. In order to emphasize the significance of social and economic goals and the necessity of learning from the experience of planned development through national plans in other countries, the Indian National Congress established a National Planning Committee toward the end of 1938. This was nine years before India attained its independence. The NPC divided its membership into a number of subcommittees, each of which was tasked with investigating a distinct aspect of the national economy. It was the very first time that Indians had ever attempted to investigate the root causes of the country's economic problems and devise a unified strategy on how to improve their standard of living.

The Bombay Plan

In the early 1940s, a group of renowned Bombay merchants and economists, including Sir Purshottamdas Thakurdas, Mr. J.R.D. Tata, and six others, published a new plan for the expansion of the city after a number of previous attempts to do so had been unsuccessful. The major purpose of it was to stimulate discussion and lay the framework for the creation and implementation of an all-encompassing national policy. The plan that was detailed, according to the planners, is not a comprehensive design, nor is it comparable to the plan developed by the National Planning committee. The primary objective of the plan was to raise the amount of national income to a point where it would meet everyone's fundamental requirements while still allowing opportunity for cultural activities and recreational time. Therefore, the objective was to more than double the nation's per capita GDP during the next 15 years. Agriculture was anticipated to see a total expansion of approximately 130%, while industry was anticipated to see a total expansion of approximately 500%. It was proposed that the overall budget be 10,000 crores of rupees. The planners believed that the most effective method to accomplish this goal would be to create a more diversified economy and reduce the disproportionate part of the labour force that is employed in agriculture. Because of the systematic structure of the economic planning contained within this plan, the nation as a whole became increasingly plan-oriented. The fact that it preserved a capitalist order while treating those in the agricultural sector as second-class citizens was its most significant failing.

People's Plan

The late M.N. Roy was also responsible for developing a strategy that he referred to as the "People Plan." This plan likewise covered a period of ten years. It took a different strategy and prioritized different things than the Bombay plan did. Its primary focus was on the agricultural and consumer goods industries, and it accomplished this primarily through collectivization and the formation of state-owned industrialization. There was an overall expenditure of more than 15,000,000,000.00 rupees. Another issue that was driven home was the importance of nationalizing land. Because it did not take into account the collection of sufficient resources, the plan was excessively ambitious. It was utterly impossible to achieve.

Establishment of the Planning Commission

On August 15, 1947, India declared independence from British colonial control. The Constitution of India became legally binding on January 26, 1950. Even though they could not be enforced in a court of law, some 'Directive Principles of State Policy' were placed in the Constitution, and despite the fact that they were included, it was believed that they were necessary to the governance of the country. The Executive Committee of the Congress Party passed a resolution that established a national planning committee and outlined a detailed blueprint for the country's planned economy. The resolution was supported by the Congress Party. The resolution states that "the necessity for a comprehensive plan has become a matter of pressing urgency in India now due to the ravages of World War II, the economic and political ramifications of the partition of the country which followed in the aftermath of accomplishment of freedom, and the continual worsening of the economic condition in India and the World." Because of this, on March 15, 1950, we were given the opportunity to form the National Planning Commission.

Composition of the Planning Commission

The Prime Minister serves as the chairman of the Planning Commission and presides over all of the commission's deliberations. A deputy chairman served as the commission's de jure executive head. The five-year plans were created by the vice chairman and submitted to the ministerial cabinet. The vice chairman is chosen by the Central Cabinet and automatically becomes a minister if the chairman steps down. The Vice Chairman is welcome to sit in on Cabinet meetings, but they will not have any voting power. Both the Minister of Finance and the Minister of Planning served on the commission as ex officio members. Each commission has eight full-time members who work under the direction of the National Development Council to create and develop policies and programs for the five-year plans.

Functions Of Planning Commission

When the planning commission was established, it was designed with a variety of tasks to fulfill the needs of the society and economy of the time. There were seven fundamental responsibilities the commission had to fulfill to guarantee a productive and efficient working environment.

1. The panel was required to offer an evaluation of the nation's capital, material, and human resources, including the technical workforce. It would also determine how to improve the utilization of these resources for the nation's development.

2. The commission was required to provide proposals for the most efficient and equitable use of the nation's resources.

3. During the creation of the five-year plans, the commission was required to develop them in a stage-by-stage manner that would facilitate their implementation and clearly illustrate the necessary resources.

4. Given the current social and political climate, in order for the five-year plans to be effectively implemented, the commission would also need to identify the factors that contribute to economic development and establish favourable conditions.
5. During the course of five-year plans, the commission would also need to determine the type of machinery or equipment required for each phase of the plan's execution.
6. When the plans are being implemented, the commission must ensure that the progress is mapped and that each phase's success is evaluated, as well as, if necessary, offer any necessary policies, corrections, or adjustments.
7. The panel must also give interim or supplementary suggestions to facilitate the execution of all assigned obligations. It is also expected that these decisions will be based on an assessment of the existing economic conditions, policies, or actions, as well as the development plans or such illustrative examples of the problems that the federal or state government would reference.

Five year plans that were established
Phase I (1951-1965)

The groundwork for future industrial growth was completed in Phase 1. The second plan, inspired by the Mahalanobis model, prioritized the development of capital goods and basic industries. As a result, lots of money went into fields like metalworking, heavy engineering, and making machines. The third strategy is an identical replication of the second.

1951-1956: Targets and goals were largely attained by the active participation of the state in all economic sectors. This strategy aimed to rehabilitate refugees and swiftly advance agricultural growth in order to achieve food self-sufficiency in a short period of time, while also containing the risk of inflation. Five Indian Institutes of Technology were established as significant technical institutions under this strategy.

1956-1961: Due to the lack of foreign currency, this plan was not fully implemented. During this time, the Nehru-Mahalanobis model was implemented. The prevailing socialistic pattern in society was recognized as the goal of economic policy during the period of rapid industrialization, when an emphasis was placed on the growth of basic and major industries. The goals for these years had to be reduced, but hydro power initiatives and five steel plants in Bhilai, Durgapur, and Rourkela were constructed.

1961-1966: This plan ultimately failed. During this time period, the goal was to establish a self-sufficient and self-generating economy, but wars and famine occurred. Despite this, Panchayat elections had begun, and state electricity boards and secondary education boards had been established.

Phase II (1965-1980)

The period from 1965 to 1976 was characterized by a dramatic slowdown in industrial expansion. During the period from 1965 to 1976, the pace of growth declined precipitously from 9.0% per year during the Third Plan to a meagre 4.1% per year. Importantly, even this moderate rate of industrial growth does not capture the full picture, as industrial production rose by 10.6 percent in 1976–1977. If you take out 1975 from the equation, the average rate of industrial growth between 1965 and 1976 drops to a meagre 3.7% per year. As an example, the 10.6% expansion seen in 1976–1977 accounts for a large portion of the 5.9% annual growth rate seen throughout the fifth plan. The rate of industrial expansion over the next four years slows dramatically if this year is ignored. Production in the industrial sector fell by 1.6% in the final year of Phase 2, 1979-1980.

1966-1969: In response to the agriculture crisis and grave food shortages, which demanded the most attention, a new agricultural strategy was implemented during this plan. The new plan called for the propagation of high-yielding seed varieties, the intensive use of fertilizers, usage of irrigation and introduction of soil conservation techniques.
1969-1974: This strategy completely failed. Despite economic growth of 3.5%, which fell short of expectations, the goal of "stability with growth" was met. In addition to instituting Green Revolution and radically altering India's agricultural landscape, the Indira Gandhi government nationalized 14 major Indian banks.
1974-1979: These years witnessed a high rate of inflation. The primary purpose was to eradicate poverty and achieve self-sufficiency. It was at this time that the first highways of India's national highway system were built.

Phase III (1981-1991)

The decade of the 1980s represents an era of industrial revival. Only an analysis of the revised index of industrial production can demonstrate this. The annual rate of industrial expansion was 6.4% between 1981 and 1985, 8.5% under the seventh plan, and 8.3% in 1990-91. According to Vijay L. Kelkar and Rajiv Kumar, "this is a significant improvement from growth rates of approximately 4% throughout the latter half of the 1960s and the 1970s." This achievement exceeds the growth rates attained throughout the First and Second Plan years.
1980-1985: The majority of this plan's objectives has been met. The purpose was to immediately address the issue of poverty by creating conditions that would stimulate economic growth. Additionally, family planning had been expanded to prevent overpopulation.
1985-1990: The focus of this strategy was on policies and programs that would accelerate the growth of foodgrains production, improve employment opportunities, and boost productivity. This approach was successful with a 6% growth rate despite severe drought circumstances in the first three years. It had also implemented initiatives such as the Jawahar Rozgar Yojana.
1989-1991: Due to political unpredictability, no strategy was implemented during this period, but it signalled the beginning of privatization and liberalization in India.

Phase IV (1991-92 onwards)

In 1991, economic liberalization moved into a new stage. Significant liberalization measures aimed to affect the performance of the industrial se by reducing the scope of industrial licensing, simplifying procedural rules and regulations, decreasing areas exclusively reserved for the public sector, disinvesting equity of selected public sector undertakings, increasing the limits of foreign equity participation in domestic industrial undertakings, and liberalizing trade and excise taxes.
1992-1997: This plan was partially successful, since the intended average annual growth rate was 5.6%, but the actual average annual growth rate was 6.78 %. This plan also planned for quick economic growth, rapid expansion of the agricultural and allied sectors, and robust expansion of the manufacturing sector. It also desired an increase in exports and imports, as well as a reduction in the trade and current account deficits.
1997-2002: This plan resulted in a GDP growth rate of 5.4%, which was below the aim of 6.5%. This plan aimed to improve quality of life, the creation of productive jobs, regional balance, and self-sufficiency, as well as growth with social justice and equality. The attained industrial growth rate of 4.5% was higher

than the aim of 3%. The service sector experienced a 7.8% growth rate. The entire average yearly growth rate had reached 6.7%.

2002-2007: This plan aimed to attain an 8% GDP growth rate, a 5% reduction in poverty, and an increase in India's literacy rate. It was a complete success as poverty was decreased by 5%, forest coverage was increased to 25%, literacy rates were increased to 75%, and the country's economic development was above 8%.

2007-2012: The eleventh five-year plan aimed for rapid and equitable expansion. Education and training were a priority for them because they wanted to give people agency. They also aimed to improve gender equality and create a more sustainable world. The goal of this strategy was to increase agricultural growth to 4%, industrial growth to 10%, and service sector growth to 9%. Additionally, they hoped to have potable water available by 2009. The plan resulted in an average annual growth rate of 8% for the country's economy, with agricultural production increasing by 3.7% rather than the targeted 4%. In contrast, industry expansion averaged 7.2% per year, which was also lower than the 10% projections.

2012-2017: The plan implemented was the twelfth five-year plan. It aimed for faster, more inclusive, and sustainable growth. It also desired a 4% increase in agricultural output and a 10% increase in the manufacturing sector. The growth rate achieved was a meager 8%, and the five-year plans were subsequently abolished in favor of NITI Aayog.

The Decline of the Planning Commission

Bureaucracy has infiltrated the Planning Commission in recent years, alongside a decline in planned development and a covert effort to diminish its power, influence, and prestige. The command Commission has been infiltrated by the civil service, and the number of joint secretaries and deputy secretaries has increased, relegating technical personnel from outside the government services to the background. Technical workers at the Commission were dissatisfied with their lack of influence. The Commission's technical knowledge declined steadily.

At this point, the commission had become a rubber stamp, approving the plans of several ministries and labeling them "sectoral programmes." After 1967, Centre-State relations were strained, and the National Development Council (NDC) and Planning Commission assisted in resolving a number of critical issues, such as the amount of Central funding for State plans and the allocation of Central Assistance among the States. Regional autonomy, regional inequities, and uneven development rates are becoming more urgent and demanding. The Planning Commission struggled to fulfill its duties. The Commission has noted with dismay the utter lack of commitment to the Plan and intention to carry out its obligations. The damage will be lasting and irreparable if planning as a concept and as a tool are allowed to be weakened in the process of searching for alibi and scapegoats.

Implementation of NITI Aayog

The Independent Evaluation Office recommends replacing the Planning Commission with a “control commission” in their assessment report delivered to Prime Minister Narendra Modi on May 29, 2014. The Union Cabinet abolished the Planning Commission on August 13th 2014, replacing it with a watered- down National Advisory Council (NAC) of India. The Planning Commission was abolished and NITI Aayog was established as of January 1st 2015 per a Cabinet resolution (National Institution for Transforming India). On January 1, 2015 the Union Government of India announced the establishment of NITI Aayog. On February 8, 2015, Narendra Modi presided over the first NITI Aayog meeting. On the importance of establishing NITI Aayog, Finance Minister Arun Jaitley stated that the Planning Commission was no longer necessary after serving for 65 years. It made sense in the context of a command economy, but that system is long gone. Because of the country's diversity, India's individual states are all at different points in economic growth and have their own set of advantages and disadvantages. One size fits all economic planning is no longer viable in this setting. As a result, it is unable to make India more competitive in the modern global economy. It's an effort to improve the standard of living in India.

The Government of India created NITI Aayog to act as a policy think tank with the goal of achieving sustainable development goals through "cooperative federalism". That's why it's crucial to involve the Indian states' governments from the ground up in formulating economic policy. A number of initiatives have been taken on by the organization, including the "15-year road map," the "7-year vision, strategy, and action plan," AMRUT, Digital India, the Atal Innovation Mission, the Medical Education Reform, the Agriculture Reforms (Model Land Leasing Law, Reforms of the Agricultural Produce Marketing Committee Act, and an Agricultural Marketing and Farmer Friendly Reforms Index for ranking states), the Indices Measuring States Performance in Health, Education, and Wage Growth, and many more due to its previous top-down approach, the NDA government established a new Planning Commission in 2015.All of India's state governors, as well as the leaders of Delhi and Pondicherry, the Andaman and Nicobar Islands' lieutenant governor, and a vice-chairman appointed by the Prime Minister make up NITI Aayog's governing council. As an added bonus, we also bring in temporary members from prestigious educational and scientific institutions. A chief executive officer, four former official members, and two part-time members make up this group. It achieved two times the planned expansion, beating the 10% annual increase in a self-sufficient cluster.

Conclusion

Since the country's proclamation of independence and the adoption of a constitution and a centralized system of government, there have been a substantial number of adjustments and transformations. Following the invasion by the British and the various conflicts that ensued before the country could ultimately reunite, the country has progressed and reassembled itself. The Planning Commission, which was responsible for 29 states and three union territories, had one of the most important roles in the advancement of society. The economy has grown and advanced to its current state as a result of both its achievements and setbacks along the way. The government of the second-most populous nation in the world faces the problem of safeguarding the health and happiness of its residents. As a result of a change in NITI Aayog's organizational structure, India's economy has become considerably more stable, and the country's government has developed and become much more structured and efficient. The world's population has hit 8 billion, and governments are waging a financial war to win the top spot. This metamorphosis is evidence that the people are growing, learning, and thriving in their pursuit of success.

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