

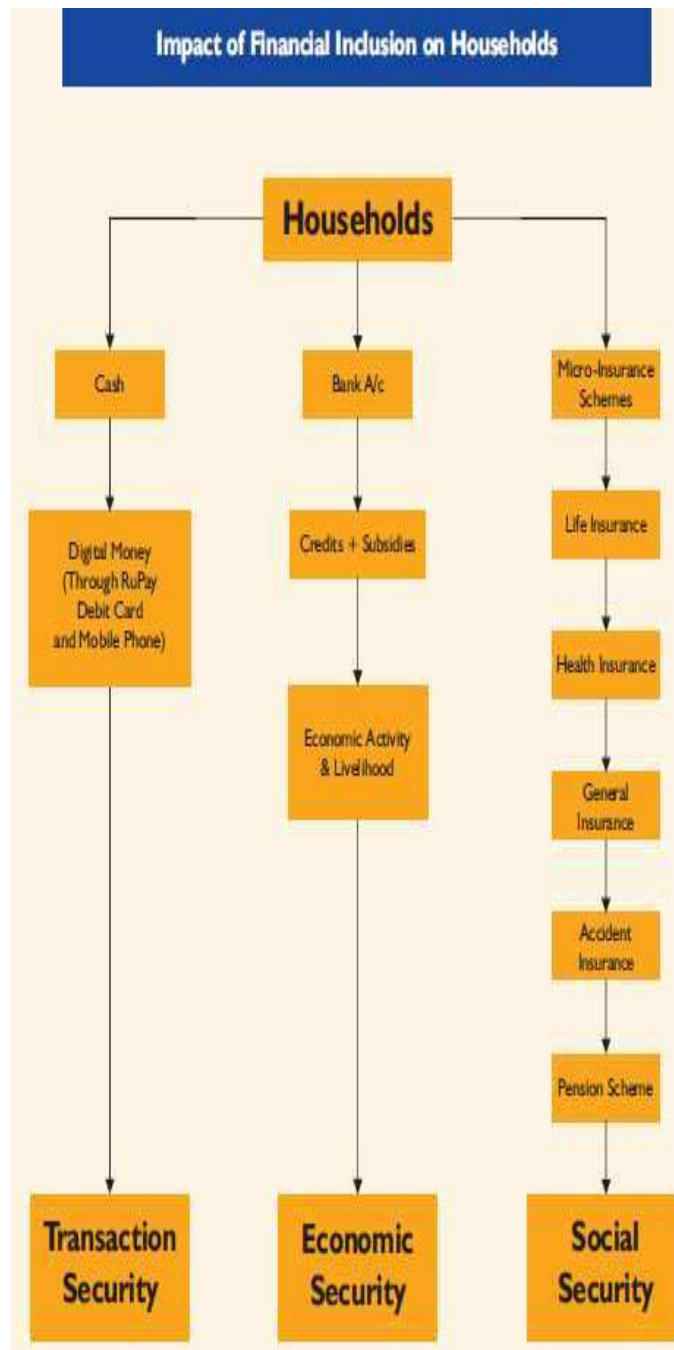
- § This scheme aims to provide universal banking facilities to all account holders through CBS network of banks. However as per census 2011, 50,000 villages do not have internet connectivity and in much larger number of villages the telecom infrastructure is not fit for banking operations.
- § Low level of financial literacy in rural areas will continue to pose a big challenge to the success of new age banking technology such as ATMs & Debit Cards.
- § High Level of Rural NPA (Non Performing Assets) is another factor to be considered.

Conclusion

PMJDY is an innovative and new age technology enabled financial inclusion mission with ambitious targets and strict time frame and hence, worthy of applause from all classes. But success of this scheme essentially depends on critical examination of the various challenges and steps taken to address the same. If issues pertaining to it are not addressed timely, the PMJDY may end up to be another populist scheme; not serving any purpose other than political gains. We wish all the success to this scheme and expect issues are addressed and it proves to be a milestone in the financial inclusion mission of India.

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India from Planning Commission to Niti Ayog

Bhumika Soni-3rd year

Summary: This article is based on the dismantling of the Planning Commission and its replacement by a new institution, which we know as the NITI AYOOG. It is mainly divided into two broad sub topics. While the former retraces the journey of the Planning

Commission since its inception, the latter highlights how the new institution is different from its predecessor and talks about the challenges that lie ahead of the AYOOG. In the end the writer concludes that "The Niti Ayog may be an old wine in a new bottle

but it has got some new added flavours and is expected to satisfy everybody's taste".

On the 67th Independence Day, from the ramparts of the Red Fort our honourable Prime Minister, Mr Narendra Modi announced the dismantling of the Planning Commission of India. This was indeed alarming, to see the winds of change sweep apart a historical framework linked to the history of the Indian development process. But for an economics student like me, it was relatively more startling purely for a selfish reason- I would no longer get the chance to intern or work with such a reputed policy making institution of the country. However, our benevolent Prime Minister who is trying his utmost to attract foreign investment and build a conducive business environment could not keep the budding economists and strategists sad for long. Therefore, he soon announced a new institution in place of the Planning Commission, which we know as the NITI Ayog.

A great respite, isn't it?

Meanwhile, the curiosity bug starts its work. What was the need of replacing such a reputed and age old institute? Is it a mere political game of changing the name plate from Planning Commission to NITI Ayog or is there some substantial difference between the two? Will this change make any difference?

Retracing the journey of the Planning Commission since its inception

The spring of 1950 saw the blooming of a new institution within the democratic framework of independent India. The then Prime Minister Jawaharlal Nehru, constituted this institution to formulate a long term strategy for development of independent India. The institute came to be known as the Planning Commission of India- the name reflecting the function it was to perform. The objectives of the Planning Commission were to be met through the execution of 'The Five-Year Plans' in which the government set a target growth for the economy as well as the various sectors of the economy and accordingly allocated the fund for a balanced utilisation of the available resources.

An institution like the Planning Commission was the need of that time. In order to heal the wounds inflicted by hundred years of British exploitation and rule, central planning had become a necessity. Thus, the commission was meant to form policies with an objective to increase the standard of living of the general populace through increase in the production levels and employment opportunities.

The First Five-year plan (1951-56) was applauded nationwide for its approach and its success as the actual growth rate surpassed the targeted rate by 1.5%. The then Economic Advisor to the Planning Commission, I.G. Patel, adequately echoes the sentiment surrounding the Plan by stating that "there is nothing in the economy which does not find a reflection in the plan, and there is nothing in the Plan which is not found in the Indian reality".

The Second Plan (1956-61) placed greater emphasis on the capital goods industry in the public sector. It came to be known as the heavy goods model (Also known as the Nehru-Mahalanobis Model; eponymously named after Jawaharlal Nehru and P.C. Mahalanobis.) It bagged mixed response and missed the target by a small margin.

The Third Five-Year Plan (1961-66) was interrupted by the 1965 India-Pakistan war and by the deep struggle for power within the congress after the death of the then Prime Minister Lal Bahadur Shastri. Also the economic crisis in the mid-1960s, triggered by successive droughts and poor harvest, led the government to abandon planning for an interregnum of three years (1966-69). The spirit of economic planning never revived thereafter. The focus shifted to crisis management. The process of planning could have been revived in the 1970s but it wasn't. This was the beginning of the decline of the Planning Commission. In addition to this the set target of growth was mostly missed in the subsequent plans. (See the table)

Apart from the missed targets, there has been some serious charges against its functionality. The Planning Commission had become increasingly autocratic and had typically enforced its diktat over different states. It could not succeed in establishing a consultative framework between the central government and states as equal partners. Many times, it was brought to notice

<i>Plan</i>	<i>Year</i>	<i>Target Growth</i>	<i>Actual Growth</i>
First	1951-56	2.1	3.6
Second	1956-61	4.5	4.3
Third	1961-66	5.6	2.8
PLAN HOLIDAY	1966-99	-	-
Fourth	1969-74	5.7	3.3
Fifth	1974-79	4.4	4.8
Rolling Plan	1978-80	-	-
Sixth	1980-85	5.2	5.7
Seventh	1985-90	5.0	6.0
Eighth	1992-97	5.6	6.8
Ninth	1997-2002	6.5	5.4
Tenth	2002-07	8	7.6
Eleventh	2007-2012	9	8
Twelfth (cancelled)	2012-2017	8	-

that state allocation was decided by the commission without any prior consultation with the states.

Another equally serious charge levied is that the Commission had become an agency of the ruling government in the centre. The Planning Commission acted as a mediator in the process of transferring finances from centre to state. The finances are both discretionary and non-discretionary. There is a lot of evidence that shows that a large proportion of funds for the centrally sponsored schemes which are mostly discretionary in nature went to those states that were politically aligned with the ruling party (/parties) in the centre.

Also, increasing reliance on market economy in a globalised world and the growth of the domestic private sector has resulted in the Commission becoming more or less irrelevant; though the Planning Commission played a crucial role in the initial years when the public investment was a large part of the overall investment in the economy.

Thus, its demise can significantly be attributed to its poor performance and growing redundancy.

NITI Ayog- New wine in the old bottle?

NITI Ayog, the acronym for National Institute for transforming India Ayog, is a policy ‘think tank’ that will provide government at the central and state level with relevant strategic and technical advice across the spectrum of key elements of policy.

One of its functional property that it no longer possesses the power to allocate funds, separates it distinguishingly from the Planning Commission; the Finance Ministry will now handle all the funds and the financial matters will remain under the guidance of the Prime Minister who remains the supreme authority with respect to policy matters. Also, a governing council comprising the Chief Ministers of the states and the lieutenant governors of Union territories has been formed (Under Planning commission, States’ role was limited to the National Development Council and annual interaction during Plan meetings). While the Planning Commission had a Deputy Chairperson, a member Secretary and full-time members, NITI Ayog has a full time organisational framework comprising of a Vice Chairperson, two full time members, Part-time members, Ex Officio members, Chief Executive Officer and a Secretariat.

The big challenge before the NITI Ayog would be to restore the credibility of the consultation process with the states and to bring Central Ministries into the equation in the absence of any real financial power. It has been proposed that there will be a basket of schemes available from which the states could pick and choose according to their needs and that each scheme would be further tailored to meet specific local needs. Restructuring of the centrally sponsored schemes would be the most sought after development. Another most important issue that it needs to address is to expedite the slow and tardy implementation of policies.

The NITI Ayog will be a welcome change if it spearheads a dynamic growth process based on social considerations rather than becoming another centre-based think tank. One can say that it may be an old wine in a new bottle but it has got some new added flavours and is expected to satisfy everybody’s taste.