

NITI Aayog: Genesis, Objectives, Performance & Issues

Genesis of NITI Aayog

- *Established on 1 January 2015, replacing the Planning Commission.*
- *Aim: **Bottom-up planning**, Maximum Governance–Minimum Government.*
- *Intended to institutionalise **Cooperative Federalism** and move away from centralised command-economy planning.*

Why the Planning Commission Was Replaced

- *Became **obsolete after liberalisation**; suited to a command economy.*
- ***One-size-fits-all planning** is unsuitable for India's diverse states.*
- *States were at **different stages of development**, requiring flexibility.*
- *Needed a **think-tank approach** rather than a resource-allocation bureaucracy.*

Objectives of NITI Aayog

- *Foster **Cooperative Federalism**.*
- *Enable **village-level planning aggregation**.*
- *Integrate **national security concerns** into economic policy.*
- *Ensure **inclusive growth**, especially for vulnerable sections.*
- *Act as a **policy think tank**, knowledge hub, and innovation ecosystem.*
- *Promote **inter-sectoral coordination**.*
- *Encourage **evidence-based governance and best practices**.*

Organisational Framework

- ***Chairperson:** Prime Minister*
- ***Governing Council:** CM of States + LG of UTs*
- ***Regional Councils:** Issue-based, time-bound, CM-led*
- ***CEO:** Secretary-rank, fixed tenure*
- ***Wings:***
 - *Research Wing*
 - *Consultancy Wing*
 - *Team India Wing*

Major Achievements of NITI Aayog

1. Digital Payments Push

- *CM-led committee (2016) on digital payments.*
- *Incentives like **BHIM cashback**, **Lucky Grahak Yojana**.*
- *Digi-Dhan Melas and Jan-Dhan digitisation.*

2. Atal Innovation Mission

- *Atal Tinkering Labs (ATLs) in schools.*
- *Atal Incubation Centres (AICs) for start-ups.*
- *Strengthened innovation ecosystem.*

3. Competitive Federalism

- *Health Index, Education Index, Water Index.*
- *Ranking-based nudging of States.*
- *Sharing best practices.*

4. Sub-Groups of Chief Ministers

- *Rationalisation of Centrally Sponsored Schemes (CSS reduced to 28).*
- *Swachh Bharat Abhiyan.*
- *Skill Development reforms.*

5. Task Forces

- *Poverty elimination.*
- *Agricultural reforms (productivity, pricing, land leasing).*
- *Promotion of Natural Farming and Zero Budget Natural Farming.*

Key Issues with NITI Aayog

Structural & Federal Issues

- *Non-constitutional, non-statutory, not accountable to Parliament.*
- *Planning Commission dismantled **without adequate state consultation.***
- *UTs represented by LGs, **not elected CMs** → weak federalism.*

Functional Limitations

- *No power to allocate funds (vested with the Finance Ministry).*
- *Cannot impose policies or enforce compliance.*
- *Reduced welfare focus (e.g., **20% fall in gender budgeting**).*

Policy & Credibility Concerns

- *Limited role in **major policy decisions** (GST, Demonetisation).*
- *Acts more as a **government cheerleader** than an independent think tank.*
- *Weak influence on **private/public investment.***
- *Cannot evaluate the performance of government schemes.*

Socio-economic Blind Spots

- *90% workforce remains **informal.***
- *Rising **informalisation of the organised sector.***
- *Declining **female labour force participation.***
- *Inequality remains inadequately addressed.*

Reforms Required

- Provide **formula-based allocation of transformational capital**.
- Shift the budgeting focus to **capital vs revenue expenditure**.
- Strengthen the **monitoring and evaluation mandate**.
- Ensure **greater autonomy and intellectual independence**.
- Learn from **East Asian developmental states** (China, SE Asia):
 - Export-oriented manufacturing
 - Industrial policy-driven planning
 - Strategic use of labour surplus
 - Green energy transition
- Reinforce **state-led planning with national coordination**.

MCQs

1. NITI Aayog was established primarily to promote which of the following?

- A. Centralised economic planning
- B. Cooperative federalism
- C. Command economy
- D. Parliamentary accountability

Correct Answer: B

2. Which one of the following powers is **NOT** vested in the NITI Aayog?

- A. Policy advisory role
- B. Allocation of financial resources
- C. Promotion of competitive federalism
- D. Acting as a knowledge think tank

Correct Answer: B

3. Which of the following best explains a major criticism of NITI Aayog?

- A. It imposes binding policies on States
- B. It directly controls public and private investment
- C. It lacks authority to enforce or fund policies
- D. It is a constitutional body accountable to Parliament

Correct Answer: C