

The logo for NITI AAYOG is a large, stylized circle composed of many smaller triangles in various shades of orange and yellow. The text "NITI AAYOG" is written in white, bold, sans-serif capital letters across the center of this circle.

**NITI  
AAYOG**



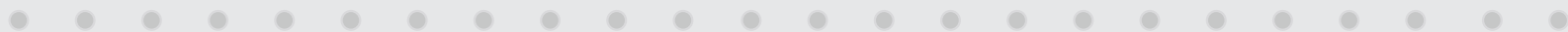
सत्यमेव जयते  
Government of India

A large, stylized orange arrow pointing upwards and to the right, composed of many smaller triangles, is a prominent graphic element on the page.

FROM PLANNING TO NITI  
**TRANSFORMING**  
INDIA'S DEVELOPMENT AGENDA

FEBRUARY 8, 2015

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# TRANSFORMING INDIA





## Introduction: **TRANSFORMING INDIA**

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India has undergone a paradigm shift over the past six decades - politically, economically, socially, technologically as well as demographically. The role of Government in national development has seen a parallel evolution. Keeping with these changing times, the Government of India has decided to set up **NITI Aayog** (National Institution for Transforming India), in place of the erstwhile Planning Commission, as a means to better serve the needs and aspirations of the people of India.

The new institution will be a catalyst to the developmental process; nurturing an overall enabling environment, through a holistic approach to development going beyond the limited sphere of the Public Sector and Government of India. This will be built on the foundations of:

- An empowered role of **States** as equal partners in national development; operationalizing the principle of Cooperative Federalism.
- A knowledge hub of internal as well as external resources; serving as a repository of good governance best practices, and a **Think Tank** offering domain knowledge as well as strategic expertise to all levels of government.
- A collaborative platform facilitating **Implementation**; by monitoring progress, plugging gaps and bringing together the various Ministries at the Centre and in States, in the joint pursuit of developmental goals.



# INDIA HAS CHANGED





## Context: INDIA HAS CHANGED

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The Planning Commission was constituted on 15.3.1950 through a Government of India Resolution, and has served India well.

India, however, has changed dramatically over the past 65 years. While this has been at multiple levels and across varied scales, the biggest transformatory forces have been the following:

- **Demography:** Our population has increased over three-fold to reach 121 crores. This includes an addition of over 30 crore people to Urban India. As well as an increase of 55 crore youth (below the age of 35), which is more than one and a half times the total population of the country then. Furthermore, with increasing levels of development, literacy and communication, the aspirations of our people have soared, moving from scarcity and survival to safety and surplus. We are therefore looking at a completely different India today, and our governance systems need to be transformed to keep up with the same.
- **Economy:** Our economy has undergone a paradigm shift. It has expanded by over a hundred times, going from a GDP of Rs 10,000 crore to Rs 100 lakh crore at current prices, to emerge as one of the world's largest. Agriculture's share in this has seen a dramatic drop, from more than 50% to less than 15% of GDP. And our central government's Twelfth Five Year Plan size of Rs 43 lakh crore, dwarfs the First Five Year Plan size of Rs 2,400 crore. Priorities, strategies and structures dating back to the time of the birth of the Planning Commission, must thus be revisited. The very nature of our planning processes needs to be overhauled to align with this shift in sheer scale.



- **Private enterprise:** The nature of our economy, and the role of the Government in it, has undergone a paradigm shift as well. Driven by an increasingly open and liberalized structure, our private sector has matured into a vibrant and dynamic force, operating not just at the international cutting edge, but also with a global scale and reach. This changed economic landscape requires a new administrative paradigm in which the role of Government must evolve from simply allocating resources in a command and control eco-system, to a far more nuanced one of directing, calibrating, supporting and regulating a market eco-system. National development must be seen beyond the limited sphere of the 'Public Sector'. Government must thus transition from being a 'provider of first and last resort' and 'major player' in the economy, to being a 'catalyst' nurturing an 'enabling environment', where the entrepreneurial spirits of all, from small self-employed entrepreneurs to large corporations, can flourish. This importantly, frees up the Government to focus its precious resources on public welfare domains such as essential entitlements of food, nutrition, health, education and livelihood of vulnerable and marginalized groups.
- **Globalisation:** The World at large has also evolved. Today, we live in a 'global village', connected by modern transport, communications and media, and networked international markets and institutions. As India 'contributes' to global dynamics, it is also influenced by happenings far removed from our borders. This continuing integration with the world needs to be incorporated into our policy making as well as functioning of government.





- **States:** The States of the Union of India have evolved from being mere appendages of the Centre, to being the actual drivers of national development. The development of States must thus become the national goal, as the nation's progress lies in the progress of States. As a consequence, the one-size-fits-all approach, often inherent in centralized planning, is no longer practical or efficient. States need to be heard and given the flexibility required for effective implementation. Dr. B. R. Ambedkar had said with great foresight that it is *"unreasonable to centralise powers where central control and uniformity is not clearly essential or is impracticable"*. Therefore, while emanating from global experiences and national synergy, our strategies will need to be calibrated and customized to local needs and opportunities.
- **Technology:** Advancements in technology and access to information have unleashed the creative energy that emerges from the Indian kaleidoscope. They have integrated our varied regions and eco-systems in an interlinked national economy and society, opening up newer avenues of coordination and cooperation. Technology is also playing a substantial role in enhancing transparency as well as efficiency, holding government more accountable. It thus needs to be made central to our systems of policy and governance.





**INSTITUTIONS  
MUST CHANGE**





## Rationale: INSTITUTIONS MUST CHANGE

This changing reality and growing mismatch has been recognized for years now; with experts, including many from within the erstwhile Planning Commission, recommending appropriate changes:

- **The 8<sup>th</sup> Five Year Plan document** - the very first after the liberalisation of 1991 - itself categorically stated that, as the role of Government was reviewed and restructured, the role and functions of the Planning Commission too needed to be rethought. The Planning Commission needed to be reformed to keep up with changing trends; letting go of old practices and beliefs whose relevance had been lost, and adopting new ones based on the past experiences of India as well as other nations.
- **The Standing Committee on Finance** of the 15<sup>th</sup> Lok Sabha observed in its 35<sup>th</sup> Report on Demand for Grants (2011-12) that the Planning Commission *"has to come to grips with the emerging social realities to re-invent itself to make itself more relevant and effective for aligning the planning process with economic reforms and its consequences, particularly for the poor"*.
- **Former Prime Minister** and noted economist, Dr. Manmohan Singh - in his farewell address to the Commission in April 2014 - also urged reflection on *"what the role of the Planning Commission needs to be in this new world. Are we still using tools and approaches which were designed for a different era? What additional roles should the Planning Commission play and what capacities does it need to build to ensure that it continues to be relevant to the growth process?"*



Mahatma Gandhi had said: *"Constant development is the law of life, and a man who always tries to maintain his dogmas in order to appear consistent drives himself into a false position"*. Keeping true to this principle our institutions of governance and policy must evolve with the changing dynamics of the new India, while remaining true to the founding principles of the Constitution of India, and **rooted in our *Bharatiyata*** or wisdom of our civilizational history and ethos.

**NITI Aayog** (National Institution for Transforming India) is to be the institution to give life to these aspirations. It is being formed based on extensive consultation across the spectrum of stakeholders, including inter alia state governments, relevant institutions, domain experts and the people at large.





# FUNCTIONS OF NITI



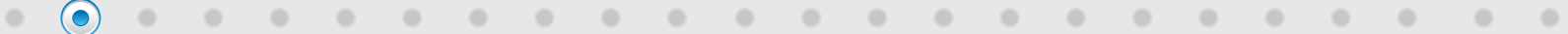


## New Role: FUNCTIONS OF NITI

As Indian nationhood has matured and deepened, we have embraced a greater measure of pluralism and decentralization. This necessitates a paradigm shift in how the Central government approaches governments at the State as well as local levels. They must be made equal partners in national development. Their developmental needs and aspirations understood as well as supported. And their varied local realities incorporated into national policies and programs, with the required flexibility. Actualizing this principle of **Team India**, NITI Aayog will:

1. **Cooperative and Competitive Federalism:** Be the primary platform for operationalizing Cooperative Federalism; enabling States to have active participation in the formulation of national policy, as well as achieving time-bound implementation of quantitative and qualitative targets through the combined authority of the Prime Minister and Chief Ministers. This will be by means of systematic and structured interactions between the Union and State Governments, to better understand developmental issues, as well as forge a consensus on strategies and implementation mechanisms. The above would mark the replacement of the one-way flow of policy from centre-to-state, with a genuine and continuing Centre-State partnership.

This Cooperation would be further enhanced by the vibrancy of Competitive Federalism; with the Centre competing with the States and vice versa, and the States competing with each other, in the joint pursuit of national development.



- 2. Shared National Agenda:** Evolve a shared vision of national development priorities and strategies, with the active involvement of States. This will provide the framework 'national agenda' for the Prime Minister and Chief Ministers to implement.
- 3. State's Best Friend at the Centre:** Support States in addressing their own challenges, as well as building on strengths and comparative advantages. This will be through various means, such as coordinating with Ministries, championing their ideas at the centre, providing consultancy support and building capacity.
- 4. Decentralized Planning:** Restructure the planning process into a bottom-up model, empowering States, and guiding them to further empower local governments; in developing mechanisms to formulate credible plans at the village level, which are progressively aggregated up the higher levels of government.

The maturing of India's governmental institutions has enabled increasing the specialization of their functions. There is thus a need to separate as well as energize the distinct 'strategy' element of governance from the usual 'process' and 'implementation' element. As a dedicated **Think Tank** of the Government, NITI Aayog will carry out this 'directional' role, strategically charting the future of the nation. It will provide specialised inputs - strategic, functional and technical - to the Prime Minister and the Government (Centre as well as State), on matters critical to the fulfilment of the national development agenda.

- 5. Vision & Scenario Planning:** Design medium and long-term strategic frameworks of the big picture vision of India's future - across schemes, sectors, regions and time; factoring in all possible alternative assumptions and counterfactuals. These would be the drivers of the national reforms agenda, especially focussed on identifying critical gaps and harnessing untapped potentialities. The same would need to be intrinsically dynamic with their progress and efficacy constantly monitored for necessary mid-course recalibration; and the overall environment (domestic and global) continuously scanned for incorporating evolving trends and addressing emerging challenges.

The above would mean a fundamental transition from merely planning for where the Nation's money goes, to planning where we want the Nation to go. And given its unique position as the aggregator and integrator of all developmental initiatives of the Government of India and States, the NITI Aayog would be ideally suited for the same.



6. **Domain Strategies:** Build a repository of specialized domain expertise, both sectoral and cross-sectoral; to assist Ministries of the Central and State governments in their respective development planning as well problem solving needs. This will especially enable the imbibing of good governance best practices, both national as well as international; especially with regards to structural reform.
7. **Sounding Board:** Be an in-house sounding board whetting and refining government positions, through objective criticisms and comprehensive counter-views.
8. **Network of Expertise:** Main-stream external ideas and expertise into government policies and programmes through a collaborative community of national and international experts, practitioners and other partners. This would entail being Government's link to the outside world, roping in academia (universities, think tanks and research institutions), private sector expertise, and the people at large, for close involvement in the policy making process. As is said in the Rigveda- 'आ नो भद्राः क्रतवो यन्तु विश्वतः', or, let us welcome noble thoughts flowing in from all directions.
9. **Knowledge and Innovation hub:** Be an accumulator as well as disseminator of research and best practices on good governance, through a state-of-the-art Resource Centre which identifies, analyses, shares and facilitates replication of the same.

An increasingly mature Indian population has steadily increased the focus on, and demand for, actual delivery and results. To keep up with such enhanced aspirations, NITI Aayog's mandate will have to go beyond mere planning and strategizing, to facilitating **Implementation** of the development agenda as well. This would involve making implementation central to the planning process, through an emphasis on tangible outcomes, realistic targets, strict time lines and robust monitoring and evaluation - a transition from the isolated conceptualisation of merely 'planning', to 'planning for Implementation'. Niti Aayog will also act as a catalyst to the government machinery at large; filling gaps, enhancing capabilities and de-clogging bottlenecks, as and where required:

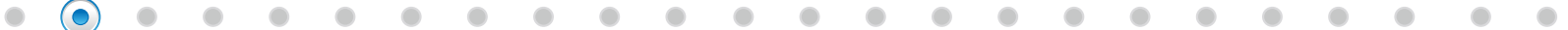




10. **Harmonization:** Facilitate harmonization of actions across different layers of government, especially when involving cross-cutting and overlapping issues across multiple sectors; through communication, coordination, collaboration and convergence amongst all stakeholders. The emphasis will be on bringing all together on an integrated and holistic approach to development.
11. **Conflict Resolution:** Provide a platform for mutual resolution of inter-sectoral, inter-departmental, inter-state as well as centre-state issues; facilitating consensus acceptable and beneficial to all, to bring about clarity and speed in execution.
12. **Coordinating interface with the World:** Be the nodal point for strategically harnessing global expertise and resources coming in from across nations, multi-lateral institutions and other international organisations, in India's developmental process.
13. **Internal Consultancy:** Offer an internal consultancy function to central and state governments on policy and program design; providing frameworks adhering to basic design principles such as decentralization, flexibility and a focus on results. This would include specialised skills such as structuring and executing Public Private Partnerships.
14. **Capacity building:** Enable capacity building and technology up-gradation across government, benchmarking with latest global trends and providing managerial and technical knowhow.
15. **Monitoring and Evaluation:** Monitor the implementation of policies and programmes, and evaluate their impact; through rigorous tracking of performance metrics and comprehensive program evaluations. This will not only help identify weaknesses and bottlenecks for necessary course correction, but also enable data-driven policy making; encouraging greater efficiency as well as effectiveness.



# GUIDING PRINCIPLES





## Purpose: GUIDING PRINCIPLES

In carrying out the above functions, NITI Aayog will be guided by an overall vision of development which is inclusive, equitable and sustainable. A strategy of empowerment built on human dignity and national self-respect, which lives up to Swami Vivekananda's idea of our duty to encourage everyone in his struggle to live up to his own highest idea". A model of development which is सर्वदेशिक (all round), सर्वस्पर्शी (all pervasive), सर्वसमावेशक (all inclusive) and सर्वांगी (holistic):

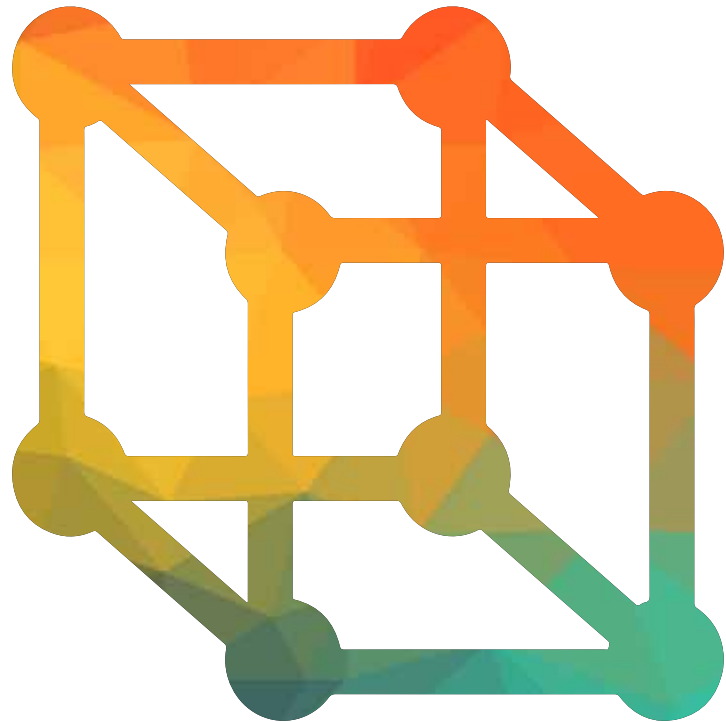
- **Antyodaya:** Prioritize service and uplift of the poor, marginalized and downtrodden, as enunciated in Pandit Deendayal Upadhyay's idea of '*Antyodaya*'. Development is incomplete and meaningless, if it does not reach the farthest individual. In the centuries old words of Tiruvalluvar, the sage-poet, nothing is more dreadfully painful than poverty".
- **Inclusion:** Empower vulnerable and marginalized sections, redressing identity-based inequalities of all kinds gender, region, religion, caste or class. As Sankar Dev wrote decades ago: "*to see every being as equivalent to one's own soul is the supreme means (of attaining deliverance)*". Weaker sections must be enabled to be masters of their own fate, having equal influence over the choices the nation makes.
- **Village:** Integrate our villages into the development process, to draw on the vitality and energy of the bedrock of our ethos, culture and sustenance.



- **Demographic dividend:** Harness our greatest asset, the people of India; by focussing on their development, through education and skilling, and their empowerment, through productive livelihood opportunities.
- **People's Participation:** Transform the developmental process into a people-driven one, making an awakened and participative citizenry the driver of good governance. This includes our extended Indian family of the Non-Resident Indian community spread across the world, whose significant geo-economic and geo-political strength must be harnessed.
- **Governance:** Nurture an open, transparent, accountable, pro-active and purposeful style of governance, transitioning focus from Outlay to Output to Outcome.
- **Sustainability:** Maintain sustainability at the core of our planning and developmental process, building on our ancient tradition of respect for the environment.



# STRUCTURE OF NITI





## Mechanism: STRUCTURE OF NITI

NITI Aayog will be a lean organisation, modelled as a network of expertise; focusing on functionality, flexibility and domain knowledge.

### NITI Aayog will comprise:

- **Chairperson:** Prime Minister of India
- **Governing Council:** comprising the Chief Ministers of all States and Lt. Governors of Union Territories.
- **Regional Councils:** will be formed to address specific issues and contingencies impacting more than one state or region. Strategy and Planning in the NITI Aayog will be anchored from State-level; with Regional Councils convened by the Prime Minister for identified priority domains, put under the joint leadership of related sub-groups of States (grouped around commonalities which could be geographic, economic, social or otherwise) and Central Ministries. Regional Councils will:
  - Have specified tenures, with the mandate to evolve strategy and oversee implementation.
  - Be jointly headed by one of the group Chief Ministers (on a rotational basis or otherwise) and a corresponding Central Minister.
  - Include the sectoral Central Ministers and Secretaries concerned, as well as State Ministers and Secretaries.



- Be linked with corresponding domain experts and academic institutions.
- Have a dedicated support cell in the NITI Aayog Secretariat.

States would thus be empowered to drive the national agenda. As a consequence, deliberation would be more grass-roots informed, and recommendations would have more ownership, given their joint formulation.

- **Special Invitees:** experts, specialists and practitioners with relevant domain knowledge as special invitees nominated by the Prime Minister.
- **Full-time Organisational Framework:** will comprise of, in addition to the Prime Minister as the Chairperson:
  - **Vice-Chairperson:** to be appointed by the Prime Minister.
  - **Members:** full-time.
  - **Part-time Members:** maximum of 2, from leading universities, research organisations and other relevant institutions in an ex-officio capacity. Part time members will be on a rotational.
  - **Ex-Officio Members:** maximum of 4 members of the Union Council of Ministers to be nominated by the Prime Minister.
  - **Chief Executive Officer:** to be appointed by the Prime Minister for a fixed tenure, in the rank of Secretary to the Government of India.
  - **Secretariat:** as deemed necessary.



## NITI Aayog will also house a number of specialised Wings, including:

- **Research Wing** that will develop in-house sectoral expertise as a dedicated think tank of top notch domain experts, specialists and scholars.
- **Consultancy Wing** that will provide a market-place of whetted panels of expertise and funding, for Central and State Governments to tap into; matching their requirements with solution providers, public and private, national and international. By playing match-maker instead of providing the entire service itself, NITI Aayog will be able to focus its resources on priority matters, providing guidance and an overall quality check to the rest.
- **Team India Wing** comprising representatives from every State and Ministry, will serve as a permanent platform for national collaboration. Each representative will:
  - Ensure every State/Ministry has a continuous voice and stake in the NITI Aayog.
  - Establish a direct communication channel between the State / Ministry and NITI Aayog for all development related matters, as the dedicated liaison interface.

A **national Hub-Spoke** institutional model will be developed, with each State and Ministry encouraged to build dedicated mirror institutions, serving as the interface of interaction. These institutions, in turn, will nurture their own networks of expertise at State and Ministry level.

NITI Aayog will function in close cooperation, consultation and coordination with the Ministries of the Central Government, and State governments. While it will make recommendations to the Central and State Governments, the responsibility for taking and implementing decisions will rest with them.







**VEHICLE OF GOOD  
GOVERNANCE**



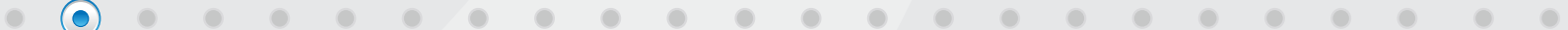
## Conclusion: **VEHICLE OF GOOD GOVERNANCE**

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Chanakya had mapped out centuries ago how good governance was at the root of a nation's wealth, values, comfort and happiness-**“सुखस्य मूलं धर्मः – धर्मस्य मूलं अर्थः – अर्थस्य मूलं राज्यं”**

NITI Aayog will seek to facilitate and empower this critical requirement of good governance, which is people-centric, participative, collaborative, transparent and policy-driven. It will provide critical directional and strategic input to the development process, focussing on deliverables and outcomes. This, along with being as incubator and disseminator of fresh thought and ideas for development, will be the core mission of NITI Aayog.







सत्यमेव जयते  
**Government of India**

