



CONSULTATION MEETING WITH CHIEF MINISTERS

REPLACING PLANNING COMMISSION

7th December, 2014

**STRUCTURE
OF
PRESENTATION**

Decision

Background

Need for a New Institution

New Institution – Concept

Framework– Present & Proposed



Cabinet Decision

The Cabinet in its meeting on August 13, 2014 approved the repeal of the Cabinet Resolution dated 15.03.1950 by which the Planning Commission was set up. The Cabinet also authorised the Prime Minister to finalize the contours of the New Institution to replace the Planning Commission.



On 15th August 2014, in his Independence Day address to the Nation, the Prime Minister said

“मैं समझता हूँ कि जिस समय प्लानिंग कमीशन का जन्म हुआ, योजना आयोग का जन्म हुआ, उस समय की जो स्थितियाँ थीं, उस समय की जो आवश्यकताएँ थीं, उनके आधार पर उसकी रचना की गई। इन पिछले वर्षों में योजना आयोग ने अपने तरीके से राष्ट्र के विकास में उचित योगदान दिया है। मैं इसका आदर करता हूँ, गौरव करता हूँ, सम्मान करता हूँ, सत्कार करता हूँ, लेकिन अब देश की अंदरूनी स्थिति भी बदली हुई है, वैश्विक परिवेश भी बदला हुआ है, आर्थिक गतिविधि का केंद्र सरकारें नहीं रही हैं, उसका दायरा बहुत फैल चुका है। राज्य सरकारें विकास के केन्द्र में आ रही हैं और मैं इसको अच्छी निशानी मानता हूँ....



PM further said

“..... भारत के फेडेरल स्ट्रक्चर की अहमियत पिछले 60 साल में जितनी थी, उससे ज्यादा आज के युग में है। हमारे संघीय ढाँचे को मजबूत बनाना, हमारे संघीय ढाँचे को चेतनवंत बनाना, हमारे संघीय ढाँचे को विकास की धरोहर के रूप में काम लेना, मुख्य मंत्री और प्रधान मंत्री की एक टीम का फॉर्मेशन हो, केन्द्र और राज्य की एक टीम हो, एक टीम बनकर आगे चले.....



And also said

.....इसलिए बहुत ही कम समय के भीतर योजना आयोग के स्थान पर, एक क्रिएटिव थिंकिंग के साथ राष्ट्र को आगे ले जाने की दिशा, पब्लिक-प्राइवेट पार्टनरशिप की दिशा, संसाधनों का ऑप्टिमम युटिलाइजेशन, प्राकृतिक संसाधनों का ऑप्टिमम युटिलाइजेशन, देश की युवा शक्ति के सामर्थ्य का उपयोग, राज्य सरकारों की आगे बढ़ने की इच्छाओं को बल देना, राज्य सरकारों को ताकतवर बनाना, संघीय ढाँचे को ताकतवर बनाना, एक ऐसे नये रंग-रूप के साथ, नये शरीर, नयी आत्मा के साथ, नयी सोच के साथ, नयी दिशा के साथ, नये विश्वास के साथ, एक नये इंस्टीट्यूशन का हम निर्माण करेंगे ...”



Planning Commission

1950-2014



Background

Government of India Resolution, 1950

Planning Commission was set up in March 1950 by a Resolution of the Government of India, with Prime Minister as the Chairperson.

Allocation of Business (AOB) Rules, 1961

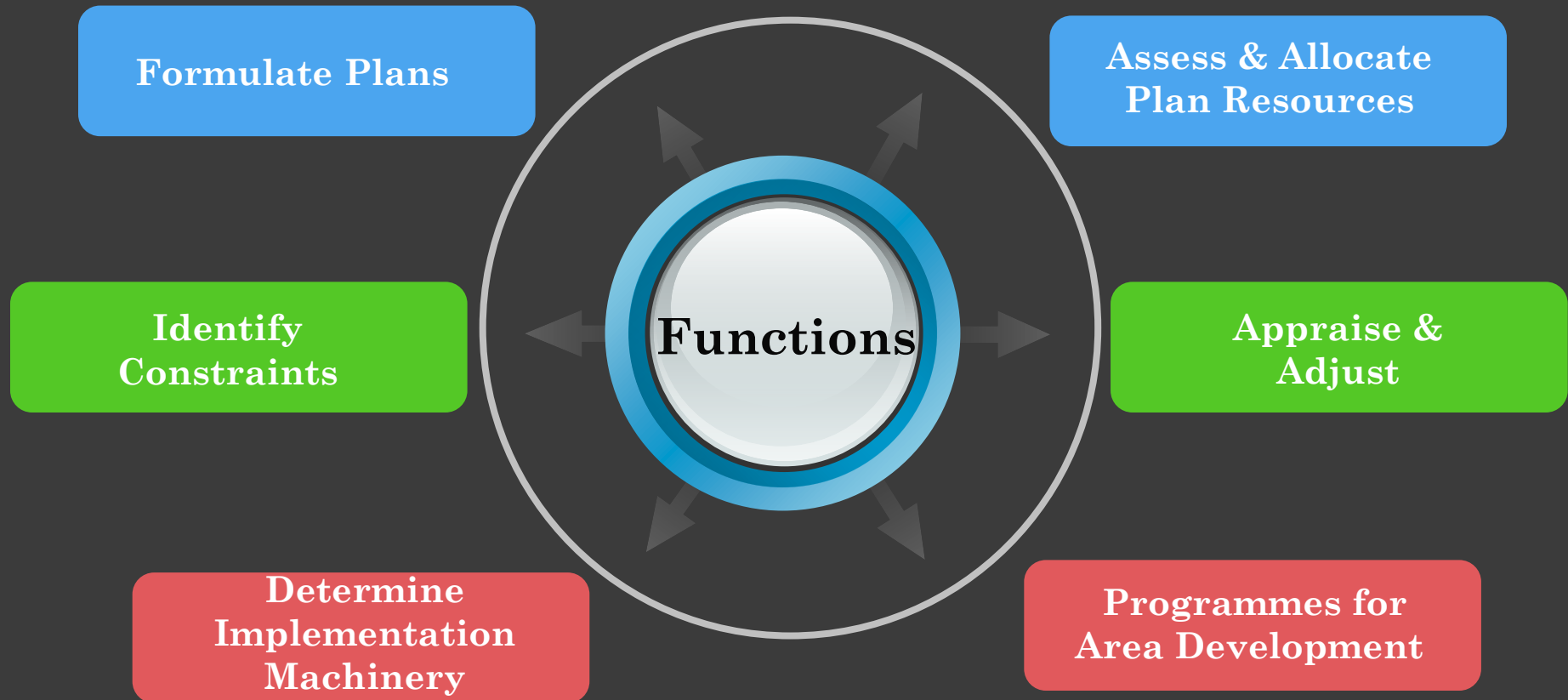
Planning Commission became a part of the Government in 1961, and its role and responsibilities were defined under the Allocation of Business(AOB) Rules, 1961

Entries in AOB Rules, 1961

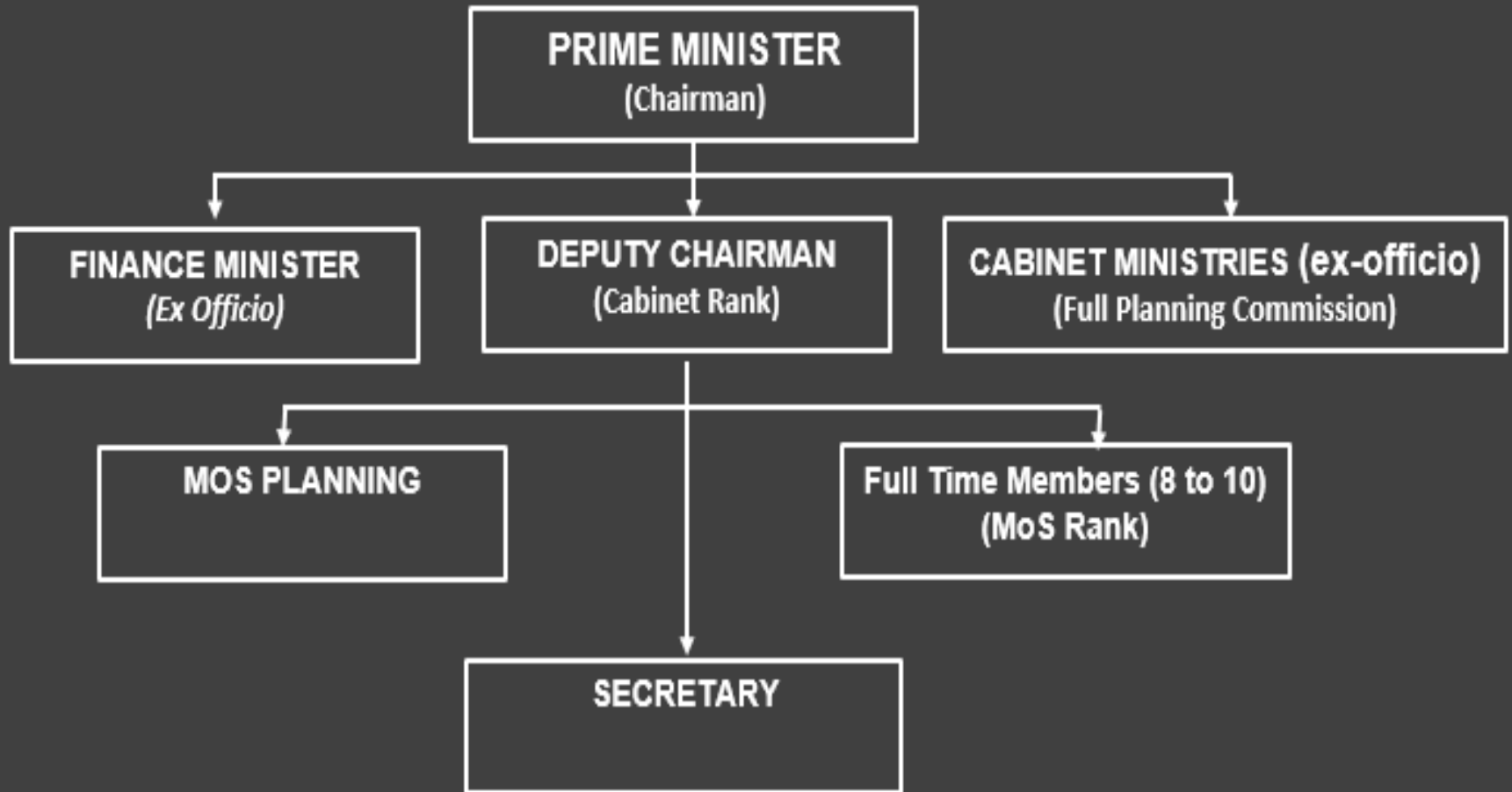
AOB Rules 1961 has two entries i.e. Entry 26: Ministry of Planning and Entry 49: Planning Commission, which regulate their business. Schedule II lists their functions



Key Functions under Allocation of Business Rules, 1961



Organizational Structure



Replace Planning Commission - Why

State and the Economy – Then and Now

Transformation in the role of the State and the state of the Economy from a command and control eco- system to a market economy in an increasingly integrated globalized world

Then

Population: 36 cr (1951 census)

Urban Population: 17% (6cr)

GDP: Rs 2.8 lakh cr (2004-05 prices)

Share of Agriculture in GDP: 52%

Share of Services in GDP: 30%

Now

Population: 121 cr (2011 census)

Youth Population: 70% (84 cr)

Urban Population: 31% (38cr)

GDP: Rs 52.5 lac cr (2004-05 prices)

Share of Agriculture in GDP: 14%

Share of Services in GDP: 58%



Replace Planning Commission – Why (Contd.)

Institutional Weaknesses

1

No structured mechanism for regular engagement with States.

Ineffective forum for resolution of Centre-State and Inter Ministerial issues

2

3

Inadequate capacity, expertise and domain knowledge; weak networks with Think Tanks and lack of access to expertise outside Government.

Weak Implementation, Monitoring and Evaluation Processes

4



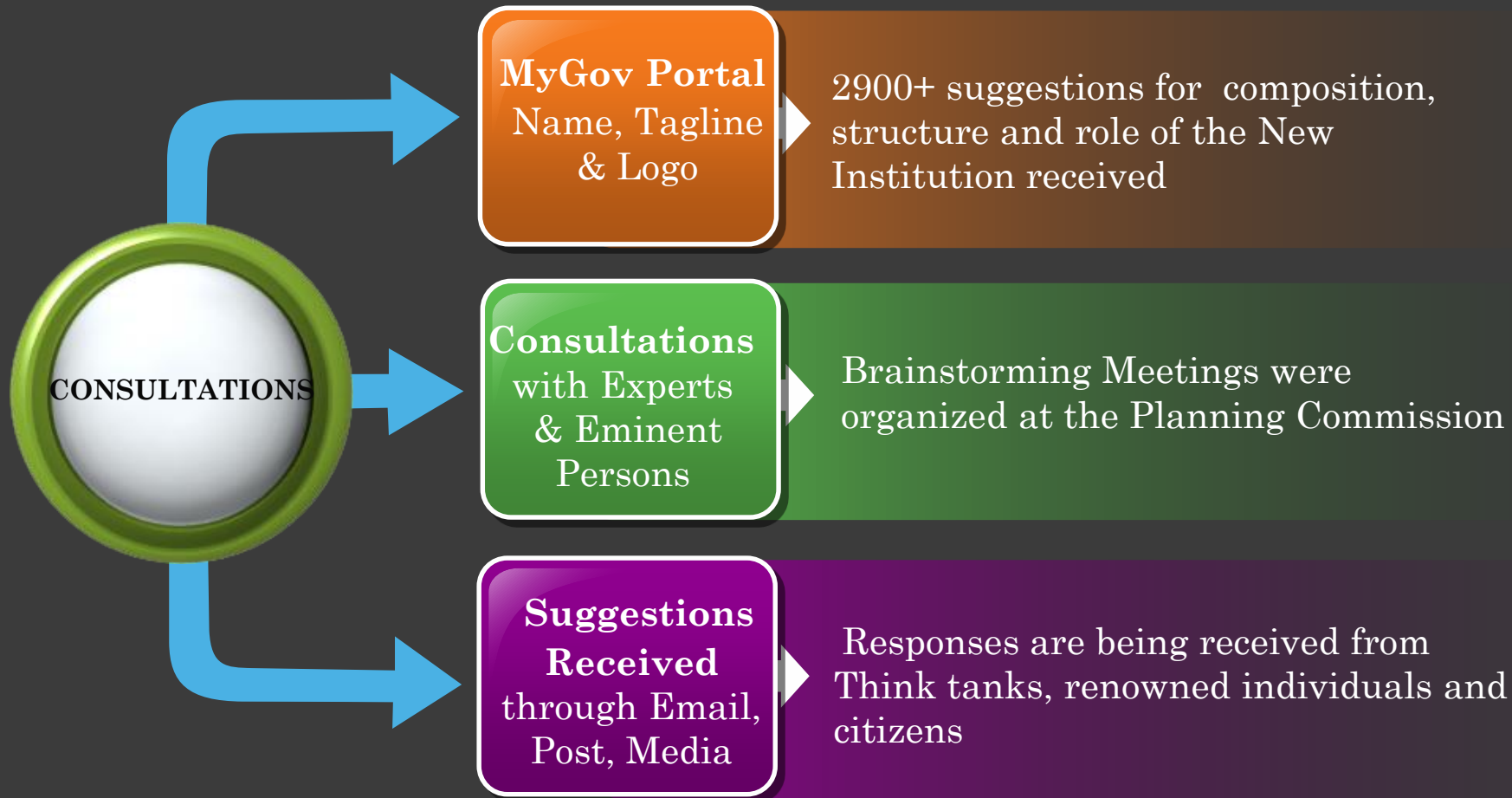
Way Ahead

Transforming India:

Reimagining the Development Agenda



Consultation Process & Responses



New Institution

Evolve Consensus on
National Development
Strategy

Foster Cooperative
Federalism

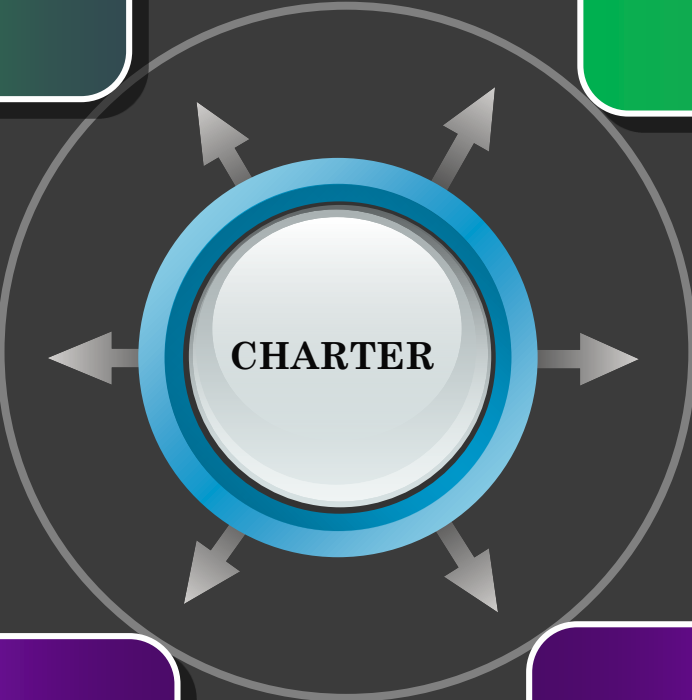
Define Reforms Agenda

Platform for resolution
of cross sectoral issues
in the Centre and States

Knowledge and
Innovation Hub

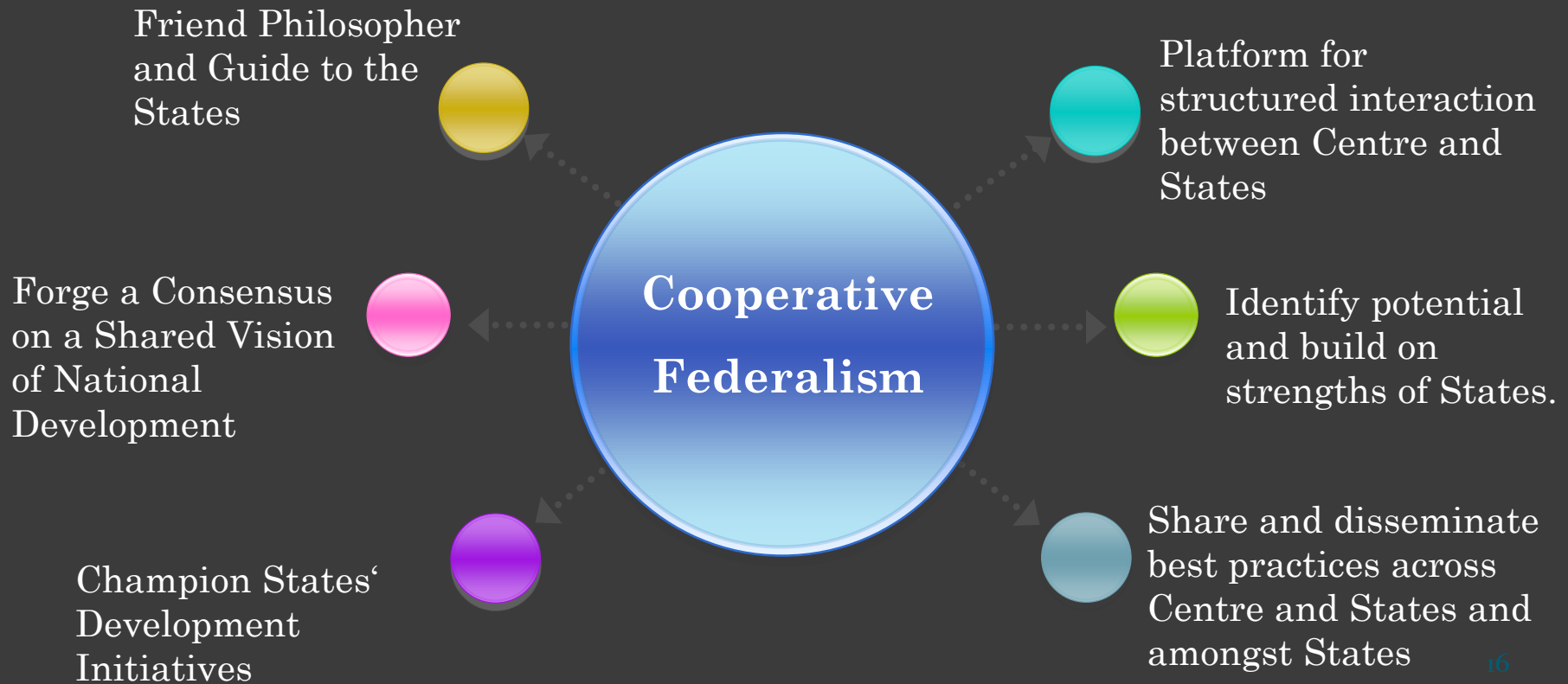
Capacity Building and
Technology Watch Group

CHARTER

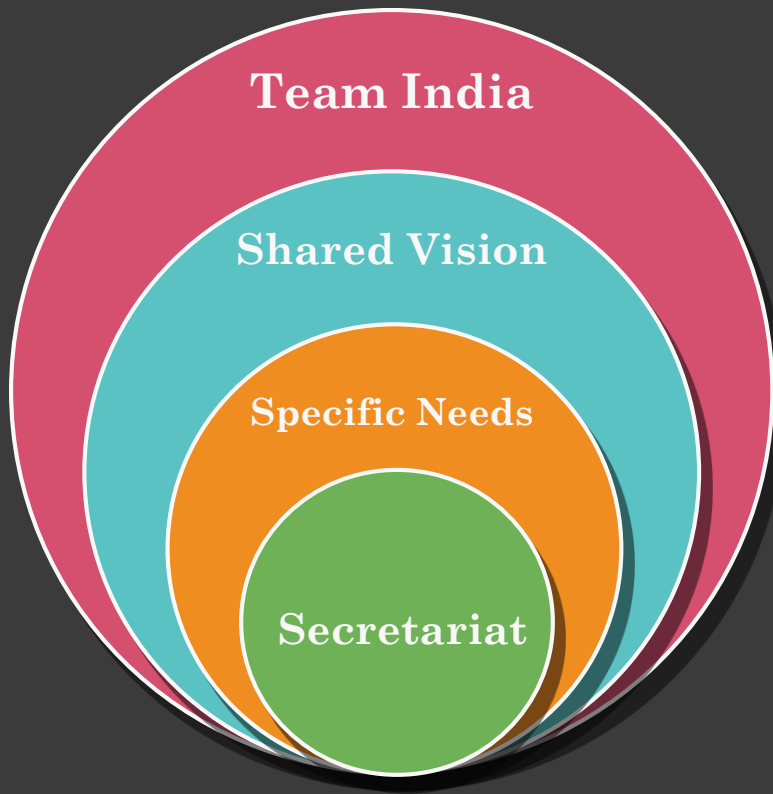


Fostering Cooperative Federalism

TEAM INDIA: Strong States make a Strong Nation



Fostering Cooperative Federalism - How?



Form team of PM and CMs to meet at regular intervals

Forge Consensus on Shared Vision of National Development

Focus on specific needs of every State as well as a group of States;

Facilitate Secretariat Support



Fostering Cooperative Federalism

Geography

Border States Coastal States Desert States Drought prone States Forest rich States Hill States North East States

Demography

States with high Population
States with low Sex Ratio
States with high Maternal Mortality
States with low Nutrition levels

GROUPS

Economy

States with Agrarian focus
States with Manufacturing focus
States with Mining and Mineral focus
States with Tourism and IT focus
States with Exports focus

Urbanisation

Region: NCR, DMIC, Eastern Freight Corridor Chennai- Bengaluru
Cities: Mega Cities Smart Cities
Clean Energy Cities Heritage Cities



Fostering Cooperative Federalism - How?

1

Overall Scheme priorities may be agreed by consensus in a meeting between the Prime Minister and Council of Chief Ministers.

2

Based on the agreed priorities, a Basket of Schemes may be finalized in consultation with the Ministries.

3

States may decide to seek assistance under selected Schemes that are relevant to their strengths, potential and needs.

4

In partnership with the concerned Ministries assist in Scheme design tailored to the State's requirement to achieve the agreed outcomes



Strategic Planning & Perspective Planning

Engage in Planning within medium-term and long-term strategy frameworks with an analytical longer term view of one to two decades

Continuous review and assessment of strategy and goals so that shorter term resources and mid-course corrections can be effected

Review and Restructure the Five Year Plan cycle.

Rework the Annual Plan process to synchronize with working season, budget cycle and national priorities



Functions of the New Institution

Function

- Knowledge & Innovation Hub

Mechanism

- Formulate Vision for a Vibrant India
- Policy Advice & Frame National Reforms Agenda
- Network with Think Tanks & Universities
- Capacity building and Technology Watch
- Internal Consultancy Services to Centre /States



Functions of the New Institution

Function

- Appraisal, Implementation & Monitoring

Mechanism

- Cross Sectoral and Inter Ministerial expertise with domain knowledge

Functions of the New Institution

Function

- Programme, Project & Scheme Evaluation

Mechanism

- A professional Development Monitoring & Evaluation Office (DMEO) at an arm's length



Present - Proposed

*How will the New Institution be
Different?*

How will the New Institution (NI) be Different?

Goals & Functions

Present

- Top down planning for governments and with public sector resources
- Setting growth targets, goals and strategies
 - Approval of Approach Paper by Cabinet and NDC
 - Approval of Five Year Plan by Cabinet and endorsement by NDC



Proposed

- Formulate National Development Strategy in a market economy integrated with the globalized world.
- Evolve National Development Strategy in consultation with the States
 - Frame medium-term and long term strategy with an analytical longer term view of one to two decades
 - Continuous review and assessment of the strategy and goals with the States and the Centre so that shorter term mid-course corrections can be effected



How will the New Institution (NI) be Different?

Structure

Present

- Fundamentally a Central Government Institution – No representation of the State Governments
- No mechanism for structured interaction with the States



Proposed

- Partnership with the State Governments to promote Cooperative Federalism - State Governments Permanent Members - in the Council and its Committees
- Provide a platform for structured and regular interaction with the States



How will the New Institution (NI) be Different?

Present

- **Advice on Important Economic Policy issues**
 - On specific subject, anchored high level bodies.
 - Working groups Steering groups for formulation of plans
However, in many cases new ideas didn't get translated into action
- Interaction of the States with the Planning Commission is in three fora
- **NDC meetings:** 57 meetings of the NDC have been held since 1950. Perception is that NDC meetings ritualistic + of limited use for resolving States' specific development needs



Proposed

- Facilitate exchanges with national and international universities/ academia/ think tank/national and International research institutions
- Forge partnerships with national and international policy hubs and think tanks
- Development priorities decided jointly between PM and CMs



How will the New Institution (NI) be Different?

Goals & Functions

Present

- **Annual Plan Discussions:**
Perception is that these are formulaic and rigid, allocations inadequate and have limited flexibility to modify according to States' requirement
- **Ad-hoc Meetings :**
Chief Ministers also meet the Prime Minister and other Union Ministers and the Dy Chairman of the Planning Commission. However, their issues do not get the requisite attention due to absence of adequate problem solving mechanisms and follow up.



Proposed

- **States will:**
 - continuously receive support for removing bottlenecks and impediments
 - be able to approach the new institution for consultancy and capacity building.
- Secretariat will provide a robust problem solving forum between Centre and States and among States, facilitate exchanges and ensure follow up.



How will the New Institution (NI) be Different?

Goals & Functions

Present

➤ Allocation of Central Assistance to State Plans BE 2014-15, approximately 59% (44% under Centrally Sponsored Schemes(CSS) and 15% under Block Grants) flows to the States.

- Ministries transfer assistance under CSS based on scheme guidelines.
 - States send their annual plan to Planning Commission
- Discussion at the level of CMs and Deputy Chairman, finally, to
- a) Approve State Plans
 - b) Allocate Block grants
 - c) Indicate allocation in CSS

Proposed

States will **tailor their plans to suit their needs and requirements** rather than getting scheme based allocations under more than 40 CSS. Greater flexibility for State specific needs in each Scheme.



Issues for Discussion

COOPERATIVE FEDERALISM

What should be the scope and method of interaction in this forum?

What should be the strategy, tasks and mechanisms for this platform?

STRATEGIC & PERSPECTIVE PLANNING

Should the Five Year Plan cycle continue? If so, its strengths & weaknesses. If not, alternatives may be suggested for the medium term and long term. Should the Annual Plan discussions continue in the present format between the Centre and the States?

INNOVATION & KNOWLEDGE HUB

How should the proposed Innovation & Knowledge hub work for States?

What are the expectations on the role and functions on the Think Tank role of the New Institution?

FLOW OF FUNDS

How should the Fund flows for the Central Plan Assistance to the States be restructured?



Thank You

Flow of Funds

Flows through Central Ministries

Union Budget
Ministry of Finance
Rs 21.77 lakh cr (100%)

Non-Plan
MoF
Rs 16.02 lakh cr (74%)

Flows to States

Plan (PC + MoF)
Rs 5.75 lakh cr
(26% of budget)

Central Sector
Rs 2.37 lakh cr
(41% of plan)

66 CSS Rs 2.53 cr
(To Ministries)
(44% of Plan)

Grants (To States)
Rs 0.85 lakh cr
Formula based NCA + Other
Grants (SCA+SPA+ACA+
Others)
(15% of Plan)

STATES + UTs

