

1. Explain how India has moved from central planning to indicative planning; also discuss the reasons behind such a shift? Is NITI Aayog more compatible to this mode of planning as compared to planning commission? (150 Words)

**Answer:**

- Post independence, there was a system of authoritative/imperative planning in India. Under this detailed policy was set with precise estimates of output, production and investment; with government directing both the public & private sector substantially.
- But post 1990's with the launch of 8th 5YP we moved to indicative planning. Under this only a broad framework is given instead of precise targets set and government follows a policy of persuasion and encouragement with private sector to achieve broad goals.
- The indicative mechanism works through monetary and fiscal policy tools, where in they are used to determine the interest level, price level, and public sector investment in the economy, which further affects the inflation, employment, and private sector investment and thus, helps government to achieve its target.
- Reasons
  - i. Imperative planning failed to achieve growth as well as distribution
  - ii. In era of liberalization and globalization with too much uncertainty, one can't set too long term target
  - iii. Huge role of private sector, as state doesn't have much money to invest, so the state can only persuade, not compel it.
- Now it is argued that in the background of this shift, whether there was a need for an apex planning body with over-riding power or not. However, despite increasing space for private sector, the public sector and planning still has relevance.
  - a) We are lagging behind in social indicators like health, education, and basic infrastructure, which can't be left to private sector. And this requires states intervention and this further increased with the inclusive growth agenda.
  - b) State role in achieving growth has reduced but has a major role in distribution of resources.
  - c) We still have a strong public sector which can be seen by presence of many profitable PSU's.
- Thus we definitely need a planning body, but not with an overriding powers which erodes state governments autonomy and sets precise target. And in this background NITI Aayog has rightly replaced the planning commission which has the task of
  - a) Setting national agenda in consultation with states.
  - b) To develop mechanisms to formulate "plans at the village level" and aggregate these progressively at higher levels of government.
  - c) Acting as a Resource Centre which will act a repository of research and best practices on good governance.

- d) To provide advice and encourage partnerships between key stakeholders and national and international like-minded Think Tanks, as well as educational and policy research institutions.
- 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, focusing on deliverables and outcomes but the centralization of economic powers may be carried further forward under NITI AAYOG.

## **PRACTICE QUESTIONS**

### **Answer the following Questions**

1. The focus of higher education in India has been on a select few Central or autonomous institutions where as the ones in states remain neglected. Commenting on the statement, highlight the significance of Rashtriya Uchchatar Shiksha Abhiyan (RUSA) in this context. (150 words)
2. Discuss the role played by PRIs in political empowerment of women. Also, suggest measures to further increase their political participation. (150 words)