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## V S Arunachalam & Anshu Bharadwaj: Planning for the Commission

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Ever since the Modi government took office, the future of the Planning Commission has become a subject of intense speculation. The government is yet to appoint a deputy chairman of the Commission, or incorporate members. Media reports suggest several options are under consideration, ranging from abolishing the Commission to converting it into a "systems reforms commission" or a think-tank.

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The Planning Commission was set up in 1950 as a ministry of the Government of India, through Article 77(3) of the Constitution. In that sense, it is a department of the government just like the Prime Minister's Office, or PMO. The main functions of the Commission included: formulation of a Plan for effective utilisation of the country's resources; appraisal of progress in the execution of the Plan, and recommendations as to policy adjustments; and the determination of the machinery required for implementation of the Plan. Thus the Commission has a very important and significant mandate. However, over the years, its role has been transformed mainly into giving allocations for states, which has often led to resentment and criticism.

Carving out a new role for the Planning Commission requires understanding of two important aspects of the present political and administrative set-up. First is the strong role of the PMO, which takes most of the important policy decisions. The Cabinet



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will decide on important policy issues including major projects. Second, there is a dilution in the Commission's traditional role of allocation of funds to states. This was evident in the Commission's minimal involvement in the Budget preparation process.

So what could be a future role for the Planning Commission? We believe that in the present set-up, the Commission's role should be strengthened even more, over and above its historical role. A strong PMO requires a strong Planning Commission. The allocation of funds to states could be transferred to the finance ministry.

However, there are some very important functions which should be retained and further strengthened within the Commission.

The first such function is the formulation of a long-term growth policy, which includes structural reforms to be implemented by the concerned ministries. The formulation of a long-term growth policy is best pursued under the prime minister, to ensure its implementation by the concerned ministries and also by state governments. Therefore, the Commission's main task would be to support the formulation of such a policy and suggest reforms, which can be implemented under the directions of the PMO. Often this may require negotiating reforms with the line ministries from a position of strength. The Commission has a key role to support these reforms with objective and informed analyses.

The second important function is the analysis and assessment of important policy decisions. The present government is considering major decisions, especially in the infrastructure sector, which require large investments. In that sense, the Commission functions as a think-tank for the government. The ministries are often so preoccupied with day-to-day responsibilities that they do not have the time required for detailed analyses on major policy issues. Moreover, such policy analyses often require sophisticated analytical tools and research methods. As a result, the ministries often rely on external consultants or set up task forces to provide inputs. However, the Commission is the appropriate institution to develop in-house expertise and long-term institutional memory for such rigorous policy research and serve the government. For instance, the RAND Corporation in the United States provided such support to the US defence department during the Cold War.

To achieve the objectives mentioned above, we suggest that the Planning Commission be transformed into a Growth and Reforms Commission (GRC), headed by the PM. It should consist of non-political domain experts from various sectors. The Commission's governing council should consist of accomplished members not just from the government, but also industry, academia, and civil society. This will ensure that it is representative of the society at large and in sync with the changing times. In addition, the Commission should be formally linked with leading think-tanks and universities in India and abroad. This will ensure a continuous flow of high-quality and talented researchers to work on important national problems. Given the present government's initiative on regional cooperation, the Commission could also provide a platform for collaboration with neighbouring countries on policy issues which are of interest to the region as a whole.

While the Commission should serve the government with informed studies, its analyses should be objective and the results not be dictated by the compulsions of government mandates. This is very important to ensure the credibility of the institution. Ensuring such independence requires that the GRC is not entirely dependent on government grants and has an entrepreneurial funding model, based on its performance.

We believe that the above will transform the Commission into a vibrant, high-quality and decisive organisation. A new and well-structured GRC will also restore the glory of the Planning Commission, though in a new avatar.

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