

The Abolition of the NDC*

Prabhat Patnaik

The Narendra Modi government is winding up the [National Development Council](#), an apex body consisting of the Prime Minister, the concerned central cabinet ministers, and all state chief ministers together with their concerned cabinet colleagues, which supervised the planning process in the country, gave final approval to the various five-year plans, and met periodically to take stock of issues and policy measures relating to economic development. This move to abolish the NDC, a body that had come into existence in the early years of the Nehru era, was an expected one from the Modi government, as it had already abolished the Planning Commission and therewith the entire process of national planning. But the predictability of the abolition of the NDC does not make the move any less startling or tragic. I say this not out of nostalgia, but because it deals a severe blow to the federal structure of our polity.

The Modi government has of course announced that the governing council of the Niti Aayog, which has replaced the Planning Commission, will take the place of the National Development Council, and since this governing council also includes state chief ministers, it may appear at first sight that nothing of substance is changing, that one particular council which had central and state representation is merely being replaced by another council with exactly the same representation.

This however is a wrong impression. Just as the Niti Aayog which has replaced the Planning Commission has not taken over the functions of the Planning Commission, likewise the governing council of the Niti Aayog which would be replacing the National Development Council cannot be expected to play the same role as the National Development Council. In other words, we are not just seeing a change in nomenclature; we are seeing a significant act of demolition, of an institution which has been an expression, no matter how imperfectly, of the federal nature of our polity.

This demolition matters for the following reason. The Planning Commission was not just an advisory body that debated within itself and proffered policy suggestions to the government on issues which the latter chose to bring before it. It was entrusted with the task of national planning; it discussed state plans with the chief ministers; and it was also a conduit through which resources flowed from the Centre to the states as plan finance. The Niti Aayog in contrast is merely an advisory body, which has no role whatsoever in any transfer of resources from the centre to the states. In fact it has no funds at its disposal and no financial jurisdiction of any kind.

The Modi government in short has not only abolished whatever planning existed in the country, but has even reduced the institution which it has itself created in the place of the Planning Commission to such a state of pathetic irrelevance that even secretaries to the government of India reportedly avoid attending meetings of the Niti Aayog. They prefer instead to send some of their junior underlings, and that too just for the sake of keeping up appearances. In fact, newspaper reports suggest that the latest task which the central government has assigned to the Niti Aayog is to make sense of the Caste Census data; and that, given the bewildering array of castes in the country, is likely to keep this body occupied for long.

If such is the state of the Niti Aayog, then to expect its governing council to start discussing major issues relating to the economic development of the country,

including in particular policy issues, constitutes impossible optimism. Indeed, if any question is raised at all on deeper issues of development policy and strategy at the governing council meeting, then it is likely to be immediately ruled out of court as going beyond the agenda of the meeting. The NDC's abolition in short signifies the end of a forum where states had a chance to express themselves on deeper issues of development policy and strategy.

Since the funds that were being transferred to the states via the Planning Commission would now be getting routed through various central ministries, and above all the finance ministry, the replacement of the NDC by the governing council of the Niti Aayog means that the states would have no say on the modalities and principles of such transfers. It amounts to reducing them even further to the status of mendicants, and elevating the central government even further into a potentate that distributes largesse among the states through its various departments and in accordance with its own whims and caprices.

The Left had always systematically criticized the central government for transferring resources to the states via the Planning Commission, not to mention the various central ministries, precisely because even the Planning Commission was a departmental body of the Centre. The states were neither represented in it, nor had any say in its constitution which was entirely decided by the Centre.

But the Planning Commission was at least answerable, in a manner of speaking, to the National Development Council, where chief ministers, including even those belonging to the ruling party at the Centre, often criticized its actions strongly. Now, even that restraint upon the discretion of the central government in transferring resources to the states, and upon its capacity to formulate policies and strategies entirely in accordance with its own caprices, is removed. Far from there being a reduction in the discretion of the Centre, as the Left had been demanding for long, there is now a removal of whatever restrictions existed on such discretion.

The National Development Council itself was not a Constitutional body. Indeed the Constitution provides only for the Inter-State Council where central and state governments come together. Over the years however the meetings of the latter have been few and far between. In parallel with its demand that the devolution of resources from the Centre to the states should occur exclusively through the Constitutionally-mandated Finance Commission rather than through the Planning Commission and the central ministries as well, the Left had always demanded that the Constitutionally-mandated Inter-State Council should be the main forum for decision-making on federal issues rather than the National development Council.

If the Modi government, while abolishing the National development Council, had promised to revamp the Inter-State Council in lieu of it and to bring even issues relating to economic development into its ambit, then there could be some justification for its action to abolish the NDC. But this is not what the Modi government has done; its abolition of the NDC is meant not to give greater powers to a Constitutional body and hence by implication to the states, but to reduce further even the limited powers that the states enjoyed earlier. And ironically the Modi government that has done so, is one that swears by what it calls "cooperative federalism". Nothing could provide a better illustration of its mastery over word-spin.

The abolition of the NDC has to be seen in the context of a number of other measures being pushed by the Modi government, all of which have the effect of reducing the power of the states. It has taken advantage of the Fourteenth Finance Commission's recommendation to increase the share of the states in the divisible pool to effect a reduction in the overall transfers to the states. In other words it has so drastically reduced transfers to the states through the non-Finance Commission route, while claiming to implement the Finance Commission's recommendations and thereby claiming to be sympathetic to the states, that the total transfers as a proportion of GDP have gone down in 2015-16 compared to earlier years which were already seeing a declining trend.

The figure, of total transfers from the Centre to the states as a proportion of the GDP, which was 6.4 percent in 2010-11, 6.1 percent in 2011-12, 5.8 percent in 2012-13, and 5.6 percent in 2013-14, fell to 5.4 percent in 2014-15 (Revised Estimate) against a Budget Estimate of 6.1 percent for that year. In 2015-16, the budget estimate itself was scaled down to 5.8 percent. The actuals clearly are likely to be even lower than in any previous year.

The single-minded determination to push the Goods and Services Tax, which would take away the state governments' Constitutionally-guaranteed right to levy those taxes which fall within their jurisdiction at whatever rate they choose, is another instance of the Modi-government's effort to reduce the powers and resource-entitlements of the states.

The abolition of the Planning Commission and the routing of all non-Finance Commission transfers to the states through central ministries is yet another instance of this government's assault on states' rights. And now the abolition of the National Development Council where the states could at least voice their protest against the arbitrary decisions of the Centre adds a final touch to this project of centralizing powers and resources.

All these centralizing measures to be sure are not inventions of the Modi government (which is incapable of such inventions anyway); they constitute an essential element of the neo-liberal strategy, and were being introduced by the UPA government as well. But the Modi government, with its unquestioned and single-minded loyalty to the corporate-financial oligarchy, which had spent massively to ensure its coming to power, is pursuing this agenda with a relentlessness that is quite unprecedented.

Neo-liberalism always wants a centralization of power and resources in the hands of a union government that is sympathetic to corporate interests, so that the states, devoid of resources, will then be constrained to entice such corporate elements into their domains, as the only possible means of bringing about any investment and growth. Neo-liberalism wants in short a destruction of any authentic federalism that allows leeway to states for pursuing divergent strategies, including strategies that do not strictly conform to the demands of the corporate-financial oligarchy. The abolition of the NDC is in line with this neo-liberal agenda.

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