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Q16

'In the context of neo-liberal paradigm of development planning, multi-level planning is expected to make operations cost effective and remove many implementation blockages.'-Discuss.(15).

UPSC Civil Services Mains 2019 · GS II · 15 marks · Governance and Policy

Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

Core demand of the question

- In the context of neo-liberal paradigm of development planning, multi-level planning is expected to make operations cost effective and remove many implementation blockages. Discuss

Revision summary

After 1991 and **NITI Aayog**, planning is steering and schemes, not a central production plan.

Multi-level planning is Union-State-district-local consolidation under **Articles 243ZD** and **243ZE**.

The expected gains are local information, convergence, and fewer last-mile blockages.

District Planning Committees and panchayat capacity are still weak; CSS silos and parallel missions persist.

The theory is sound; cost-effectiveness needs money to follow the consolidated district plan.

Introduction

Neo-liberal development planning after 1991 shrank the old **Planning Commission** licence raj and asked the market and the local body to do more. Multi-level planning - Union, State, district, and panchayat - is the administrative answer: plans made closer to the work are supposed to cost less and stick less in the pipeline. The expectation is sound in design; India's practice still leaks through Centrally Sponsored Schemes, weak **District Planning Committees**, and capacity gaps.

Body**The neo-liberal planning shift**

- The 1991 reforms reduced central allocation-by-licence; later the **Planning Commission** gave way to **NITI Aayog (2015)**, which is a think tank and coordinator, not a budget-making Gosplan.
- Neo-liberal here means a larger private role, user charges, public-private partnership, and a State that steers through schemes and regulation more than through production.
- In that paradigm a single New Delhi five-year plan cannot price a rural road or a slum toilet; multi-level plans are how the residual public investment is supposed to stay lean.

What multi-level planning is in the Constitution

- The 73rd and 74th Amendments require States to constitute **District Planning Committees (Article 243ZD)** to consolidate rural and urban plans, and **Metropolitan Planning Committees (Article 243ZE)** in large urban agglomerations.
- The Eleventh and Twelfth Schedules list panchayat and municipal functions; the **State Finance Commission (Article 243I and 243Y)** is meant to fund that map.
- The **Union Finance Commission (Article 280)** and Centrally Sponsored Schemes still send money down; multi-level planning is the claim that each level will sequence works so that the same well is not dug twice.

Cost-effectiveness and unblocking: the promise

- **Local information cuts gold-plating:** a gram panchayat is more likely to know which hamlet lacks a handpump than a Union ministry line item.
- Convergence - for example MGNREGA labour with a PMGSY road approach or with a **Swachh Bharat** toilet pit - is cheaper than parallel missions.
- Implementation blockages in India are often land, last-mile staff, and mismatch of a Union guideline with a State field season. A district plan that sequences those constraints can unblock what a vertical scheme cannot.
- **NITI Aayog's Aspirational Districts Programme is a neo-liberal-era multi-level tool:** Union data, State administration, district collector competition, and some private and civil-society partners.

Why the expectation is only partly met

- **Many District Planning Committees** exist on paper; real plans are still scheme circulars from ministries. The **Punchhi Commission** on Centre-State relations and several **Finance Commissions** asked for genuine district consolidation.
- Centrally Sponsored Schemes remain siloed, with matching-grant politics that recreate blockages at the State finance department.
- Panchayat functionaries lack engineers and accountants; a multi-level plan without capacity is a meeting, not a cheaper operation.
- Neo-liberal contracting (PPP, outsourcing) can add a private blockage - delayed viability-gap funding, poorly written concessions - even as it removes a public works delay.
- Parallel bodies (societies, missions, smart-city special purpose vehicles) often bypass the constitutional local government that was supposed to be the lowest planning level.

Discussion

- **In a neo-liberal frame, multi-level planning is the right cost and blockage theory:** subsidiarity plus convergence.
- India's map still funds from above and implements through collectors and missions. Until **Article 243ZD** plans actually bind scheme money, the expectation will remain a syllabus sentence more than a budget fact.

Flow diagram

Neo-liberal planning -> Union State district panchayat
 Union State district panchayat -> Art 243ZD Art 243ZD DPC
 Art 243ZD DPC -> Convergence lower cost
 Centrally Sponsored silos -> Blockages remain
 Weak local capacity -> Blockages remain

Conclusion

Neo-liberal planning needs multi-level plans because the Union cannot cost-effectively micro-allocate every well and ward. **Articles 243ZD** and **243ZE**, **State Finance Commissions**, and district convergence are the constitutional tools. They remove blockages only when scheme money follows the district plan and when panchayats have staff; otherwise neo-liberal India still plans in silos and pays twice.

Facts & figures

Article 243ZD

District Planning Committee to consolidate panchayat and municipal plans into a draft district plan.

Article 243ZE

Metropolitan Planning Committee for metropolitan areas.

NITI Aayog (2015)

Replaced the **Planning Commission** as a Union policy think tank and federal coordinator in a post-licence-raj frame.

State Finance Commission (Arts 243I, 243Y)

Constitutional body to recommend sharing of State resources with local governments - the fiscal arm of multi-level plans.

Punchhi Commission

Centre-State relations commission that stressed genuine decentralised planning rather than scheme-wise centralisation.

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