NITI Aayog’s Action Agenda

Why in news?

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NITI Aayog recently released its three year action agenda which is a part of a larger vision document which spans a seven-year strategy and a 15-year vision till FY32.

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What is the document about?

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- The document is a **comprehensive framework for proposed policy changes** to be implemented in the short term in India.
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- The Agenda is wide-ranging: It covers the different sectors of the economy—agriculture, industry and manufacturing.
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- It discusses the policies necessary for urban and rural transformation and a range of growth-enabling ingredients such as transport, digital connectivity and entrepreneurship.
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- This agenda came after the end of the last fiscal year which also denoted the end of 12th Five-Year Plan.
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- **As of 1 April, India is no longer officially a planned economy,** and the old distinction between “Plan” and “non-Plan” expenditure, along with the Planning Commission has become part of history.
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What does the document offer?

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- India is now on the road to becoming a **full-fledged market economy,** with

the legacy of planning behind us.
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- But all governments need to look forward, if not explicitly to “plan”, but to **set priorities and develop instrumentalities** to achieve those priorities.
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- That is the rationale for NITI Aayog’s approach.
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- A framework document of this scope could run the risk of saying something about everything, while offering nothing specific or actionable about anything.
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- Contrary to the critics, **this document manages to inform, reason, and offer a distilled sense of priorities for policy reform.**
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- The agenda describes well the fundamental dilemma concerning economic transformation of India.
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- Roughly 50% of India’s workforce is employed in agriculture, which contributes only 15% of output.
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- On the one hand, that suggests that workers should be moved away from this relatively low-productivity activity.
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- On the other, it also requires that productivity in agriculture itself be improved to increase yields and benefit those workers who remain in the sector.
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- Equally, the service sector and manufacturing jobs that await workers exiting the agricultural sector are not always high-productivity jobs.
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- Firms with less than 20 workers employ 72% of the manufacturing workforce and produce merely 12% of the manufacturing output.
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- And nearly 40% of the services output is produced by merely 2% of the service sector workers, employed in the largest services firms.
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- These facts in themselves point to the **urgent need for productivity enhancing reforms** in agriculture, manufacturing as well as services.
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- The Agenda offers a number of compelling proposals ranging from the use of high-yield seeds to improved irrigation techniques to the removal of the infamous tariff inversion problem.
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- In laying out these proposals, it also underscores the critical need to

enhance the scale of production in each of the sectors.
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- To deal with small and fragmented landholdings, the document proposes the use of a modern land-leasing law that balances and protects the rights of the tenant and landowners as a potential solution.
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- For manufacturing, the document proposes the development of a few **Coastal Economic Zones (CEZs)** operating under a liberal economic environment (Ex. without the restrictive labour laws).
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- The document's offer a detailed picture on transport and physical connectivity, as also on digital connectivity, the existing infrastructure framework, with many specific proposals on improving efficiency and closing gaps in coverage.
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- The analysis and proposals provided in the Three Year Action Agenda range from the actionable to the aspirational.
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Source: Live Mint

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