

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:2030
ANSWERED ON:08.03.2000
UTILITY OF PLANNING COMMISSION
ASHOK NAMDEORAO MOHOL

Will the Minister of PLANNING be pleased to state:

- (a) Whether the original model of Planning has lost much of its utility;
- (b) if so, the reasons therefore; & whether the government have prepared a report on the new role of the Planning Commission;
- (d) if so, the details thereof; and
- (e) the extent to which the new role of the Commission is likely to help in post reform era?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING, MINISTER OF STATE IN MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE OF THE DEPARTMENT OF ADMINISTRATIVE REFORMS , PUBLIC GRIEVANCES IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS.

(SHRI ARUN SHOURIE)

(a) & (b) The Indian planning methodology has traditionally focused on the relationship linking growth to the investment rate and the incremental capital-output ratio (ICOR), and the Indian Plans have been essentially investment plans, dealing with the allocation of investible resources among different sectors, maintaining inter-sectoral consistency towards attaining the targetted rates of growth. Even today this approach remains useful as a starting point for assessing the limits of the possible alternative paths of development and the steps required for accelerating the growth rate of the economy. However, with economic reforms, some of the traditional instruments of implementing the Plans are no longer available. Market forces, relative prices and incentives now play much more important roles in the determination of over-all rate of investment or its sectoral distribution. With the steady reduction in the share of public investment, and greater importance of private investment and the movement towards a more market based system, planning is moving away from direct intervention strategies to planning for policies, and several new policy issues have to be assessed.

& to (e): The Planning Commission is currently engaged in an exercise to reorient the planning process and redefine the role of the Commission with a view to make it more responsive to the changing domestic and global economic scenario.