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Economic Reforms
(Changing Role of State)

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1. The government has reoriented the role of planning in India during 1991. It has been recognized that market forces and the state should be given roles that play to their comparative advantages and that they should work together as partners in the economic development of the nation.
2. The state also has a new role in setting up independent regulatory authorities to encourage genuine competition and to oversee the provision of services by the private sector in critical areas such as utilities, water supply, telecommunications, and stock market operations to avoid the ill effects of speculation and to maintain a workable balance between the interests of the producer and the consumers.
3. The areas in which the state has a comparative advantage over the private sector include poverty alleviation programs; human resource development; provision of social services such as primary health and primary education; and similar activities categorized as building human capital and social infrastructure.
4. The government has to intervene and calibrate the contents and speed of market-based economic reforms to more effectively address the specific areas of 'market failures and weaknesses' to optimize growth with social justice.
5. The opening up of the economy has led to rapid increase in foreign direct investment and foreign exchange reserves.