

## some Simulation Results with Input-Output Allocation Model

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This paper examines the question of consistency of Input-Output Allocation model with the conventional Input-Output Production Model. The constancy of the allocation coefficients implicit in the allocation model may be considered compatible with the technical norms expressed in the input-output production model if the operation of the input-output allocation model does not require any significant changes in the production coefficients. For a given output vector and given transaction matrix we shall have a set of production coefficients and a set of allocation coefficients. When the output vector changes and the allocation coefficients are assumed unchanged, corresponding to the unchanged allocation coefficients and the new output vector we shall get a new transaction matrix. From the new output vector and the new transaction matrix we may obtain an input coefficient matrix which may not be necessarily identical with the one we started with. The nature and size of variations, if any, in the input coefficient necessary for retaining the allocation coefficients unchanged may be thought as important determinants of the workability of the input-output allocation model. However, the results of our exercise carried out on the basis of Indian data (Transaction matrices for India for the years 1973-74 and 1978-79 prepared by C.S.O.) unfortunately suggests that the required variation in technical coefficients in quite a few important sectors is significantly large to doubt the justification of the use of the allocation model for the purpose of Projection or Planning. So, if we assume that the stability of technical coefficients at least in the short run is a requisite of the input output allocation model, we observe empirically that the above does not seem to work satisfactorily on Indian data.