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02/08/2018

In the light of the proposed shift in benchmarks shift for reference population from 1971 to 2011 discuss the problems in using raw population figures to determine the weights for financial allocation across states and examine the factors which need to be considered before allocation to overcome such problems.

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PROBLEMS IN USING Raw POPULATION:

1) Replacement level of Fertility:

By adapting to 2011 Census the Finance Commission fails to recognize the States which has considerably reduced its population growth and in a stage of attaining replacement level of Fertility.

2) Levels of Dependency and Longevity

The Finance Commission fails to recognise the amount of age group which is present in the low population state because have more old age population than that of others and they are in a stage of reaching the next demographic transition.

FACTORS WHICH NEED TO BE CONSIDERED

1) The center has to consider the demographic changes which the states are undergoing currently and provide fiscal support to sustain the level.

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2) Population equivalence Needs to be
Computed and should replace the raw
population growth of the states.

3) Internal Migration Should also be
taken into account since it reduces the
amount of workforce in the state and puts
a burden on the development and growth.

Thus, the finance Commission Should
opt for a more logical base rather
than adapting for Raw population const.