

No easy head counts

The differences in the size and share of population across States in India in 2011 as against that in 1971 have raised widespread apprehension regarding the disadvantage of States that have performed better in population stabilisation efforts while working out their share of funds. Such apprehension sounds premature because the allocation of resources should necessarily recognise the needs of a State based not merely on the count of its people but also on the composition that may be varied depending on the stages of demographic transition that it has experienced over the last 40 years.

Whether it be population size or its share, the mutual distance between States has become larger since 1971. Also, a particular demographic divide has been observed between States with an attained replacement level of fertility and those yet to attain the same. Hence, raw population size or share being considered in determining the allocation of funds will make those States with moderate or low population stabilisation efforts winners, while those States that have done extremely well in achieving the national goals set in the Five-Year Plans to reach replacement level of fertility will be losers.

However, the shift in benchmark for reference population from 1971 to 2011 makes sense on account of the transformation of the population composition of States owing to attained increase in longevity and lowering levels of fertility. Moreover, as a third of India's population is mobile, changes in population structures due to mobility would be also considered as a result of this shift. For instance, as in the 2011 Census, 37.46% of the population is reported as migrants based on the place of last residence.

According to this criterion, 51.04% of the population in Maharashtra is migrant while the figure is 29.60% in Uttar Pradesh. When the Centre transfers financial resources to States, it is possible to adjust the transfer based on State in-migration and out-migration rates. For instance, inter-State migrants from West Bengal and Assam to Kerala need attention from the State of Kerala and would thus require additional resources to accommodate its in-migrants with support services. Such migrants are to be served at the States of destination and not at the States of origin. Will this aspect be accounted for in the raw population of Kerala?

The use of population figures in determining weights for financial allocation across States involves population shares on the one hand and population size to compute per-capita assessment of other aspects on the other. In either case, the distances between States have widened, with the demographically advanced ones being at a disadvantage in comparison with those that are yet to catch up. In such a circumstance, it would be wise to avoid using raw population size or shares in the calculus of determining these weights. The solution lies in looking at it in terms of measures that moderate such distances through the recognition of differential needs of different States, keeping at par with their population structures.

States vary considerably in terms of the characteristic composition that requires determining equivalence in population size and their share for eligible comparison. In computing such equivalence, the least we can consider are the levels of dependency and longevity. While levels of dependency need to be recognised by the State towards human capital formation, longevity differences need to be taken into account for their bearing on social protection. We should note that States that have achieved high human development also need to sustain the achievement. For instance, on an average, a Keralite lives 23 years after completing 60 years due to low mortality and high life expectancy. Of course, Kerala has the lowest rate of population growth in India among the States. Should we reduce the financial allocation because the State has slowed the rate of growth of population? Absolutely not. This is because the elderly need to be looked

after by providing health care and social security, in addition to facilitating dignity at death. We should add quality to the added years in Kerala and this requires financial resources for the State of Kerala. For example, the population shares of Kerala and Uttar Pradesh (as of 2011) stand at 2.81% and 18.78%, respectively. If these shares are read while accommodating the differences in child population shares of 35.69% and 23.44%, then the moderation in the gap of population shares becomes 9.34% for Uttar Pradesh and 1.57% for Kerala. (Moderation in population share means a kind of convergence in the gap in population share which is different from that of the raw population share. Such convergence happens when we take into account other characteristic composition of the population and adjust the raw shares accordingly.)

Apart from these two aspects — dependency and longevity — India's population has become increasingly mobile with the magnitude of internal migration now amounting to a third of the entire population. Such mobility has resulted in 'losing and gaining' States, with negative and positive net migration. This aspect cannot be overlooked as migrants often form a significant share of the economically active population at the destination. Similarly, their absence in the State of origin makes space for substitutions in the workforce. Considering the population dynamics in terms of varying levels of dependency and workforce structure, population equivalence needs to be worked out prior to adopting the Census population of 2011 as the basis for the distribution of Central grants.

In addition, it is also time to examine the demographic dividend. States such as Bihar, Rajasthan, Madhya Pradesh and Uttar Pradesh are in their peak in demographic dividend and offer windows of economic opportunities for their youth, both in internal and international migration. The evidence is clear from the data available from the Ministry of External Affairs which indicate that Uttar Pradesh is the leading State in terms of sending emigrants to the Gulf in low-skilled and unskilled occupations. This leading position was held for several years by States such as Kerala and Tamil Nadu. Now they are 'losing States' in terms of demographic dividend and entering into the second demographic transition — population ageing.

Given the seven criteria for transfer of resources to States (income distance, tax effort, index of infrastructure, population, area, fiscal capacity distance and fiscal discipline) to design a weighing structure, five of them involve 'population' in their computation. Hence, population equivalence (which will be in consideration of differential needs as dictated by its structure and composition) needs to be computed and should replace the raw population figures which have become more divergent than what they were during in 1971. Such equivalence will not only make things fairer but also reasonable for States to be able to address developmental convergence. Till date, the apprehensions expressed in the public domain are unfounded and can be termed premature. To say the least, it stems from the naive understanding of demography by non-demographers who raise false alarms regarding success in population control not being recognised in the calculus of financial allocation.

S. Irudaya Rajan and U.S. Mishra are Professors at the Centre for Development Studies, Thiruvananthapuram, Kerala

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