Historic Background to the Topic

**Severe Pollution Control policies implemented to limit population growth**

**1971 Population Census Data frozen as the baseline figure. This was to be valid till 2001.**

**NGA extends the usage of this data until 2006.**

**10th Finance Commission Proposes to use 2011 Population Census Data as the official baseline figure.**

1971 - 1975

1976

2001

2018

CURRENT METHODOLOGY OF TAX REVENUE DEVOLUTION AMONG THE STATES

Population share of Southern States:

<table>
<thead>
<tr>
<th>Year</th>
<th>Southern States</th>
<th>1971</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>22%</td>
<td>18%</td>
</tr>
</tbody>
</table>

* Effective implementation of the National Population Policy compounded by high literacy rates has been responsible for this contraction. Using 2011 census data for revenue distribution reduces total revenue shares of the southern states by 1% on average.

**Population share of Southern States: 1971 vs 2011**

WEIGHTAGE GIVEN TO POPULATION

25%

Methodology for Tax Revenue Distribution & Economic Implications

Revenue Distribution in India

Implications of using the 2011 Population Census Data instead of the 1971 Population Census Data

Mihir Gupta & Shiv Vaidya

Political Implications

States that lose out on the Political front

- Karnataka
- Andhra Pradesh
- Tamil Nadu
- Kerala

**Number of Lok Sabha Seats lost**

0 1 2 3 4 5 6 7 8

Political Significance of the Population Census in India

- Election of the President (Article 55)
- Composition of Lok Sabha (Article 81)
- Composition of Legislative Assemblies (Article 170)
- Reservation of SCST seats in the Legislative Assemblies (Article 330)

Methodology for Tax Revenue Distribution & Economic Implications

- Population share of Southern States:
  - 1971: 22%
  - 2011: 18%

*Effective implementation of the National Population Policy compounded by high literacy rates has been responsible for this contraction. Using 2011 census data for revenue distribution reduces total revenue shares of the southern states by 1% on average.*

Results

- **Profit and loss**
  - States that have controlled population may lose financially if census 2011 is used as the base year.
  - **JAMMU & KASHMIR**: 1971 - 1.04%, 2011 - 0.04%
  - **HIMACHAL PRADESH**: 1971 - 0.63%, 2011 - 0.05%
  - **JHARKHAND**: 1971 - 2.60%, 2011 - 2.72%
  - **BHARAT**: 1971 - 2.47%, 2011 - 2.29%
  - **CHANDIGARH**: 1971 - 0.05%, 2011 - 0.09%
  - **UTTARAKHAND**: 1971 - 5.30%, 2011 - 16.50%

- **HARYANA**: 1971 - 1.83%, 2011 - 2.09%
- **UP**: 1971 - 3.48%, 2011 - 1.29%
- **RAJASTHAN**: 1971 - 4.70%, 2011 - 5.66%
- **GUJARAT**: 1971 - 4.87%, 2011 - 4.99%
- **DAMAN & DIBU**: 1971 - 0.01%, 2011 - 0.02%
- **DADAR & NAVI MUMBAI**: 1971 - 0.01%, 2011 - 0.03%
- **MAHARASHTRA**: 1971 - 5.48%, 2011 - 6.00%
- **LAKSHADweep**: 1971 - 0.01%, 2011 - 0.01%
- **MADHYA PRADESH**: 1971 - 5.54%, 2011 - 5.96%
- **KERALA**: 1971 - 3.89%, 2011 - 2.76%
- **TAMAR NADU**: 1971 - 7.52%, 2011 - 5.96%
- **GOA**: 1971 - 0.15%, 2011 - 0.12%
- **KARNATAKA**: 1971 - 5.34%, 2011 - 5.05%

- **Detail budget share using Census 2011 data**
- Data is not clear using Census 2011 data

**Economic Implications**

- **Cost of living**
  - **Severe Pollution Control policies implemented to limit population growth**
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- **Revenue Distribution in India**
  - **Implications of using the 2011 Population Census Data instead of the 1971 Population Census Data**

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*Effective implementation of the National Population Policy compounded by high literacy rates has been responsible for this contraction. Using 2011 census data for revenue distribution reduces total revenue shares of the southern states by 1% on average.*

- **Failure in rewarding southern states for effective implementation of Population Control Measures and increased literacy rates. Moreover, it disincentivizes expenditure into state run health and education programs.**