

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4518
ANSWERED ON:21.02.2014
COMMITTEE ON BACKWARDNESS OF STATES
Kateel Shri Nalin Kumar;Singh Dr. Raghuvansh Prasad;Tandon Annu

Will the Minister of FINANCE be pleased to state:

(a) the details of recommendations of the Raghuram Rajan Committee set up to evolve a Composite Development Index of States; and

(b) the action taken or proposed to be taken by the Government thereon as on date, point-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a)and (b): The recommendations of the Committee, constituted under the chairmanship of Dr. Raghuram G Rajan, for evolving a Composite Development Index of States are as under:

(i)The framework outlined in the Report be used to allocate some of the development funds that are allocated by the Centre to the States.

(ii)The proposed underdevelopment index be updated on a quinquennial basis and performance be measured relative to the last update.

(iii) The index and the allocation formula be re-examined after 10 years and revisions proposed based on experience.

(iv) "Least developed" States, as identified by the index, be eligible for other forms of Central support that the Central Government may deem necessary to enhance the process of development.

(v) The approach recommended in the Report is not intended to replace all existing methodologies, but should be thought of as one that will channel some fund allocations based on need and performance. Other methodologies may serve different purposes and should be used in parallel to allocate other funds.

The recommendations of the Report are under the examination of the Government.