



Special Category Status for Bihar

Why in News?

The Bihar [chief minister](#) reiterated the long-standing demand for granting [Special Category Status \(SCS\)](#) to the state before [the 16th Finance Commission](#), which would increase the state's **tax revenue from the Centre**.

Key Points

- **Special Category Status:**
 - **Historical and structural challenges:** Bihar faces significant economic **challenges**, including **lack of industrial development and limited investment opportunities**.
 - As a result of the division of the state, most of **the industries shifted to Jharkhand**, which increased the problems of [employment and economic development in Bihar](#).
 - **Natural Calamities:** The state is facing [natural calamities](#) like floods in the northern region and severe drought in the southern part.
 - The recurrence of these disasters disrupts [agricultural activities](#), especially in **the case of irrigation facilities**, and leads to inadequate water supply, **affecting livelihoods and economic stability**.
 - **Lack of Infrastructure:** Bihar's **inadequate infrastructure** hinders the overall **development of the state**, with challenges such as poor **road network**, **limited healthcare access**, and **lack of educational facilities**.
 - In 2013, [the Raghuram Rajan Committee](#) constituted by the Centre placed Bihar in the "**least developed category**".
 - **Poverty and Social Development:** Bihar has a high [poverty rate](#) and a large number of families live below the poverty line.
 - According to a survey by [NITI Aayog](#), Bihar tops the list of poor states, with **multidimensional poverty at 26.59% in 2022-23**, which is higher than the national average of 11.28%.
 - Bihar's per capita [Gross Domestic Product \(GDP\)](#) for the year 2022-23 is only Rs 60,000 compared to the national average of Rs 1,69,496.

Special Category Rating

- **Introduction:**
 - **Special Category Status (SCS)** is a classification granted by the Centre to **aid the development of geographically and socio-economically backward states**.
 - The **Constitution does not provide for SCS** and this classification was done later in **1969 based on the recommendations of the Fifth Finance Commission**.
 - This status was **first given to Jammu and Kashmir, Assam and Nagaland in 1969**. **Telangana is the latest state** in India to receive this status.
 - SCS is different from special status, which provides enhanced legislative and political rights, while SCS deals only with economic and financial aspects.
 - For example, **before the abrogation of Article 370, Jammu and Kashmir had special status**.

▪ **Criteria for getting the rating (based on Gadgil recommendations):**

- Mountainous **terrain**
- **Low population density** and/or large proportion of tribal population
- **Strategic location** on borders with neighbouring countries
- **Backwardness** in economic and infrastructure
- The unviable nature of state finances

▪ **Benefit:**

- **90% of the funds required** in a **centrally sponsored scheme** is paid to the special category states, compared to 60% or 75% in the case of other states , while the remaining funds are provided by the state governments.
- **Unspent funds in a financial year do not lapse** and are carried forward.
- These states are given significant **concessions in excise and customs duties, income tax and corporate tax.**
- 30% of the Centre's gross budget is provided to special category states.

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