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**SPECIAL CATEGORY STATUS AND
SPECIAL PROVISIONS FOR STATES**

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Page | 1

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What is Special Category Status to states and its benefits?

Special category status is given to those states which fulfil some criteria like; **hilly and difficult terrain, strategic location along international borders, low per capita income, low population density or the presence of sizeable tribal population, economic and infrastructural backwardness and non-viable nature of State finances.**

India is the “**union of the states**”. Currently India has **29 states and 7 Union Territories**. All these states and Union Territories get share in the taxes of central government at the interval of the **5 years on the basis of recommendations of the Finance Commission, set up by the President of India.**

Apart from the recommendations of the **Finance Commission**, the central government is entitled to give more financial assistance to any state under the article 275 of the Indian constitution.

This article is explaining the criteria to give status of Special Category State to particular states and benefits received by these special states.

It is worthy to mention here that out of 29 Indian states, **11 states already have the status of Special Category States** and 5 more states are demanding the same.

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What is Special Category Status?

In the year 1969, the fifth Finance Commission (Chairman Mahavir Tyagi) had given status of Special Category States to three states (Jammu & Kashmir, Assam and Nagaland) on the basis of Gadgil Formula. The reason for giving special status to these three states was the social, economic and geographical backwardness.

Criteria to give status of Special Category States;

Parameters for SCS

Ministry of Commerce & Industry	Planning Commission
<ul style="list-style-type: none">• Geographical isolation• Inaccessible Terrain• Poor resource base• Remoteness to larger market• Poor infrastructure	<ul style="list-style-type: none">• Hilly & difficult terrain• Low population density• Strategic location along borders with neighbouring countries• Economic and infrastructural backwardness• Non-viable nature of state finance

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1. The state which is facing the problem of resources crunch
2. Low per capita income
3. Non-viable nature of state finances
4. Economic and infrastructural backwardness
5. Presence of sizeable tribal population
6. Hilly and difficult terrain
7. Strategic location along international borders
8. Low population density

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Benefits for the Special Category States:

1. States with Special Category Status are exempted from excise duty, customs duty, corporate tax, income tax and other taxes to attract investment.
2. Centre bears 90% of the state expenditure (given as grant) on all centrally-sponsored schemes and external aid while rest 10% is given as loan to state at zero percent rate of interest. While general category states get 70% fund as loan and 30% in the form of grant.

Note: It is necessary to mention here that the amount, given by the central government in the form of grant to the states; is not required to be returned back to the central government.

3. A huge 30% amount of planned expenditure of the central budget goes to 'Special Category' States.
4. Special Category States can avail the benefit of debt swapping and debt relief schemes.
5. Special Category States get preferential treatment in getting central fund which attracts the development projects in the states.
6. Special Category States have the facility that if they have unspent money in a financial year; it does not lapse and gets carry forward for the next financial year. Additional fund received from the central government encourages the state government to start more welfare-oriented schemes for the holistic development of the state.

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Currently 11 states have Special Category Status?

1.

Manipur

5. Tripura

9. Assam

2. Meghalaya

6. Sikkim

10. Jammu & Kashmir

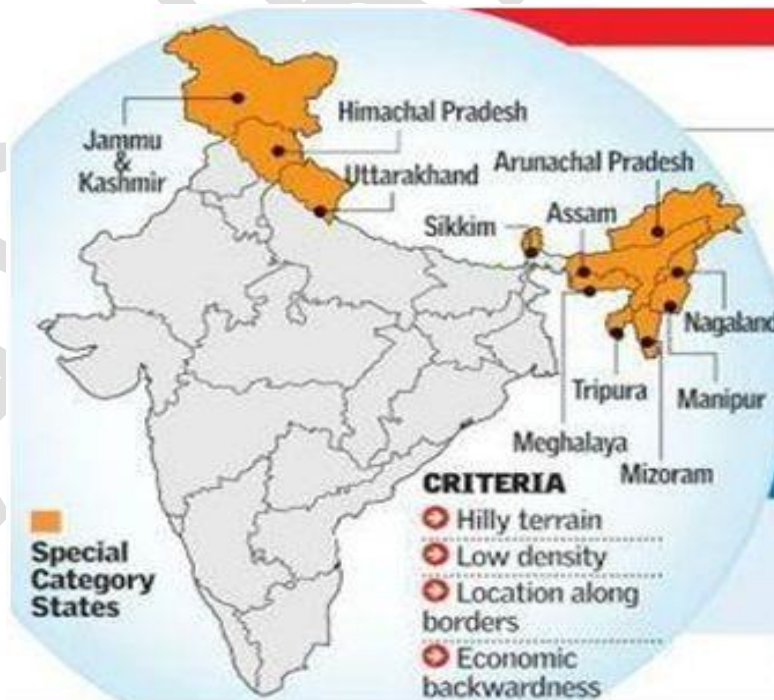
3. Mizoram

7. Uttarakhand

11. Nagaland

4. Arunachal Pradesh

8. Himachal Pradesh



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Currently following 5 states are agitating to get the status of special states.

1. Bihar
2. Andhra Pradesh
3. Rajasthan
4. Goa
5. Odisha

Why other states are not getting Special Category Status?

Finance Minister Arun Jaitley said that the recommendations of the 14th Finance Commission (Chairman Y.V. Reddy) have been submitted and accepted by the central government. Therefore, it is not possible to do changes in the recommendations. **That is the reason that the status of special states can't be given to any new state.**

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Special Status/Special Provisions for States

What Special Provisions are provided to some of the States of India?

The Constitution of India made special provisions for 12 states in India. Part XXI and Part XXII of the Indian Constitution guarantees temporary, transitional and special provisions for the states of India. Article 371-A to 371-J deal with the Special Provisions for the states of Maharashtra, Gujarat, Nagaland, Assam, Manipur, Andhra Pradesh, Sikkim, Mizoram, Arunachal Pradesh, Goa and Karnataka.

REASON FOR THESE PROVISIONS:-

The reason for these provisions was:-

- to meet to the needs and aspirations of the backward regions of the states,
- to protect their culture and economic interests,
- to deal with local challenges and
- to protect their customary laws.

DIFFERENCE b/w SCS and Special Provisions:-

- It is to be noted that the **Special Category Status (SCS)** states are **different** from states with **Special Status/Special Provisions**.
- **Special Category Status** deals with
 - a) economic,
 - b) administrative and
 - c) financial aspects.
- On the other hand, **Special Status/Special Provisions** empowers
 - a) legislative and
 - b) political rights

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and it is offered by **constitutional provisions under Part XXI.**

- **Article 370** grants Special Status to the State of **Jammu and Kashmir**.
- **Art 371 to 371-J** contain Special Provisions for eleven states as given below.
- **Art 371** specifies the “Special responsibility” to Governor to establish “separate development boards”.
- This is in respect of “Vidarbha, Marathwada, and the rest of **Maharashtra**”, and Saurashtra and Kutch in **Gujarat**.
- **The other special provision states are as follows:**
 1. **Nagaland** - Art 371A by 13th Amendment Act, 1962
 2. **Assam** - Art 371B by 22nd Amendment Act, 1969
 3. **Manipur** - Art 371C by 27th Amendment Act, 1971
 4. **Andhra Pradesh & Telangana** - Art 371D by 32nd Amendment Act, 1973; substituted by the Andhra Pradesh Reorganisation Act, 2014
 5. **Sikkim** - Art 371F by 36th Amendment Act, 1975
 6. **Mizoram** - Art 371G by 53rd Amendment Act, 1986
 7. **Arunachal Pradesh** - Art 371H by 55th Amendment Act, 1986
 8. **Karnataka** - Art 371J by 98th Amendment Act, 2012
- **Art 371E** allows for the establishment of a university in Andhra Pradesh by a law of Parliament.
- But this is not really a ‘special provision’.

Art 371I deals with Goa, but does not include any provision that can be termed ‘special’.