

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF EXPENDITURE

**RAJYA SABHA**  
**UNSTARRED QUESTION No. 2800**

TO BE ANSWERED ON TUESDAY, MARCH 25, 2025/CHAITRA 4, 1947 (SAKA)

**CRITERIA FOR SPECIAL CATEGORY STATUS TO STATE**

**2800. SHRI SANJAY YADAV:**

Will the Minister of **FINANCE** be pleased to state:

- a) whether non viable nature of state finances, economic and infrastructural backwardness, and strategic location along with international borders are important parameters to declare Socio economic Special Category Status (SCS) to a State as per Gadgil formula;
- b) whether Bihar meets most of the criteria for the grant of special category status;
- c) whether Raghuram Rajan Committee has placed Bihar in the Least Developed Category; and
- d) if so, the steps taken by the Government to provide Special Category Status to Bihar?

**ANSWER**

**THE MINISTER OF STATE FOR FINANCE**  
**(SHRI PANKAJ CHAUDHARY)**

- (a) to (d): Special Category Status for plan assistance was granted in the past by the National Development Council (NDC) to some States characterized by a number of features necessitating special consideration. These features included (i) hilly and difficult terrain, (ii) low population density and/or sizeable share of tribal population. (iii) strategic location along non-viable borders with neighboring countries, (iv) economic and infrastructural backwardness and (v) nature of state finances. The decision was based on an integrated consideration of all the factors listed above and the peculiar situation of the State. Earlier, the request of Bihar for Special Category Status was considered by an Inter-Ministerial Group (IMG) which submitted its Report on 30th March, 2012. The IMG came to a finding that based on existing NDC criteria the case for Special Category Status for Bihar is not made out.

Further, it may be noted that the 14th Finance Commission has not made any distinction between General Category and Special Category States in the horizontal distribution of shareable taxes amongst the States. However, the Commission decided the horizontal devolution based on certain criteria which included Population, Area, Forest and ecology, Income distance, Tax and fiscal efforts and Demographic performance.

As per the recommendations of the Fourteenth Finance Commission (FFC), the Union Government increased the share of net shareable taxes to the States from 32% earlier to 42% for the period 2015-20. This has provided more untied resources to the States. The Fifteenth Finance Commission has also retained the same at 41% (1% adjusted on account of creation of UT of J&K) for the period (2020-21 & 2021-26). The objective has been to fill the resource gap of each State to the extent possible through tax devolution. Also, post-devolution revenue deficit grants have been provided to States where devolution alone could not cover the assessed gap.

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