

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE

LOK SABHA
UNSTARRED QUESTION NO. †4304

TO BE ANSWERED ON MONDAY, MARCH 27, 2023/CHAITRA 6, 1945 (SAKA)

SPECIAL CATEGORY STATUS OF BIHAR

†4304. SHRI VIJAY KUMAR

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to grant a status of special category State to Bihar and if so, the details thereof and time by when it is likely to be done;
- (b) if not, the reasons therefor; and
- (c) whether Prime Minister had announced to provide a special package to the State of Bihar in an election rally in Bihar and if so, the details and the status thereof?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) & (b): Special Category Status for plan assistance was granted in the past by the National Development Council (NDC) to some States that were 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 borders with neighbouring countries (iv) economic and infrastructural backwardness and (v) non-viable nature of state finances. 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. The Fourteenth Finance Commission (FFC) had not made any distinction between General Category States and Special Category States in the horizontal distribution of shareable taxes amongst the States. As per the recommendations of the FFC, the Union Government had decided to increase the share of net shareable taxes to the States from 32% earlier to 42% for the period 2015-20. The same has also been retained by the Fifteenth Finance Commission at 41% (1% adjusted on account of creation of Union Territory of Jammu & Kashmir) for the periods 2020-21 and 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 Tax Devolution alone could not cover the assessed gap.

(c): The Union Government had announced Prime Minister's Package for Bihar, 2015 amounting to Rs.1.25 lakh crore to undertake sectoral development in the State of Bihar. In addition, financial support of Rs.40,657 crore was also announced for other investments in the State. Further, income tax relief on new capital investment in the form of Additional Investment Allowance and Higher Additional Depreciation in 21 backward districts was also notified on 17.08.2015 as part of the package. Implementation of sectoral items included in the Prime Minister's Package for Bihar, 2015 was done by the concerned Ministries/Departments through their own budget lines. Department of expenditure, Ministry of Finance has provided Grants-in-aid towards residual liabilities of Rs.8,282 crore of the Special Plan for Bihar – State Component included in the Prime Minister's Package for Bihar, 2015 and has released an amount of Rs.7,816.1385 crore to the State of Bihar under the head 'Special Assistance' under 'Transfers to States'.
