



## Bihar's 'Special Category' Status Denied | Bihar | 23 Jul 2024

### Why in News?

Recently, The **Centre rejected the** request for **'special category' status for Bihar** during the all-party meeting.

### Key Points

- No new states are being awarded 'special category' status at present, as [the Indian Constitution](#) does not accommodate such classification.
  - **Bihar is requesting both special state status and a distinct financial package.** The call for special status for Bihar has persisted since the state was split into Bihar and Jharkhand.
- **The [Gadgil formula](#):**
  - The issue of special category status was **first discussed in a National Development Council (NDC) meeting in 1969.** During this session, the [DR Gadgil Committee](#) proposed a **formula for distributing central assistance to state plans** in India.
    - **Prior to this, there was no specific formula** for fund allocation, and grants were allocated based on individual schemes.
  - The Gadgil Formula, which received NDC approval, **prioritized the needs of special category states** like Assam, Jammu & Kashmir, and Nagaland in the allocation of Central assistance.
  - In 1969, the [5th Finance Commission](#) acknowledged the historical challenges faced by certain regions and **introduced the special category status.**
    - This **designation granted specific disadvantaged states special benefits**, including central assistance and tax relief.
    - The National Development Council then allocated Central Plan Assistance to these states based on this status.
  - Until the **financial year 2014-2015**, the **11 states with special category status** enjoyed various benefits and incentives.
    - However, with the **dissolution of the Planning Commission** and the **establishment of the NITI Aayog in 2015**, the recommendations of the [14th Finance Commission](#) resulted in the cessation of grants based on the Gadgil Formula.
    - Consequently, the share of the **divisible pool allocated to all states was increased from 32% to 42%.**