



Special Category Status for Bihar

Why in News?

Bihar's Chief Minister Nitish Kumar **reiterated the state's longstanding demand for [special category status](#)** from the Centre.

- This status would **lead to an increase in the tax revenues** that Bihar receives from the Centre.

Key Points

- One of the key concerns is **Bihar's low per capita income**, which is around ₹60,000, among the lowest in the country. Additionally, the State **lags behind the national average in various human development indicators**.
- Furthermore, Bihar's fiscal situation has been **negatively impacted by factors such as the bifurcation of the State**, leading to industries moving to Jharkhand, lack of adequate water resources for irrigation, and frequent natural disasters.
- Bihar's caste based survey of 2022 shows that **nearly a third of the State's people live under the poverty line**.
 - In 2023, the Bihar government estimated that the granting of the special category status will help the State receive an additional 2.5 lakh crore rupees over five years **to spend on the welfare of 94 lakh crore poor families**.
- Historically, States like Bihar and Uttar Pradesh suffered slow growth and **high poverty levels due to poor rule of law that discouraged investments** considered crucial to boosting growth.
- But now, as one of the fastest growing States in the country, despite originating from a lower starting point, **Bihar has managed to increase its per capita income level** and also the size of its overall economy at a brisk pace in recent years.
 - In 2022-23, for instance, Bihar's **Gross Domestic Product (GDP)** grew at 10.6% as against the national average of 7.2% while its per capita income level in real terms grew by 9.4% in 2023.

Special Category Status (SCS)

- **About:**
 - SCS is a classification **granted to some States by the Centre** to assist development, based on geographical and socio-economic disadvantages.
 - The scheme was **introduced in 1969** on the recommendation of the Fifth **Finance Commission**.
- **Factors considered for granting SCS to a State:**
 - Hilly and difficult terrain
 - Low population density and/or sizeable share of tribal population
 - Strategic location along international borders
 - Economic and infrastructural backwardness
 - Non-viable nature of State finances
- The 14th Finance Commission has done away with the '**special category status**' for states, except for the Northeastern and three hill states.
- **States with Special Status:** Arunachal Pradesh, Assam, Himachal Pradesh, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, and Uttarakhand.

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