Rejection of “special status” for Andhra Pradesh

Why in news?

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The Centre has rejected the Andhra Pradesh (AP) government's demand for Special Category Status for the state.

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What is the special category status?

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- **Rationale** - The Constitution does not have any provision for categorisation of any state as a Special Category Status (SCS) State.
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- But the Centre has assisted some states with funds in the past, since 1969.
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- This was as allocated by the former Planning Commission body called the National Development Council (NDC).
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- The assistance was in consideration of the historical disadvantages of certain states when compared to others.
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- **Criteria** - The NDC granted this status based on some features such as:
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1. hilly and difficult terrain
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2. low population density and/or the presence of sizeable tribal population
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3. strategic location along international borders
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4. economic and infrastructural backwardness
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5. non-viable nature of State finances
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- **Advantages** - The SCS states would receive funding for Centrally Sponsored Schemesin the 90-10 ratio i.e 90% of the funds would come from the Centre as against 60% for normal category states.
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- The remaining would be funded by the state governments.
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- **States** - The NDC first accorded SCS in 1969 to Jammu and Kashmir, Assam and Nagaland.
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- Over the years, 8 more states were added to the list.
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- They are Arunachal Pradesh, Himachal Pradesh, Manipur, Meghalaya, Mizoram, Sikkim, Tripura and, in 2010, Uttarakhand.
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- These 11 states got the benefits of SCS until 2014-15 when the 14th Finance Commission proposed major changes.
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What are the 14th Finance Commission's recommendations?

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- 14th Finance Commission headed by YV Reddy submitted its report in 2014.
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- It redefined the financial relationship between the Centre and the states for the five-year period ending 2019-20.
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- The Commission notably did away with the ‘special category’ status for states, except for the Northeastern States and 3 hill states (J&K, Himachal Pradesh and Uttarakhand).
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- Instead, it suggested that the resource gap of each state be filled through ‘tax devolution’.
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- It thus urged the Centre to increase its share of tax revenues to the states from 32% to 42%.
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- If devolution alone could not cover the revenue gap for certain states, the Centre could provide a revenue deficit grant.
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- The Commission stated that Andhra Pradesh would end up as a revenue

deficit state.
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- It thus recommended that the Centre provide a revenue deficit grant for the period of the 14th Finance Commission.
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What does the AP Reorganisation Act provide for?

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- The state of Andhra Pradesh was bifurcated in 2014 under the Andhra Pradesh Reorganisation Act, 2014.
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- The Act does not mention ‘special category’.
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- But it does mention that the Centre would help Andhra Pradesh bridge any resource gap.
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- Under the ‘Revenue Distribution’ section, the Central Government may make appropriate grants.
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- It may ensure that benefits and incentives in the form of special development package are given to the backward areas of that State.
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- But notably, apart from the legislation, the former PM had in the Rajya Sabha assured that AP would be granted special category status.
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- It was said that Special Category Status would be extended to the successor state of Andhra Pradesh for a period of 5 years.
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- But the successor government (NDA) has been emphasizing that the 14th Finance Commission did not provide for such treatment.
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What is the Centre's stance for AP?

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- The Union government is of the view that SCS category did exist when the state was bifurcated in 2014.
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- But after the 14th Finance Commission’s award, such treatment was

"constitutionally" restricted and so cannot be accorded.
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- The Centre however stated that it was willing to provide the "monetary equivalent" of a special category state.
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- As an additional measure, the Centre has agreed to fund all externally aided projects in Andhra Pradesh in the 90-10 ratio.
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What is AP's stance?

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- AP reiterates that Telugu sentiments and emotions had been hurt and only special category status could assuage them.
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- It is also maintained that the CM had only been asking for what was provided for in the AP Reorganisation Act.
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Source: The Hindu, The Indian Express

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Quick Fact

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Special Status/Special Provisions for States

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- It is to be noted that the Special Category Status (SCS) states are different from states with Special Status/Special Provisions.

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- Special Category Status deals with economic, administrative and financial aspects.
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- On the other hand, Special Status/Special Provisions empowers legislative and political rights and is offered by constitutional provisions under Part XXI.
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- **Article 370** grants Special Status to the State of **Jammu and Kashmir**.
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- **Art 371 to 371-J** contain Special Provisions for eleven states as given below.
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- **Art 371** specifies the "Special responsibility" to Governor to establish "separate development boards".
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- This is in respect of "Vidarbha, Marathwada, and the rest of **Maharashtra**", and Saurashtra and Kutch in **Gujarat**.
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- The other special provision states are as follows:
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1. **Nagaland** - Art 371A by 13th Amendment Act, 1962
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2. **Assam** - Art 371B by 22nd Amendment Act, 1969
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3. **Manipur** - Art 371C by 27th Amendment Act, 1971
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4. **Andhra Pradesh & Telangana** - Art 371D by 32nd Amendment Act, 1973; substituted by the Andhra Pradesh Reorganisation Act, 2014
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5. **Sikkim** - Art 371F by 36th Amendment Act, 1975
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6. **Mizoram** - Art 371G by 53rd Amendment Act, 1986
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7. **Arunachal Pradesh** - Art 371H by 55th Amendment Act, 1986
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8. **Karnataka** - Art 371J by 98th Amendment Act, 2012
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- **Art 371E** allows for the establishment of a university in Andhra Pradesh by a law of Parliament.
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- But this is not really a ‘special provision’.
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- **Art 371I** deals with Goa, but does not include any provision that can be termed ‘special’.
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