

GOVERNMENT OF INDIA
MINISTRY OF PLANNING

RAJYA SABHA
UNSTARRED QUESTION NO. 633
TO BE ANSWERED ON 12.12.2022

SPECIAL STATUS TO THE STATE OF PUNJAB

633 SHRI VIKRAMJIT SINGH SAHNEY:

Will the Minister of PLANNING be pleased to state:

- (a) whether Government has any plans to provide special status to the State of Punjab, being a border state, had militancy problems in the past, declining water level due to High Yielding Variety (HYV) seeds in Green Revolution and the State's fiscal in an alarming debt trap; and
- (b) if so, the details thereof and if not, the reasons therefor?

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION; MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS

(RAO INDERJIT SINGH)

- (a) & (b): The 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. The decision was based on an integrated consideration of all the factors listed above and the peculiar situation of the state. However, the Fourteenth Finance Commission (FFC) has not made any distinction between General Category States and Special Category States in the horizontal distribution of shareable taxes amongst the States. Fourteenth Finance Commission (FFC) recommendations while considering the various criteria for devolution has taken into account the total requirements of the States under Plan and non-Plan. 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 same has

also been retained by the 15th Finance Commission 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. Thus, following the recommendations of 14th Finance Commission, the class of Special Category States ceases to exist.
