**On Special Category Status for Andhra**

The Andhra Pradesh Reorganisation Act, 2014, which bifurcated unified Andhra Pradesh into two States, was notified on March 1, 2014 and had come into force from June 2, 2014. While the Act had specified many things, there was no mention of giving a Special Category Status (SCS) to Andhra Pradesh. Now with the completion of the 2024 Lok Sabha elections, the demand for SCS to Andhra is again gaining attention.

What is the history?

Shortly after the reorganisation, in a debate in the Rajya Sabha on February 20, 2014, the then Prime Minister Manmohan Singh had said that “SCS would be extended to the State of Andhra Pradesh for a period of five years”. This was appreciated and seconded by Bharatiya Janata Party (BJP) leader M. Venkaiah Naidu.

But after Prime Minister Narendra Modi took over the reigns of the National Democratic Alliance (NDA)-led Union Government, the SCS was put on the back burner. When it was raised in both Houses by the Telugu Desam Party (TDP) and opposition MPs, it was said that Andhra Pradesh does not qualify for the SCS, firstly as per norms and secondly due to the dissolution of the Planning Commission in August 2014. The 14th Finance Commission had equated SCS with the general category status and had annulled SCS for new States.

Why does AP not qualify for the SCS?

The concept of SCS was first brought into existence through the recommendations made by the Fifth Finance Commission in 1969. It was done to benefit a few States through special grants from the Centre. The focus was on States that had socio-economic issues and geographical disadvantages, such as hilly States.

Five factors stood as the qualifying benchmark for the granting of SCS — States that comprise a majority tribal population, low density of population, hilly States and close to international borders, States that have socio-economic and industrial backwardness, and lack of adequate State finances. At present, the States that have the SCS include Arunachal Pradesh, Assam, Himachal Pradesh, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, and Uttarakhand.

It was debated that Andhra Pradesh, based on the above strictures, does not qualify for the SCS and that the Finance Commission had already annulled it. However, the Centre offered Andhra Pradesh a special package (SP).

What did the special package entail?

Having been convinced that the SCS was ruled out by the Union Government, the first Chief Minister of residual Andhra Pradesh (2014- 2019), Chandrababu Naidu of the TDP, who was then part of the NDA alliance, agreed for the SP. The SP included the recognition of the Polavaram irrigation project as a national project with full funding from the Union Government, tax concessions and special assistance. Though Mr. Naidu accepted the SP, it was termed as a betrayal by the Opposition parties, including the Yuvajana Sramika Rythu Congress Party (YSRCP).

In 2018, Mr. Naidu walked out of the alliance and also moved a no-confidence motion which failed. Political analysts say that Mr. Naidu had succumbed to pressure from the opposition, who were building up a strong campaign against the TDP, based on the SCS issue. His volte-face from SCS to SP was being publicised as a ‘betrayal of the State’.

Does Andhra still qualify for SCS?

N.K. Singh, Chairman of the 15th Finance Commission, in his book Portraits of Power, stated that the 14th Finance Commission had never said that SCS cannot be given and that it was up to the Union Government to take a call.

The 14th Finance Commission instead of SCS had increased tax devolution to the State to 42% and also introduced revenue deficit grants for States facing a revenue gap, which Andhra had already received.

SCS, which has an arrangement of funding States in a ratio of 90:10 (90% the Centre and 10% the State), may not be a ruled out chapter for Andhra Pradesh. The Union Government can take a call and refer it to the 16th Finance Commission and the NITI Aayog, and can get back to the arrangement.

Why is SCS in the limelight again?

Ever since the bifurcation of the State, it has been facing a revenue deficit. Additionally, the debts of the State have shot up enormously. Most of its projects and development have come to a standstill and on top of that the building for a new greenfield capital at Amaravati is pending and needs funding.

People are hopeful that since the TDP is again part of the NDA alliance which does not have a clear majority in the Centre, and is dependent on the MPs from Andhra Pradesh, it would be the right time to press for the SCS, for the overall development of the State.