

1. Discuss the significance of Special Category Status for Andhra Pradesh and its impact on Centre- State relations.

Special Category Status (SCS) is a classification provided by the Central Government to certain states based on socio-economic and geographical disadvantages. The status was initially granted to states with hilly terrain, low population density, and economic backwardness. Andhra Pradesh has been demanding SCS since its bifurcation in 2014, arguing that it suffered economic losses due to the separation of Telangana and the loss of Hyderabad, a major revenue contributor.

Special Category Status was introduced by the Fifth Finance Commission based on the Gadgil-Mukherjee formula, and is granted on the basis of the following parameters -

Significance of Special Category Status for Andhra Pradesh

1. Financial Assistance

- States with SCS receive 90% of funds as grants from the Centre for centrally sponsored schemes, with only 10% as loans. This would reduce Andhra Pradesh's fiscal burden – total debt as of 2025 is 11 lakh crore.

2. Industrial Incentives

- Industries in SCS states get corporate tax exemptions, excise duty concessions, and cheaper credit, attracting investment.
- **Example:** North-Eastern states like Assam and Meghalaya have seen an increase in industrial activity due to tax incentives under SCS.

3. Infrastructure Development

- With additional funds, Andhra Pradesh could develop new industrial corridors, ports, and smart cities, compensating for the loss of Hyderabad.
- **Example:** The Visakhapatnam-Chennai Industrial Corridor (VCIC) could receive better funding support if SCS were granted.

4. Employment Generation

- Increased industrialization and infrastructure projects would create new jobs in IT, manufacturing, and service sectors.

5. Compensating for Bifurcation Losses

- The loss of Hyderabad has impacted Andhra Pradesh's revenue. With SCS, the state could receive additional grants to compensate for its financial disadvantage.
- **Example:** After Jharkhand's separation, Bihar received special financial assistance from the Centre to help it adjust to the economic transition.

Issues with Granting Special Category Status to Andhra Pradesh

1. Changed Finance Commission Approach

- The 14th and 15th Finance Commissions have shifted towards revenue-sharing mechanisms rather than SCS grants, making such status less relevant.
- **Example:** Instead of SCS, Andhra Pradesh was offered a special financial package in 2016.

2. Potential Domino Effect

- If Andhra Pradesh is granted SCS, other states like Bihar, Odisha, Rajasthan, and Chhattisgarh could demand the same, leading to excessive financial strain on the Centre.

3. Strain on Central Resources

- The Centre's budget is already stretched due to increased devolution of tax revenues to states under Finance Commission recommendations. Allocating additional funds under SCS may not be feasible.

4. Alternative Financial Packages

- The Centre argues that Andhra Pradesh can receive financial assistance through special packages rather than SCS. However, the state claims that packages do not provide the same long-term benefits.

Impact of Special Category Status (SCS) on Centre-State Relations

The decision to grant or deny Special Category Status (SCS) to Andhra Pradesh has significant implications for Centre-State relations. The impact can be analysed under two scenarios:

If SCS is Granted, the Impacts on Centre-State Relations Are:

A. Positive Impacts

1. Restoration of Trust Between Centre and State

- Granting SCS would fulfil assurances made during the Andhra Pradesh Reorganisation Act, 2014, restoring faith in the Centre's commitment to states.
- **Example:** The Telugu Desam Party (TDP) and YSR Congress have repeatedly raised this demand, and fulfilling it could improve political cooperation.

2. Strengthening Cooperative Federalism

- Andhra Pradesh would feel included in national economic planning, strengthening cooperation between the Centre and states.

3. Political Stability

- Resolving this long-standing demand could reduce political confrontations, leading to better legislative functioning in Parliament.
- **Example:** Protests by Andhra MPs in Parliament over SCS have often disrupted proceedings, and granting it could bring political stability.

4. Enhanced Economic Growth in Backward Regions

- Granting SCS would ensure increased financial support, leading to economic growth, employment generation, and infrastructure development in Andhra Pradesh.

B. Negative Impacts

- **Demand for SCS from Other States – Domino effect**
- If Andhra Pradesh is granted SCS, states like Bihar, Odisha, Rajasthan, and Chhattisgarh may demand similar status, leading to increased pressure on central resources.

2. Financial Burden on the Centre – creating fiscal imbalance and affect fiscal federalism

- The Centre's fiscal resources would be stretched as it would have to provide additional grants and tax incentives for Andhra Pradesh.
- **Example:** The Finance Commission has already increased devolution to states (41% of central taxes), and additional SCS benefits would increase fiscal strain.

3. Inter-State Discontent and Regional Imbalance

- Other states, especially those not receiving special treatment, may feel ignored, leading to regional disparities and conflicts.
- **Example:** Industrialized states like Maharashtra, Gujarat, and Tamil Nadu may oppose preferential treatment to Andhra Pradesh, affecting Centre-State harmony.

If SCS is Not Granted, the Impact on Centre-State Relations Is:

A. Negative Impacts

1. Erosion of Trust and Political Fallout

- Andhra Pradesh's regional parties may feel betrayed, leading to strained Centre-State relations and political instability.

- Example: The Telugu Desam Party (TDP) withdrew from the NDA alliance in 2018, citing the Centre's refusal to grant SCS as a key reason.

2. Rise of Regionalism and Anti-Centre Sentiments

- The perception of neglect by the Centre may fuel regional political movements, leading to greater demand for autonomy from the Union government.
- **Example:** Similar sentiments were seen in Tamil Nadu when it demanded more autonomy under the Dravidian movement in the past.

3. Impact on Development and Investment

- Without SCS, Andhra Pradesh may struggle to attract industries and investments, leading to slower economic growth and higher unemployment.
- **Example:** The state lost Hyderabad, its primary economic hub, and has since struggled to develop Amaravati as a competitive alternative.

B. Positive Impacts

1. Push for Alternative Financial Solutions

- The Centre may focus on providing special financial packages, tax incentives, and infrastructure assistance instead of SCS.
- **Example:** In 2016, the Centre offered a special financial package, including external aid and revenue deficit grants for Andhra Pradesh.

2. Fiscal Discipline and Equitable Distribution of Funds

- By not granting SCS, the Centre can avoid setting a precedent for other states while ensuring that financial assistance is given through objective, need-based mechanisms.
- **Example:** The Finance Commission's devolution formula ensures fair distribution of central taxes, benefiting all states rather than a few receiving special treatment.

The decision on Special Category Status for Andhra Pradesh has deep implications for Centre-State relations. While granting SCS can restore trust and boost economic growth, it may also create financial and political challenges. On the other hand, denying SCS could lead to political tensions and regional discontent but may encourage fiscal discipline and alternative solutions. A balanced approach, such as special financial assistance, industrial incentives, and infrastructure development, could help resolve the issue while maintaining Centre-State harmony.

2. What are the major challenges and controversies (with special reference to federalism) associated with the delimitation process in India? Suggest possible solutions.

Delimitation refers to the redrawing of boundaries of electoral constituencies to reflect changes in population and ensure fair representation. In India, it is carried out by the Delimitation Commission under the Delimitation Act, based on the decennial Census. While essential for electoral equity, the process has faced several challenges and controversies, particularly in the context of Indian federalism.

Major Challenges and Controversies:

1. North-South Divide:

- Southern states like Tamil Nadu, Kerala, and Andhra Pradesh have successfully controlled population growth through family planning.
- Northern states (e.g., Uttar Pradesh, Bihar) have witnessed higher population growth.
- Future delimitation based purely on population may increase representation for northern states, penalizing the southern states for their demographic discipline, leading to federal imbalance.

2. Freezing of Seats (till 2026):

- Article 82 and 170 of the Constitution froze the number of seats based on the 1971 Census till 2026.
- This was done to avoid discouraging population control efforts.
- However, it has resulted in inequitable representation as current population figures are not reflected.

3. Political Sensitivity and Regional Tensions:

- Redrawing boundaries can lead to disruption of traditional regional, caste, and community strongholds.
- May lead to resentment and unrest in states that lose representation or influence.

4. Lack of Transparency and Accountability:

- The Delimitation Commission's decisions are final and not subject to judicial review, raising questions about accountability and public participation.

5. Tribal and Backward Area Representation:

- In states like Andhra Pradesh, tribal areas often face underrepresentation.
- Delimitation sometimes ignores socio-economic backwardness, focusing only on population figures.

6. Administrative Challenges:

- Updating boundaries often leads to issues with voter rolls, administrative jurisdictions, and governance continuity.

Issues related to federalism

- **Erosion of Cooperative Federalism:** Disproportionate representation can weaken the federal balance in Parliament.
- **Over-centralization:** States with larger populations could dominate national policies, marginalizing others.
- **Resource Allocation Conflicts:** Representation affects financial devolution; more seats can mean more bargaining power.

Possible Solutions:

1. Balanced Representation Formula:

- Use a composite index combining population, performance in family planning, development indicators, and area-based factors.
- Prevents over-reliance on raw population data.

2. De-linking Representation from Population:

- Consider equal weightage for states in the Rajya Sabha, and adopt a more equitable approach in Lok Sabha.

3. Constitutional Amendment for Clarity:

- Amend the Constitution to provide clear criteria and guidelines for future delimitation exercises to reduce arbitrariness.

4. Wider Consultations & Public Participation:

- Involve civil society, regional parties, and public forums before finalizing boundaries to enhance legitimacy.

5. Independent Oversight Mechanism:

- Establish a review board to assess and suggest corrections to delimitation decisions, ensuring transparency.

6. Strengthening Local Governance:

- Strengthen Panchayati Raj institutions and urban local bodies to compensate for perceived dilution at the parliamentary level.

Delimitation, while crucial for ensuring electoral fairness, must balance population equality with the principles of cooperative federalism. A sensitive and inclusive approach is essential to maintain national unity, trust among states, and democratic integrity. With 2026 approaching, India must prepare for a delimitation process that is transparent, equitable, and federalism-friendly.