Q12

Discuss whether formation of new states in recent times is beneficial or not for the economy of India.

UPSC Civil Services Mains 2018 · GS I · 15 marks · World's Physical Geography

Salient features of world's physical geography.

Core demand of the question

- Discuss whether formation of new states in recent times is beneficial or not for the economy of India
- Give both gains and costs, then a clear conditional view

Revision summary

Chhattisgarh, Jharkhand, Uttarakhand (2000) and Telangana (2014) are the recent cases.

Gains are closer administration, resource focus, and sometimes faster urban and service growth.

Costs are bifurcation disputes, new capitals, and no automatic end to poverty in mineral belts.

Telangana's Hyderabad economy rose while Andhra Pradesh paid a reorganisation price.

New states help the Indian economy only when fiscal capacity and asset-sharing are real.

Flow diagram

Regional demand -> New state

New state -> Closer budget identity investment

New state -> Capital cost water cadre disputes

Closer budget identity investment -> Conditional growth

Capital cost water cadre disputes -> Conditional growth

Fiscal capacity governance -> Conditional growth

Conclusion

- Prefer administrative devolution, Sixth Schedule and district councils, and Finance Commission grants before another round of state-carving.
- Where a state is formed, lock asset-sharing, river boards, and a time-bound capital plan so the economy does not pay a permanent political premium.

Recent new states have been beneficial where a neglected region gained a government and a growth engine, as in parts of Telangana and Uttarakhand. They are not a general economic law: split costs, water disputes, and weak mining governance can cancel the map change. The fair answer is conditional yes, not automatic yes.

Facts & figures

States in 2000
Chhattisgarh, Jharkhand, and Uttarakhand were created from Madhya Pradesh, Bihar, and Uttar Pradesh.

Telangana, 2014
Formed under the Andhra Pradesh Reorganisation Act, 2014, with Hyderabad as the shared capital for a fixed period.

Article 3
Constitutional power of Parliament to form new states and alter boundaries.

Mineral hinterlands
Jharkhand and Chhattisgarh hold a large share of India's coal and some metallic minerals, which was a stated economic case for split.

Finance Commission
Transfer system on which many new or small states still depend if their own tax base is thin.