

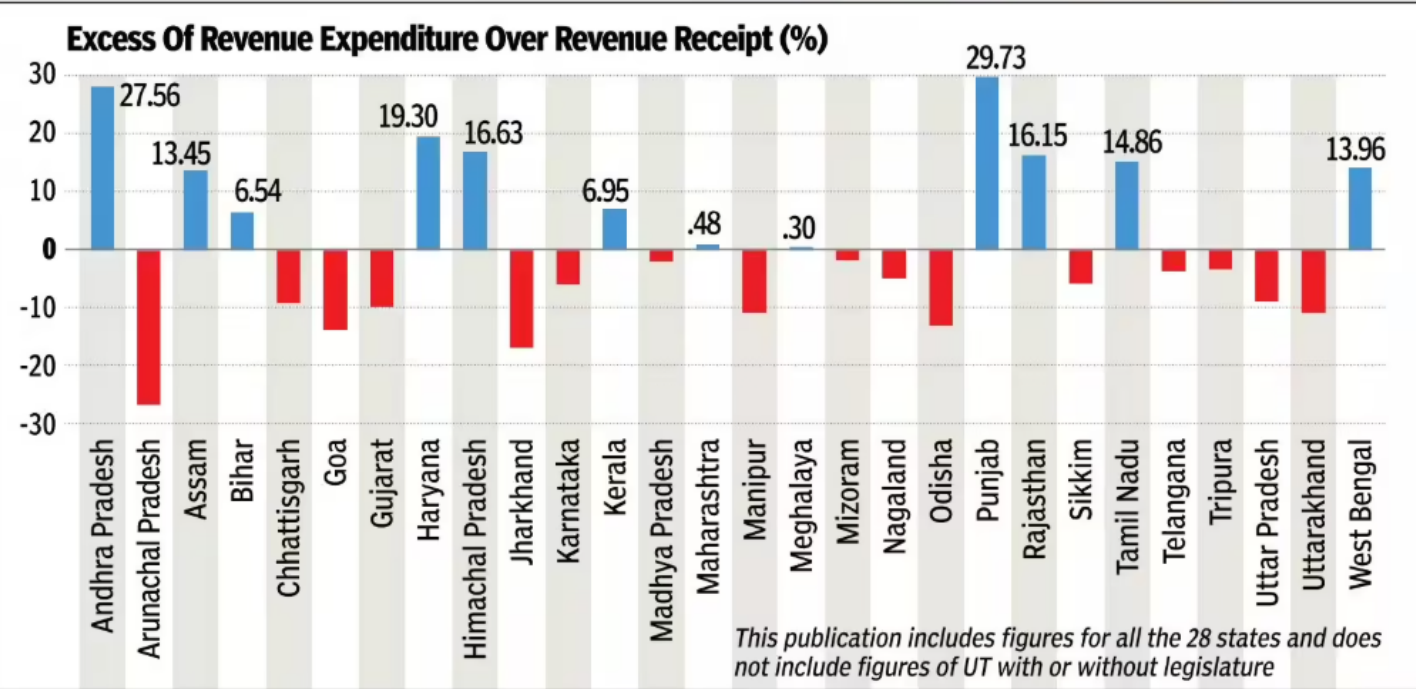


UP Emerges as Leading Revenue Surplus State

Why in News?

The [Comptroller and Auditor-General of India \(CAG\)](#) decadal study on state finances reveals that 16 states are in revenue surplus, with **Uttar Pradesh leading the pack**.

AP, TN, MAHARASHTRA ON REVENUE-DEFICIT LIST



Key Points

- **Revenue Surplus States:** The CAG report reveals that 16 states reported a revenue surplus in the fiscal year 2023, marking a significant turnaround for states once considered economically weaker.
 - Leading the charge is Uttar Pradesh, with a surplus of ₹37,000 crore, a stark contrast to its previous standing as part of the BIMARU states.
 - BIMARU is an acronym for Bihar, Madhya Pradesh, Rajasthan, and Uttar Pradesh, a grouping of states that have **historically lagged** in economic and social indicators.
- **Revenue Deficit States:** Conversely, at least 12 states were found to be in revenue deficit in 2022-23, indicating significant fiscal distress.
 - States like Andhra Pradesh, Tamil Nadu, and Rajasthan reported the highest deficits, pointing to a growing reliance on central grants.
- **States Relying on Central Grants:** Several states are heavily dependent on central financial support, with West Bengal receiving the largest share of 16% in FY 2023.
 - These grants help bridge the gap between their revenue receipts and expenditure.

- **Revenue from Own Sources:** Some states have successfully boosted their revenue generation through both tax and non-tax means.
 - Haryana leads with over 80% of its revenue coming from its own sources, followed by Telangana and Maharashtra with over 70% and 60% respectively.
- **State's Own Tax Revenue (SOTR):** The CAG report also highlights the reliance of certain states on States' Own Tax Revenue (SOTR), with six states (Haryana, Maharashtra, Telangana, Karnataka, Gujarat, and Tamil Nadu) deriving over 60% of their revenue from SOTR.
- **Low SOTR States:** On the other hand, some northeastern states and smaller regions like **Arunachal, Manipur, Nagaland**, and **Sikkim** report very low SOTR, with contributions from their own tax revenue falling below 20%.

State Fiscal Challenges and Way Forward

