

States on reform path, need to generate more revenue: Brickwork

NEW DELHI: Most states are on reform path but they need to consolidate their fiscal position and generate more non-tax revenues, says a report.

According to the [State Finances Handbook 2015](#) released by [Brickwork Ratings](#), most states are undertaking reforms, specially in areas like power, urban development, taxation as well as governance.

"A major challenge for the state governments would be to make credible progress towards fiscal consolidation amidst macroeconomic turmoil," said the Handbook.

"States need to explore sources to boost non-tax revenues and review their policies towards user charges," it said.

States that reform power sector, improve health and education, become investor friendly and reduce corruption will do well in the coming years, the study pointed out.

Former RBI Deputy Governor [Subir Gokarn](#), who released the Handbook, said states have the resources but are not fully capable of utilising them.

"States do have resources but they lack institutional means to utilise that. Some states appear to be at the top on almost indicators, while some are at bottom...we have to enhance capacity of states," Gokarn said.

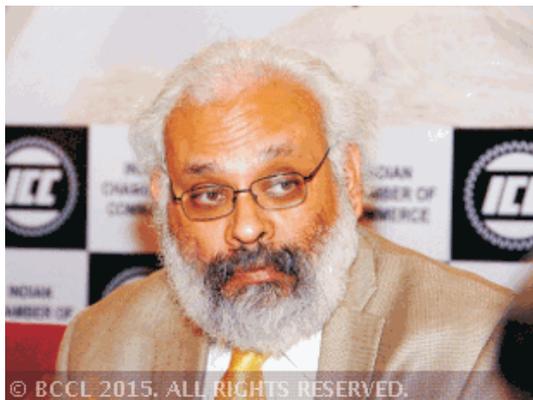
According to the report, some states have shown better progress in socially sensitive indicators but their ability to put in place adequate infrastructure for these services will be vital to ensure well-being of citizens.

Further, it said that the Centre needs to encourage more [decentralisation](#) and devolve power to states and local bodies.

As per the report, NCT of Delhi ranks highest (97 per cent) in terms of urbanisation followed by Goa (62 per cent), Kerala and Tamil Nadu (48 per cent each).

The bottom three are Himachal Pradesh (10 per cent), Bihar (11 per cent) and Assam (14 per cent).

On per capita income, the top three states are Goa, Delhi and Haryana, while those at the bottom are Bihar and Uttar Pradesh.



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