



Minister of State for Finance answers specifics on Compensation to revenue losing States

In response to a question in Rajya Sabha relating to release of GST dues to States, Union Minister of State for Finance Shri Pankaj Chaudhary states detail of provisional GST compensation yet to be released to States/UTs and GST compensation released to States/UTs; Briefly discussing the special window scheme, clarifies that States will be paid full GST Compensation as per GST (Compensation to States) Act, 2017 for transition period by extending levy of Compensation Cess beyond 5 years to meet GST revenue shortfall as well as servicing the loan borrowed through special window scheme; Another question with regard to whether Govt. has prepared draft legislation on relief to revenue losing States under the GST regime, Minister ripostes that with a view to compensate States on account of revenue loss, GST (Compensation to States) Act, 2017 has already been enacted; In addition to this, enlists month-wise details of gross GST including CGST, SGST, IGST and GST Compensation Cess before settlement and refund for the last 3 years.

Find below the GST shared with states and the GST collections for the last three years



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UN-STARRED QUESTION NO- 862
ANSWERED ON-27/07/2021

RELEASING OF GST SHARE TO STATES

862. DR. BANDA PRAKASH

Will the Minister of FINANCE be pleased to state:-

- a) whether Government has released the States' share of GST dues to the States or any backlog is still there to release;
- b) if so, the details thereof and the reasons therefor;
- c) the details of GST share amount of each State due with the Union Government at present;
- d) whether it is a fact that Government is not in a position to pay the GST share of States as per the current revenue sharing formula; and
- e) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (e):- For the purpose of payment of compensation to States for any loss of revenue arising on account of implementation of GST for five years, a GST Compensation Cess is levied on select items under Section 8 of the GST (Compensation to States) Act, 2017. This is transferred into a non-lapsable Fund known as GST Compensation Fund which forms part of the Public Account of India as provided in Section 10(1) of the act. All releases of compensation to States are done only out of Compensation Fund as per Section 10(2) of the said Act and not from the Consolidated Fund of India. GST compensation for financial years 2017-18, 2018-19 and 2019-20 has already been paid to the states. The economic impact of the pandemic has led to higher compensation requirement due to lower GST collection and at the same time lower collection of GST compensation cess. GST compensation of Rs. 91,000 crore has been released to all States/UTs to partly meet the compensation payable for the period April'20 to March'21 as the amount in GST Compensation Fund was not adequate to meet the full compensation requirement. The detail of provisional GST compensation yet to be released to States/UTs and GST compensation released to States/UTs is as per **Annexure**.

The issue of GST Compensation to States has been deliberated in the 41st and 42nd GST Council meetings. Accordingly, in FY 20-21, Centre had borrowed Rs. 1.1 lakh crore under a special window and passed on to the States as back-to-back loan to help the States meet the resource gap due to short-release of compensation on account of inadequate balance in the Compensation Fund. This arrangement has been finalized after detailed deliberations with the States and all States have opted for this arrangement. Subsequent to deliberations in the 43rd GST Council meeting, it has been decided that the Centre is borrowing Rs. 1.59 lakh crores from the market through special window in current FY and passing it on to the States/UTs as a back to back loan in appropriate tranches as was done in last year. As per this decision Rs. 75000 crore has been released to States/UTs on 15.07.2021. The states will be paid full GST Compensation as per GST (Compensation to States) Act, 2017 for the transition period by extending the levy of Compensation cess beyond 5 years to meet the GST revenue shortfall as well as servicing the loan borrowed through special window scheme.

Annexure

Details of GST compensation released till date and yet to be released to States/ UTs

(Rs. in crore)

| S. No | Name of State/UT | GST compensation released from July, 2017 to till date | GST compensation yet to be released for period April'20-March'21 | GST compensation yet to be released for period April-May, 21 |
|-------|-------------------|--|--|--|
| (1) | (2) | (3) | (4) | (5) |
| 1 | Andhra Pradesh | 6427 | 2493 | 1559 |
| 2 | Arunachal Pradesh | 21 | 0 | 0 |
| 3 | Assam | 3877 | 1017 | 606 |
| 4 | Bihar | 13903 | 1538 | 1801 |
| 5 | Chhattisgarh | 10317 | 1231 | 1547 |
| 6 | Delhi | 18552 | 5190 | 2823 |
| 7 | Goa | 2537 | 734 | 411 |
| 8 | Gujarat | 33605 | 6583 | 3603 |
| 9 | Haryana | 15119 | 2328 | 2130 |
| 10 | Himachal Pradesh | 6329 | 680 | 714 |
| 11 | J & K | 7185 | 757 | 829 |
| 12 | Jharkhand | 6121 | 1241 | 969 |
| 13 | Karnataka | 47061 | 7202 | 5500 |
| 14 | Kerala | 17780 | 3046 | 2812 |
| 15 | Madhya Pradesh | 15859 | 2437 | 2468 |
| 16 | Maharashtra | 46372 | 15138 | 7995 |
| 17 | Manipur | 46 | 0 | 0 |
| 18 | Meghalaya | 509 | 140 | 79 |
| 19 | Mizoram | 11 | 0 | 0 |
| 20 | Nagaland | 14 | 0 | 0 |
| 21 | Odisha | 14077 | 1389 | 1349 |
| 22 | Puducherry | 2437 | 274 | 288 |
| 23 | Punjab | 30355 | 3752 | 3124 |
| 24 | Rajasthan | 15656 | 2981 | 2361 |
| 25 | Sikkim | 41 | 30 | 0 |
| 26 | Tamil Nadu | 25519 | 6155 | 3574 |
| 27 | Telangana | 6218 | 2515 | 1558 |
| 28 | Tripura | 757 | 93 | 88 |
| 29 | Uttar Pradesh | 18867 | 7109 | 4048 |
| 30 | Uttarakhand | 8554 | 1215 | 951 |
| 31 | West Bengal | 14782 | 3911 | 2157 |
| | Total | 388908 | 81179 | 55345 |

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

RAJYA SABHA
UNSTARRED QUESTION NO- 853
TO BE ANSWERED ON TUESDAY, JULY 27, 2021/ 05 SRAVANA, 1943 (SAKA)

LEGISLATION ON RELIEF TO REVENUE LOSING STATES UNDER GST

853 Shri G.C. Chandrashekhar:

Will the Minister of Finance be pleased to state:

(a) whether Government has prepared draft legislation on relief to revenue losing States under the Goods and Services Tax (GST) regime;

(b) if so, the details thereof along with the terms of reference laid down for the panel constituted in this regard; and

(c) the details of revenue earnings under the Goods and Services Tax (GST) for the last three years, month-wise?

ANSWER

THE MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) & (b) As per Section 18 of the Constitution (One Hundred and First Amendment) Act, 2016, Parliament shall, by law, on the recommendation of the Goods and Services Tax Council, provide for compensation to the States for loss of revenue arising on account of implementation of the Goods and Services Tax for a period of five years from the date of implementation of GST. Accordingly, with a view to compensate States on account of revenue loss, GST (Compensation to States) Act, 2017 has already been enacted.

(c) the details of gross Goods and Services Tax (GST) including CGST, SGST, IGST and GST Compensation Cess before settlement and refund for the last three years, month-wise are as under:

(Figures in Rs. Crores)

| S. No. | Month | 2018-19 | 2019-20 | 2020-21 |
|--------|--------------|------------------|------------------|------------------|
| 1 | April | 103459 | 113865 | 32172 |
| 2 | May | 94016 | 100289 | 62151 |
| 3 | June | 95610 | 99939 | 90918 |
| 4 | July | 96483 | 102082 | 87422 |
| 5 | August | 93960 | 98202 | 86449 |
| 6 | September | 94442 | 91916 | 95480 |
| 7 | October | 100710 | 95379 | 105155 |
| 8 | November | 97637 | 103491 | 104963 |
| 9 | December | 94726 | 103184 | 115174 |
| 10 | January | 102503 | 110818 | 119875 |
| 11 | February | 97246 | 105361 | 113143 |
| 12 | March | 106577 | 97590 | 123902 |
| | Total | 11,77,368 | 12,22,116 | 11,36,805 |
