

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
STARRED QUESTION NO-15
ANSWERED ON-02/02/2021

SHORTFALL IN COMPENSATION CESS COLLECTION

15. SHRI DEREK O' BRIEN

Will the Minister of FINANCE be pleased to state:

- (a) the data for compensation to States accruing on account of loss of revenue arising due to GST Compensation from 2017 till now;
- (b) the data for compensation cess collections from 2017 till now, year-wise;
- (c) whether it is a fact that GST compensation requirements of States are increasing at faster rates than the compensation cess collections, if so, the details thereof; and
- (d) the manner in which the States would be compensated if the cess collections are not sufficient to provide GST compensation to States and the details thereof?

ANSWER

THE MINISTER OF FINANCE
(MS. NIRMALA SITHARAMAN)

- (a) & (b): The details of GST compensation cess collected and GST compensation released to States/ UTs is as follows:

(Rs. In crore)

	2017-18	2018-19	2019-20	2020-21	Total
Compensation Cess Collected	62,611.59	95,080.71	95,551	59,094 (till Dec, 20)	3,12,337.3
Compensation released	41,146	69,275	1,20,498.29	1,06,239.47	3,37,158.76

Note: Apart from collected cess of Rs. 3,12,337.3 crore, Rs. 33,412 crore has been transferred from CFI to Compensation Fund on account of apportionment of year-end balance IGST for FY 2017-18.

- (c) & (d): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO RAJYA SABHA STARRED QUESTION NO. 15 FOR
ANSWER ON 2ND FEBRUARY, 2021**

(c) & (d): As per provisions in Goods and Services Tax (Compensation to States) Act, 2017 States are assured of their revenue at 14% compounded growth rate over the base year revenue 2015-16 for loss of revenue arising on account of GST implementation for a period of five years. Accordingly, GST compensation has already been released to the States for the FY 2017-18, 2018-19 and 2019-20 for loss of revenue due to implementation of GST (w.e.f. 01.07.2017). Further, GST compensation of Rs. 40,000 crore has been released to all States/ UTs to meet partly the bi-monthly compensation for period April-May, 2020 as GST Compensation Fund was not adequate to meet the full compensation for period April-May, 2020. The balance GST Compensation for the period April-May, 2020 and GST Compensation for the full period June-November'20 is pending to all States/UTs due to inadequate amount in GST Compensation Fund during current Financial Year. This has happened mainly due to the economic impact of the pandemic that has led to higher compensation requirement due to lower GST collection and at the same time lower collection of GST Compensation Cess.

In order to meet the shortfall in GST Compensation to be paid to States, under the special window, Rs.1.1 lakh crore will be borrowed by Government of India in appropriate tranches. The amount so borrowed will be passed on the States as loan on back-to-back basis to help the States to meet the resource gap due to non-release of compensation due to inadequate balance in the compensation fund. As per this decision, Central Government has released 13 installments of Rs. 6000 crore each to the States as per the **Annexure**. All States have decided to take benefit of this assistance to tide over the temporary resource gap. 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.

Details of payment of back to back loan in lieu of GST Compensation Shortfall

(Rs. in crore)

Name of State/UT	Amount released under Special borrowing scheme (as on 25.01.2021)
Andhra Pradesh	1810.71
Arunachal Pradesh	0.00
Assam	779.08
Bihar	3059.34
Chhattisgarh	1354.08
Goa	658.04
Gujarat	7225.36
Haryana	3409.84
Himachal Pradesh	1345.31
Jharkhand	735.60
Karnataka	9721.07
Kerala	2839.56
Madhya Pradesh	3558.75
Maharashtra	9384.47
Manipur	0.00
Meghalaya	87.69
Mizoram	0.00
Nagaland	0.00
Odisha	2994.61
Punjab	4116.44
Rajasthan	2912.32
Sikkim	0.00
Tamil Nadu	4890.14
Telangana	1336.44
Tripura	177.30
Uttar Pradesh	4706.53
Uttarakhand	1814.82
West Bengal	2182.06
UT of Delhi	4595.25
UT of J&K	1780.05
UT of Puducherry	525.14
Total	78000.00