

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UN-STARRED QUESTION NO-37
ANSWERED ON- 02/02/2021

GST dues to States

37. SHRI BINOY VISWAM

Will the Minister of FINANCE be pleased to state:-

(a) the details of the current GST outstanding dues to each State for the last three years, year-wise and State-wise;

(b) the reasons for delay in payment of GST to States;

(c) whether Government is considering borrowing money from the RBI to compensate States for GST dues; and

(d) the number of States which have availed the increased borrowing scheme announced by Government as part of the financial package in May 2020?

ANSWER

THE MINISTER OF STATE IN MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) & (b):- As per Section 7 of the GST (Compensation to States) Act, 2017, the States are required to be compensated for loss of revenue due to implementation of GST from the proceeds of the GST Compensation Cess being levied on certain luxury items and demerit goods under Section 8 of the said Act. As per provisions in section 10(1) of GST (Compensation to States) Act, 2017, GST Compensation Cess has been credited into a non-lapsable Fund known as GST Compensation Fund in Public Account of India. Section 10(2) of the said Act, 2017 provides that payment of GST compensation shall be made out of Compensation Fund. Accordingly, GST compensation for financial years 2017-18, 2018-19 and 2019-20 has already been paid to the States. However, only part GST compensation of Rs. 40,000 crore has been released to the States to meet for bi-monthly compensation period of April & May, 2020 due to short cess collection in GST Compensation Fund. 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. The balance GST compensation for the period April-May'20 and GST compensation for the full period June-November'20 is pending of all States. Detail of provisional GST compensation due for Financial Year 2020-21 (April-November) is as per **Annexure**.

(c):- In order to meet the shortfall in GST compensation to be paid to States, under the special window, ₹ 1.1 lakh crore will be borrowed by Government of India in appropriate tranches. The amount so borrowed will be passed on to 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 instalments of Rs. 6000 crore each to the States. All States have decided to take benefit of this assistance to tide over the temporary resource gap.

(d):- Out of additional borrowing of 2 percent of GSDP allowed to States during 2020-21, permission of 0.50 percent of GSDP amounting to Rs. 1,06,830 crore was issued to the States immediately for raising open market borrowing (OMB) during 2020-21. Further, additional borrowing of 0.50% of GSDP was issued to States opting for option 1 of borrowing for meeting the shortfall arising on account of GST implementation. All States have already favoured Option-1 and additional borrowing permission of Rs. 1,06,830 crore has been granted.

Remaining 1 percent of the borrowing was linked to reform in citizen centric areas. Till 26.01.2020, 14 States have carried out at least one of the four stipulated reforms and have been granted reform linked borrowing permissions. Out of these, 11 States have been allowed additional borrowing for implementation of One Nation One Ration Card System, 8 States for implementation of ease of doing business reforms, 5 States for implementation of local body reforms and 1 State for implementation of Direct Benefit Scheme to farmers under power sector reforms. Total reform linked additional borrowing permission issued till 26.01.2021 to the States stands at Rs. 65,493 crore.

Details of GST Compensation pending to be released to States/UTs

(Rs. in crore)

S.No	Name of State/UT	Provisional GST Compensation due for FY 2020-21 (Apr-Nov)
(1)	(2)	(3)
1	Andhra Pradesh	5269
2	Arunachal Pradesh	0
3	Assam	2413
4	Bihar	5724
5	Chhattisgarh	4312
6	Delhi	10950
7	Goa	1621
8	Gujarat	17094
9	Haryana	6953
10	Himachal Pradesh	2231
11	J & K	2751
12	Jharkhand	3242
13	Karnataka	19504
14	Kerala	9497
15	Madhya Pradesh	7589
16	Maharashtra	31892
17	Manipur	0
18	Meghalaya	316
19	Mizoram	0
20	Nagaland	0
21	Odisha	5329
22	Puducherry	886
23	Punjab	10747
24	Rajasthan	8066
25	Sikkim	48
26	Tamil Nadu	15475
27	Telangana	6017
28	Tripura	334
29	Uttar Pradesh	15220
30	Uttarakhand	3356
31	West Bengal	9625
	Total	206461