

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UN-STARRED QUESTION NO-2278
ANSWERED ON- 16/03/2021

ADDITIONAL BORROWING TO COVER GST COMPENSATION

2278. SHRI SUSHIL KUMAR GUPTA:

Will the Minister of FINANCE be pleased to state:-

- (a) whether Government has any plan to borrow an additional amount on account of GST compensation and pass it on to all the States;
- (b) whether Government has any plan to call a GST Council meeting in this regard; and
- (c) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) to (c):- In the wake of COVID-19 pandemic the GST collection as well GST compensation cess collection declined sharply in FY 2020-21, due to which GST compensation requirement to all States increased. Such increase in the GST compensation requirement of States/ UTs could not be met from the GST Compensation Fund due to short cess collection as GST Compensation Fund was not adequate to meet GST compensation for FY 2020-21. Accordingly, the GST compensation for part period April-May, 2020 and for full period June'20–January'21 is pending to all States/ UTs. The issue of pending GST compensation and future course of action was discussed in 41st GST Council meeting on 27.08.2020 in the light of the opinion given by Ld. Attorney General of India.

As per deliberation in 42nd GST Council meeting, Central Government has decided to borrow to meet the shortfall in GST compensation to be paid to States using a special window. 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 ₹ 1,06,104 crores to the States till 08.03.2021 as per **Annexure**. All States have decided to take benefit of this assistance to tide over the temporary resource gap. In addition, depending on the amount available in the Compensation Fund, Centre has also been releasing the regular GST compensation to States to make up for GST revenue shortfall.

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

(Amount ₹ in Crore)

Name of State/UT	Amount released under Special borrowing scheme (as on 08.03.2021)
Andhra Pradesh	2307
Arunachal Pradesh	0
Assam	992
Bihar	3898
Chhattisgarh	2655
Goa	838
Gujarat	9204
Haryana	4344
Himachal Pradesh	1714
Jharkhand	1442
Karnataka	12383
Kerala	4923
Madhya Pradesh	4533
Maharashtra	11954
Manipur	0
Meghalaya	112
Mizoram	0
Nagaland	0
Odisha	3815
Punjab	7138
Rajasthan	4249
Sikkim	0
Tamil Nadu	6229
Telangana	2197
Tripura	226
Uttar Pradesh	5995
Uttarakhand	2312
West Bengal	3784
UT of Delhi	5854
UT of J&K	2268
UT of Puducherry	741
Total	106104