

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UN-STARRED QUESTION NO-3106
ANSWERED ON- 23/03/2021

OUTSTANDING GST AMOUNT TO MADHYA PRADESH

3106. SHRI KAILASH SONI:

Will the Minister of FINANCE be pleased to state:-

- (a) whether GST amount of the State of Madhya Pradesh amounting ₹ 2310 crore is outstanding;
- (b) if so, the reasons therefor; and
- (c) by when said outstanding GST amount would be paid to the Government of Madhya Pradesh?

ANSWER

THE MINISTER OF STATE IN MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) to (c):- As per provisions in Goods and Service Tax (Compensation) Act, 2017, 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 ₹ 1585 crore has been released to Madhya Pradesh to partly meet 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. However, part GST Compensation dues for the bi-monthly period April-May, 2020 and full GST Compensation for June'20-January'21 of Rs. 8047 crore is pending to the State of Madhya Pradesh along with other 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, ₹ 1.1 lakh crore has been borrowed by Government of India in appropriate tranches using a special window. The amount so borrowed has been 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 ₹4,542 crore to the State of Madhya Pradesh. 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. 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.