

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
**RAJYA SABHA**  
**UN-STARRED QUESTION NO- 1811**  
ANSWERED ON-14/12/2021

**COLLECTION OF GST AND PAYMENT OF GST COMPENSATION**

1811 SHRI P. WILSON:

Will the Minister of FINANCE be pleased to state:

- (a) whether GST compensation due to Tamil Nadu for financial year 2020-21 has been paid;
- (b) GST collection from Tamil Nadu for years 2017 to 2021 and the GST compensation for the same;
- (c) whether the request of Government of Tamil Nadu to merge levy of cess and surcharges with the basic rate of tax has been examined so that States receive their legitimate share of revenue while apportioning GST compensation;
- (d) whether Government levies interest on the borrowings by State Government in lieu of release of shortfall in GST compensation for years 2017-2021; and
- (e) if so, details thereof and, if not, reasons therefor?

**ANSWER**

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

(a) to (b): As per provisions in Goods and Services Tax (Compensation to States) Act, 2017, GST compensation for financial years 2017-18, 2018-19 and 2019-20 has already been paid to all States including Tamil Nadu. However, 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 ₹ 9,845 crore has been released to Tamil Nadu 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 issue of shortfall of cess collection into Compensation Fund and GST compensation to States/UTs due to economic impact of the pandemic has been deliberated in 41st, 42nd & 43rd GST council meetings. As per the decision of GST Council, ₹ 1.1 lakh crore for FY 2020-21 & ₹ 1.59 lakh crore for FY 2021-22 has been released to States/ UTs as back to back loan to meet the resource gap of the States/UTs due to shortfall in GST compensation. This arrangement has been finalized after detailed deliberations with the States and all States have opted for this arrangement. The quantum of funds released to Tamil Nadu as back to back loan was ₹ 6,241 crore for FY 2020-21 and ₹ 8,095 crore for FY 2021-22. Release of this amount has been front loaded during the financial year to enable States/UTs to undertake capital expenditure. 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. Centre is committed to release full GST Compensation to the States/UTs 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. The gross GST collected from domestic supplies from the State of Tamil Nadu since inception is Rs. 3,14,893 crore. Total compensation released so far to Tamil Nadu from the Compensation Fund is Rs. 28,531 and back to back loan released is Rs. 14,336 crore.

(c) Calculation and payment of GST compensation to States does not depend on cesses and surcharges levied by the Centre or their merger with the basic rate of tax.

(d) & (e): The shortfall arising out of GST implementation was borrowed through issue of debt under Special Window coordinated by Ministry of Finance during the year 2020-21 and 2021-22. The interest on the