

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
STARRED QUESTION NO-20
ANSWERED ON-30/11/2021

GST COMPENSATION AFTER 2022

20. DR. V. SIVADASAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government is aware of the fact that the projected growth rate of revenue subsumed for the States during the transition date, which is 14%, is not attained by any State;
- (b) if so, whether Government intends to provide the GST compensation after 2022; and
- (c) if not the reasons therefor?

ANSWER

THE MINISTER OF FINANCE
(MS. NIRMALA SITHARAMAN)

(a) to (c): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO RAJYA SABHA STARRED QUESTION NO. 20 FOR
ANSWER ON 30TH NOVEMBER, 2021**

(a) to (c): As per Section 18 of the Constitution (One Hundred and First Amendment) Act, 2016, Parliament shall, by law, on the recommendation of the Goods and Services Tax Council, provide for compensation to the States for loss of revenue arising on account of implementation of the goods and services tax for a period of five years from the date of implementation of GST. During transition period, the States' revenue is protected at 14% per annum over the base year revenue of 2015-16. Central Government is committed for GST compensation to States/UTs for 5 years as per the Constitutional provision.

भारत सरकार
वित्त मंत्रालय
राजस्व विभाग

राज्य सभा
तारांकित प्रश्न सं. *20
दिनांक 30.11.2021 को उत्तर दिया जाना है

वर्ष 2022 के पश्चात जीएसटी प्रतिपूर्ति

***20. डा. वी. शिवादासन:**

क्या वित्त मंत्री यह बताने की कृपा करेंगे कि:

- (क) क्या सरकार को इस बात की जानकारी है कि अनेक राज्य संक्रमण अवधि के दौरान राज्यों के लिए निर्धारित की गयी 14 प्रतिशत की अनुमानित राजस्व वृद्धि दर को प्राप्त नहीं कर पाए हैं;
- (ख) यदि हां, तो क्या सरकार वर्ष 2022 के पश्चात जीएसटी प्रतिपूर्ति प्रदान करने की मंशा रखती है; और
- (घ) यदि नहीं, तो इसके क्या कारण हैं?

उत्तर

वित्त मंत्री
(श्रीमती निर्मला सीतारमण)

(क) से (ग): विवरण सदन के पटल पर रख दिया गया है।

राज्य सभा में दिनांक 30 नवंबर, 2021 को पूछे गए तारांकित प्रश्न सं. 20 के उत्तर में उल्लिखित विवरण

(क) से (ग): संविधान (एक सौ एक वां संशोधन) अधिनियम, 2016 की धारा 18 के अनुसार, माल और सेवा कर परिषद की सिफारिश पर संसद कानून द्वारा माल और सेवा कर के लागू होने के परिणामस्वरूप होने वाली राजस्व हानि के लिए राज्यों को जीएसटी के लागू होने की तारीख से पांच वर्ष की अवधि के लिए क्षतिपूर्ति प्रदान करेगी। संक्रमण काल के दौरान राज्यों का राजस्व 2015-16 के आधार वर्ष राजस्व पर प्रति वर्ष 14 प्रतिशत पर संरक्षित है। संवैधानिक प्रावधान के अनुसार केंद्र सरकार राज्यों/संघ राज्य क्षेत्रों को 5 वर्ष के लिए जीएसटी क्षतिपूर्ति के लिए प्रतिबद्ध है।

MR. DEPUTY CHAIRMAN: Dr. V. Sivadasan, not present. Any supplementary?

SHRI V. VIJAYASAI REDDY: Sir, the National Institute of Public Finance and Policy has recommended that four key slab rate system of 5 per cent, 12 per cent, 18 per cent and 28 per cent can smoothly be replaced with three-tier slab system of 8 per cent, 15 per cent and 30 per cent without causing any loss of revenue to the exchequer.

I would like to know from the hon. Finance Minister details of steps being taken, whether such a proposal is accepted and is it advisable to accept such a proposal. I would also like to know what the Ministry is being contemplating on this.

SHRIMATI NIRMALA SITHARAMAN: Sir, hon. Member has asked a very pertinent question as regards the GST rates. Although we are talking about compensation in this question, I take this opportunity to inform the hon. Member, Shri Vijayasai Reddy, that the GST Council, probably, a year-and-a-half ago, cursorily — it did not go into the depth — talked about the need for rate rationalization-related discussions. So, three rates, four-rates-to-two, four-rates-to-one and all that were cursorily mentioned that at some point in time we need to talk about it, because, when the GST was brought in, very many factors determined as to why we wanted to have four slabs and so on. The revenue-neutrality principle also required and we have four rates. But, time has, probably, come or the GST Council also felt that this has to be taken up in some point in time. The revenue-neutrality has been upset in some ways. But, at the same time, if you are talking of one-tax-one-nation, are four slabs required or should there be one rate? This has been a question which I would presume of the pandemic, the second wave, issues of compensation, requirement for borrowings and several such factors have, probably, played in the minds of the Council. I am not speaking for it. But, I am giving you a sense of what prevailed in the Council. We have been attending to these meetings. Probably, the very required in detail debate on rate rationalization has not come up. That is where we are at the moment.

MR. DEPUTY CHAIRMAN: Q No. 21.