#### GOVERNMENT OF INDA MINISTRY OF FINANCE DEPARTMENT OF REVENUE

# RAJYA SABHA UNSTARRED QUESTION NO. 1513 ANSWERED ON-20/12/2022 GST COMPENSATION DUE TO STATES

#### 1513. SHRI ELAMARAM KAREEM:

Will the Minister of FINANCE be pleased to state:-

- (a) the details on the GST Compensation Fund due to be disbursed to States;
- (b) whether Government has received requests from the State Governments to continue the GST Compensation for some more years;
- (c) whether Government will reinstate the GST Compensation in light of these requests;
- (d) whether Government is having any statistics on the revenue loss happened for each State after the roll out of GST; and
- (e) upto what extent the GST Compensation given to States could make up for this loss?

#### **ANSWER**

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

(a) to (e):- For the purpose of payment of compensation to States for any loss of revenue arising on account of implementation of GST for five years, a GST Compensation Cess is levied on select items under Section 8 of the GST (Compensation to States) Act, 2017. This is transferred into a non-lapsable Fund known as GST Compensation Fund which forms part of the Public Account of India as provided in Section 10(1) of the Act. The loss on account of introduction of GST is calculated as per Section 7 of the Act and is fully paid out of the GST Compensation Fund as per section 10(2) of the Act.

As per provisions of GST (Compensation to States) Act, 2017 and taking into account ₹ 1.10 lakh crore for FY 2020-21 and ₹ 1.59 lakh crore for FY 2021-22 released to States/UTs as back to back loan in lieu of GST compensation, entire GST compensation dues of States/UTs has been cleared by Central Government for period up to 31.05.2022. This decision was taken despite the fact that only about ₹ 25,000 crore was available in the GST Compensation Fund. The balance around Rs. 62,000 crore was released by the Centre from its own resources pending collection of Cess. On the same line, Centre has also released ₹ 17,000 crore to States on 24.11.2022 from Consolidated Fund of India against the pending GST compensation for the period April-June'2022 despite the short compensation cess collection into compensation Fund to assist the States in managing their resources. Detail of provisional GST compensation pending to States for April-June, 2022 is as per **Annexure**. In addition, the difference between final compensation for every year based on the figures as audited by the Comptroller and Auditor General of India and the provisional compensation is being released as and when the audited figures are available for a State.

A few States have requested for extension of payment of GST compensation beyond transition period of five years. In this regard, it is stated that 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. Accordingly, GST (Compensation to States) Act, 2017 had been enacted by Parliament. Central Government is committed for payment of GST compensation to States/UTs for five years as per Constitutional provisions.

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## Details of provisional GST compensation pending for June, 2022

(in Rs. Crore)

S. No.	Name of State/UT	Balance GST compensation yet to be released
(1)	(2)	(3)
1	Andhra Pradesh	689.2055
2	Arunachal Pradesh	0
3	Assam	193.9656
4	Bihar	92.3032
5	Chhattisgarh	504.9503
6	Delhi	1212.0003
7	Goa	120.4704
8	Gujarat	864.6152
9	Haryana	628.6757
10	Himachal Pradesh	228.8095
11	J&K	210.14
12	Jharkhand	341.5775
13	Karnataka	1934.4522
14	Kerala	780.4916
15	Madhya Pradesh	729.6476
16	Maharashtra	2102.3998
17	Manipur	0
18	Meghalaya	0
19	Mizoram	0
20	Nagaland	0
21	Odisha	528.9562
22	Puducherry	73.4535
23	Punjab	994.5742
24	Rajasthan	814.8078
25	Sikkim	0
26	Tamil Nadu	1200.6148
27	Telangana	547.9005
28	Tripura	0
29	Uttar Pradesh	1214.7292
30	Uttarakhand	345.078
31	West Bengal	822.6071
	Total	17176.4257