

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UN-STARRED QUESTION NO-61
ANSWERED ON- 02/02/2021

GST dues to State Governments

61. SHRI SANJAY SINGH

Will the Minister of FINANCE be pleased to state:-

- (a) whether it is a fact that Government has expressed its inability to pay GST dues to the State Governments including Delhi;
- (b) whether Government has asked the State Governments to explore some other option to fulfill their financial needs, at the time when the State Governments are suffering due to COVID-19 pandemic; and
- (c) if so, the details thereof and the reasons therefor?

ANSWER

THE MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) to (c):- As per Section 7 of the GST (Compensation to States) Act, 2017, the States are required to be compensated for loss of revenue due to implementation of GST from the proceeds of the GST Compensation Cess being levied on certain luxury items and demerit goods under Section 8 of the said Act. As per provisions in section 10(1) of GST (Compensation to States) Act, 2017, GST Compensation Cess has been credited into a non-lapsable Fund known as GST Compensation Fund in Public Account of India. Section 10(2) of the said Act, 2017 provides that payment of GST compensation shall be made out of Compensation Fund. Accordingly, GST compensation for financial years 2017-18, 2018-19 and 2019-20 has already been paid to the states. Further, GST compensation of Rs. 40,000 crore has been released to the states to meet partly the bi-monthly compensation due for April & May, 2020 as GST Compensation Fund was not adequate to meet the full compensation for period April-May, 2020. Therefore, the balance GST compensation for the period April-May'20 and GST compensation for the full period June-November'20 is pending of all States.

In order to meet the shortfall in GST compensation to be paid to States, 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 a back-to-back loan 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 thirteen instalments of Rs. 6000 crore each to the States. All States have decided to take benefit of this assistance to tide over the temporary resource gap.