

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
STARRED QUESTION NO-22

TO BE ANSWERED ON MONDAY, THE 05TH FEBRUARY, 2024, MAGHA 16, 1945 (SAKA)

FINANCIAL STABILITY OF STATES

22. SHRI P. V. MIDHUN REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government is considering any additional measures to support the financial stability of States like Andhra Pradesh that rely heavily on GST revenue in view of the recent slowdown in GST revenue growth;
- (b) if so, the details thereof;
- (c) the steps taken/being taken to ensure timely release of GST compensation payments to States particularly with the phasing out of the compensation scheme in June 2026;
- (d) whether the Union Government is open to revisiting the GST compensation formula to better address the concerns of States with lower-than average economic growth rates; and
- (e) if so, the details thereof?

ANSWER

THE MINISTER OF FINANCE
(MS. NIRMALA SITHARAMAN)

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

STATEMENT REFERRED IN REPLY TO LOK SABHA STARRED QUESTION NO. 22
FOR ANSWER ON 05TH FEBRUARY, 2024, MAGHA 16, 1945 (SAKA)

(a) & (b):- GST revenue has been steadily growing and has shown robust growth. In the first 10 months of the current fiscal year, GST collections have grown at 11.6% y-o-y. Average monthly collections in this year has been Rs.1.67 lakh crore. GST collections of Rs.1.74 lakh crore in the month of January 2024 is the second highest monthly collection ever.

States' revenues consist of State's own tax revenue from VAT, excise duty, stamp duty, etc in addition to GST revenues, share in other Central taxes and non-tax revenue.

As decided by the GST Council, States have been provided a total compensation of ₹ 9.14 lakh crores (including ₹2.69 lakh crores as back-to-back loans) as compensation for protecting their tax revenues post implementation of GST for the entire transition period of five years i.e., from 1st July,2017 to 30th June, 2022.

For the State of Andhra Pradesh, total compensation of ₹ 19,021 crore was provided for protecting the State's tax revenues for five years (July 2017 to June 2022) post implementation of GST.

In addition to funds made available under Centrally sponsored schemes, the Central Government has from time to time provided other grant-in aids, apart from interest-free fifty-year loan, to the State of Andhra Pradesh.

(c):- As provided under applicable law, GST compensation payable to a State is provisionally calculated and released at the end of every two months period, and shall be finally calculated for every financial year after the receipt of final revenue figures, as audited by the Comptroller and Auditor General of India. Government of India has already released the entire amount of provisionally admissible GST compensation to all States/UTs for the entire transition period of five years i.e., from 1st July,2017 to 30th June, 2022. Final Compensation arising out of reconciliation of provisional figures with audited figures is released on receipt of AG's certificate. No amount other than the final compensation due to be paid on receipt of AG's certificate is pending for release to the States/UTs.

(d) & (e):- GST Compensation is paid to the States as per the mandate of the Constitution (One Hundred and First Amendment) Act, 2016 and as per method prescribed under Goods and Services Tax (Compensation to States) Act, 2017 and the Rules made thereunder. Further, as per Article 279A of the Constitution of India, the GST Council, a constitutional body makes recommendations to the Union and the States on issues related to GST. Government of India takes decision based on the recommendations of GST Council in which all the States are also members.
