

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2882

ANSWERED ON:13.03.2015

CST COMPENSATION

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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has released the compensation to the States for loss of Central Sales Tax (CST) revenue;
- (b) if so, the amount claimed, compensation paid and amount outstanding during the fiscal years 2007-08 to 2014-15, State-wise including Tamil Nadu, Rajasthan, Gujarat and Chhattisgarh;
- (c) the time by which the outstanding amount is likely to be disbursed;
- (d) whether the Government compensates the States in accordance with the guidelines issued by the Empowered Committee, if so, the details thereof and if not, the reasons therefor;
- (e) whether the claim of CST compensation has been reduced to those States which have raised the rate of VAT from 4% to 5%, if so, the details thereof; and
- (f) whether any representations from the States have been received for making provision for additional funds besides CST compensation, if so, the details thereof and the steps taken by the Government in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) Yes Madam.

(b) to (e) :

1. The States have been paid full Central Sales Tax (CST) compensation as per the CST guidelines dated 22.08.2008 for the year 2007-08 to 2009-10. The States have also been paid CST compensation for the year 2010-11 after taking into account the revenue gain to the States due to increase in VAT rate from 4% to 5%. A total of Rs. 32800.93 crore has been paid to the States towards CST Compensation for the year 2007-08 to 2010-11 as per details given at Annexure-I and Annexure II.

2. Further, pending implementation of Goods and Service Tax, the Empowered Committee of State Finance Ministers in its meeting held at Bhuvaneswar on 29th January, 2013 had recommended for payment of 100% Central Sales Tax Compensation for 2010-11, 75% Central Sales Tax compensation for 2011-12 and 50% Central Sales Tax compensation for 2012-13 as per the guidelines dated 22.08.2008 and the same has been agreed to in principle by the Central Government. Amount of Central Sales Tax Compensation for these three Financial Years is proposed to be released, in phases, in the Financial Years 2014-15, 2015-16 and 2016-17.

(f) No Madam.