

100 percent of the estimated GST compensation shortfall of Rs.1.10 Lakh crore released

20th Instalment of Rs. 4,104 crore released to the States on Monday, 15th March, 2021

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The Ministry of Finance, Department of Expenditure has released the final weekly instalment of Rs.4,104 crore to the States to meet the GST compensation shortfall. Out of this, an amount of Rs.4,086.97 crore has been released to 23 States and an amount of Rs.17.03 crore has been released to the 3 UTs with Legislative Assembly.

With the current release, 100 percent of the total estimated GST compensation shortfall of Rs.1.10 lakh crore for the year 2020-21 has now been released to the States & UTs with Legislative Assembly. Out of this, an amount of Rs.101,329 crore has been released to the States and an amount of Rs.8,879 crore has been released to the 3 UTs with Legislative Assembly.

The Government of India had set up a special borrowing window in October, 2020 to meet the estimated shortfall of Rs.1.10 Lakh crore in revenue arising on account of implementation of GST. The borrowings are being done through this window by the Government of India on behalf of the States and UTs. Starting from 23rd October, 2020, the borrowings were completed in 20 weekly instalments.

Under the special window, the Government of India has been borrowing in Government Stock with tenure of 3 years and 5 years. The borrowings made under each tenure are equally divided among all the States as per their GST compensation shortfall. With the current release, the proportionate pending GST shortfall with respect to borrowing under both 5 years tenure and 3 year tenure has been concluded for 23 States and 3 UTs with legislature. Remaining 5 States doesn't have any GST compensation shortfall.

The amount released this week was the 20th instalment of such funds provided to the States. The amount has been borrowed this week at an interest rate of 4.9288%. The total amount of Rs.1,10,208 crore has been borrowed by the Central Government through the special borrowing window at an weighted average interest rate of 4.8473%.

In addition to providing funds through the special borrowing window to meet the shortfall in revenue on account of GST implementation, the Government of India has also granted additional borrowing permission equivalent to 0.50 % of Gross States Domestic Product (GSDP) to the states choosing Option-I to meet GST compensation shortfall to help them in mobilising additional financial resources. All the States have given their preference for Option-I. Permission for borrowing the entire additional amount of Rs.1,06,830 crore (0.50 % of GSDP) has been granted to 28 States under this provision.

The amount of additional borrowing permission granted to 28 States and the amount of funds raised through special window and released to the States and Union Territories so far is annexed.

State wise additional borrowing of 0.50 percent of GSDP allowed and amount of funds raised through special window passed on to the States/UTs till 15.03.2021

(Rs. in Crore)

S. No.	Name of State / UT	Additional borrowing of 0.50 percent allowed to States	Amount of fund raised through special window passed on to the States/ UTs
1	Andhra Pradesh	5051	2311.00
2	Arunachal Pradesh*	143	0.00
3	Assam	1869	994.00
4	Bihar	3231	3905.00
5	Chhattisgarh	1792	3109.00
6	Goa	446	840.00
7	Gujarat	8704	9222.00
8	Haryana	4293	4352.00
9	Himachal Pradesh	877	1717.00
10	Jharkhand	1765	1689.00
11	Karnataka	9018	12407.00
12	Kerala	4,522	5766.00
13	Madhya Pradesh	4746	4542.00
14	Maharashtra	15394	11977.00
15	Manipur*	151	0.00
16	Meghalaya	194	112.00
17	Mizoram*	132	0.00
18	Nagaland*	157	0.00
19	Odisha	2858	3822.00
20	Punjab	3033	8359.00
21	Rajasthan	5462	4604.00
22	Sikkim*	156	0.00
23	Tamil Nadu	9627	6241.00
24	Telangana	5017	2380.00
25	Tripura	297	226.00
26	Uttar Pradesh	9703	6007.00
27	Uttarakhand	1405	2316.00
28	West Bengal	6787	4431.00
	Total (A):	106830	101329.00
1	Delhi	Not applicable	5865.00
2	Jammu & Kashmir	Not applicable	2272.00
3	Puducherry	Not applicable	742.00
	Total (B):	Not applicable	8879.00
	Grand Total (A+B)	106830	110208.00

* These States have 'NIL' GST compensation gap

RM/KMN

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