

# Government of India releases 40,000 crore to States/ UTs with Legislature in-lieu of GST compensation shortfall

## Total amount of 1,15,000 crore released in current year to meet GST compensation shortfall

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The Ministry of Finance today released an amount of 40,000 crore to the States and UTs with Legislature under the back-to-back loan facility to meet the shortfall in GST Compensation. Earlier on 15<sup>th</sup> July, 2021 an amount of 75,000 crore was released to the States & UTs with legislature. With the current release, the total amount released in the current financial year as back to back loan in-lieu of GST compensation has reached to 1,15,000 crore. This release is in addition to normal GST compensation being released every 2 months out of actual cess collection.

Subsequent to the 43<sup>rd</sup> GST Council Meeting held on 28.05.2021, it has been decided by the Central Government that it would borrow 1.59 lakh crore in 2021-22 and release it to States and UTs with Legislature on a back-to-back basis to meet the resource gap due to the short release of Compensation on account of inadequate amount collected in the Compensation Fund. This amount is as per the principles adopted for a similar facility in FY 2020-21, where an amount of 1.10 lakh crore was released to States under a similar arrangement.

This amount of 1.59 lakh crore to be provided to States as back to back loan would be over and above the compensation in excess of 1 lakh crore (based on cess collection) that is estimated to be released to States/UTs with Legislature during the current financial year. The sum total of 2.59 lakh crore is expected to exceed the amount of GST compensation accruing in FY 2021-22.

All eligible States and UTs (with Legislature) have agreed to the arrangements of funding of the compensation shortfall under the back-to-back loan facility. For effective response and management of COVID-19 pandemic and a step-up in capital expenditure all States and UTs have a very important role to play. For assisting the States/UTs in their endeavour, Ministry of Finance has frontloaded the release of assistance under the back-to-back loan facility during FY 2021-22 of 1,15,000 crore (more than 72 percent of the total estimated shortfall for the entire year). The balance amount will be released in due course.

The release of 40,000 crore made today is funded from borrowings of Gol in 5-year securities, totalling 23,500 crores and 2-year securities for 16,500 crore issued in the current financial year, at a Weighted Average Yield of 5.69 and 4.16 percent per annum respectively. No additional market borrowing by the Central Government is envisaged on account of this release.

It is expected that this release will help the States/UTs in planning their public expenditure among other things, for improving, health infrastructure and taking up infrastructure projects.

**State/ UTs wise amount released as “Back to Back Loan in lieu of GST Compensation Shortfall” on 07.10.2021**

**(Rs. in Crore)**

Sl. No.	Name of the State/ UTs	GST Compensation shortfall released		
		5 year tenor	2 year tenor	Total
1.	Andhra Pradesh	483.61	339.56	823.17
2.	Assam	262.20	184.10	446.30
3.	Bihar	1,007.42	707.34	1,714.76
4.	Chhattisgarh	733.84	515.25	1249.09
5.	Goa	125.19	87.90	213.09
6.	Gujarat	1,927.34	1,353.24	3,280.58
7.	Haryana	1,092.85	767.32	1,860.17
8.	Himachal Pradesh	398.33	279.68	678.01
9.	Jharkhand	367.14	257.78	624.92
10.	Karnataka	2,676.56	1,879.28	4,555.84
11.	Kerala	1,291.65	906.90	2,198.55
12.	Madhya Pradesh	1,036.24	727.57	1,763.81
13.	Maharashtra	2,037.01	1,430.24	3,467.25
14.	Meghalaya	20.84	14.63	35.47
15.	Odisha	950.37	667.28	1617.65
16.	Punjab	1,793.14	1,259.01	3,052.15
17.	Rajasthan	1,074.23	754.25	1,828.48
18.	Tamil Nadu	1,196.46	840.07	2,036.53
19.	Telangana	675.31	474.15	1149.46
20.	Tripura	59.27	41.61	100.88
21.	Uttar Pradesh	1,203.11	844.74	2,047.85
22.	Uttarakhand	492.63	345.89	838.52
23.	West Bengal	949.63	666.76	1616.39
24.	UT of Delhi	915.34	642.69	1558.03
25.	UT of Jammu & Kashmir	568.30	399.02	967.32
26.	UT of Puducherry	161.99	113.74	275.73
<b>Total:</b>		<b>23,500.00</b>	<b>16,500.00</b>	<b>40,000.00</b>

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RM/KMN

(Release ID: 1761749)

