

Chhattisgarh goes for Option-1 to meet GST implementation shortfall

By TIOL News Service

NEW DELHI, DEC 03, 2020: THE

government of Chhattisgarh became the 27 th state to communicate its acceptance of Option-1 to meet the revenue shortfall arising out of GST implementation, the Ministry of Finance (MoF) said today. Jharkhand now remains the only state that has yet to take any option for meeting the GST compensation shortfall.

"On receipt of the choice of Option-1 from Chhattisgarh, the Government of India has granted additional borrowing permission of Rs 1,792 crore, 0.5% of Chhattisgarh's gross state domestic product (GSDP)," the ministry said.

Under the terms of Option-1, besides getting the facility of a special window for borrowings to meet the shortfall arising out of GST implementation, the states are also entitled to get unconditional permission to borrow the final instalment of 0.5% of Gross State Domestic Product (GSDP) out of the 2% additional borrowings permitted under the Atmanirbhar Abhiyaan.

The 27 states and all three union territories with legislative assemblies, who choose Option-1, are getting the amount of shortfall arising out of GST implementation through a special borrowing window put in place by the government of India.

The window has been operationalised since 23 October 2020 and the government has already borrowed an amount of Rs 30,000 crore on behalf of the states and released it in tranches.