

Centre releases 13th instalment of Rs 6,000Cr to meet GST shortfall

By TIOL News Service

NEW DELHI, JAN 25, 2021: THE Ministry of Finance today released the 13th instalment of Rs. 6,000 crore to the States to meet the Goods and Services Tax (GST) compensation shortfall, taking the total funds released to Rs. 78,000 crore.

The Centre 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 GST implementation.

Thirteen rounds of borrowings have been completed so far starting from October 23, 2020, with the Department of Expenditure under the ministry releasing the thirteenth weekly instalment of Rs. 6,000 crore today.

"Out of this, an amount of Rs. 5,516.60 crore has been released to 23 States and an amount of Rs. 483.40 crore has been released to the three Union Territories (UT) with Legislative Assembly (Delhi, Jammu and Kashmir, and Puducherry) who are members of the GST Council," the Finance Ministry said.

The remaining five States, Arunachal Pradesh, Manipur, Mizoram, Nagaland and Sikkim do not have a gap in revenue on account of GST implementation, it added.

Till now, 70 per cent of the total estimated GST compensation shortfall has been released with Rs. 71,099.56 crore for States and an amount of Rs. 6,900.44 crore to the UTs.

"The amount has been borrowed this week at an interest rate of 5.3083 per cent. So far, an amount of Rs. 78,000 crore has been borrowed by the Central government through the special borrowing window at an average interest rate of 4.7491 per cent," it said.

In addition to providing funds through the special borrowing window to meet the revenue shortfall due to GST implementation, the government also granted additional borrowing permission equivalent to 0.5 per cent of the Gross States Domestic Product (GSDP) to the States to help them in mobilising additional financial resources.

Permission for borrowing the entire additional amount of Rs. 1,06,830 has been granted to 28 States under this provision, the statement said.