

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
**LOK SABHA**  
**STARRED QUESTION NO-44**  
**TO BE ANSWERED ON MONDAY, THE 6<sup>TH</sup> FEBRUARY, 2023**

**GST COMPENSATION TO ANDHRA PRADESH**

44. SHRI BALASHOWRY VALLABHANENI:

Will the Minister of FINANCE be pleased to state:

(a) whether nearly Rs. 690 crore GST compensation due is yet to be released by the Government to the State of Andhra Pradesh and if so, the details thereof and the time by which the said compensation amount is likely to be released by the Government;

(b) whether almost all States have reportedly demanded for extending the period of GST compensation for five more years and if so, the details thereof and the reaction of the Government thereto; and

(c) whether the issue of extension of GST compensation period has been placed before the GST Council and if so, the details thereof and the response of the GST Council thereto?

**ANSWER**

THE MINISTER OF FINANCE  
(MS. NIRMALA SITHARAMAN)

(a) to (c): A statement is laid on the Table of the House.

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**STATEMENT REFERRED IN REPLY TO LOK SABHA STARRED QUESTION**  
**NO. 44 FOR ANSWER ON 6<sup>TH</sup> FEBRUARY, 2023**

(a):- As per provision of GST (Compensation to States) Act, 2017 and taking into account ₹ 1.10 lakh crore for FY 2020-21 and ₹ 1.59 lakh crore for FY 2021-22 released to States/UTs as back to back loan in lieu of GST compensation, entire GST compensation dues of States/UTs including State of Andhra Pradesh has been cleared by Central Government for the period up to 31.05.2022. During 2022-23, Central Government decided to release full compensation up to 31.05.2022 despite insufficient amount in the Compensation Fund, by meeting the required balance from its own resources to the extent of ₹ 62,000 crore in May 2022 and ₹ 17,000 crore again in November 2022, to assist the States in managing their resources. Taking into account back to back loan of ₹ 2311 crore in FY 2020-21 and ₹ 3272 crore in FY 2021-22 released to Andhra Pradesh in lieu of GST compensation and release of bimonthly GST compensation from July, 2017 to June, 2022, only ₹ 689 crore is pending to Andhra Pradesh toward GST compensation for the period April-June, 2022. This pending amount would be released from the compensation Fund wherein monthly cess collection is being transferred and credited.

(b) & (c):- A few States have requested for extension of payment of GST compensation beyond transition period of five years. As per section 18 of the Constitution (One Hundred and First Amendment) Act, 2016, compensation to the States for loss of revenue arising on account of implementation of the goods and services tax **for a period of five years** can be provided by a law made by Parliament. Central Government is committed for payment of GST compensation to States/UTs for five years as per law enacted by the Parliament according to the Constitutional provision.

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