

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO-1892
TO BE ANSWERED ON MONDAY, THE 13TH MARCH, 2023

GST COMPENSATION TO KERALA

1892. SHRI M.K. RAGHAVAN:

Will the Minister of FINANCE be pleased to state:

(a) whether there is any pending amount under GST compensation to the State of Kerala since the inception of GST and if so, the details of complete amount related to the State since implementation of GST;

(b) whether there is any shortfall in the revenues of Kerala due to the implementation of GST and if so, the details thereof;

(c) whether GST revenue neutrality has been maintained as a result of the implementation of GST in Kerala and if so, the details thereof;

(d) whether the Government has any data regarding the revenues generated for the State of Kerala from indirect taxes before and after the implementation of GST and if so, the details thereof; and

(e) whether the implementation of GST has reportedly caused shortage of revenue for the State of Kerala and if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (e):- Section 7(2) of Goods and Services Tax (Compensation to States) Act, 2017 provides that the compensation payable to a State shall be provisionally calculated and released at the end of every two months period, and shall be finally calculated for every financial year after the receipt of final revenue figures, as audited by the Comptroller and Auditor General of India. Accordingly, Government of India has already released the entire amount of provisionally admissible GST compensation to the States/UTs including Kerala for loss of revenue arising on account of implementation of Goods and Services Tax for five years i.e., from 1st July, 2017 to 30th June, 2022. However, due to non-furnishing of final revenue figures, as audited by the Comptroller and Auditor-General of India by the State, final adjustments could not be calculated and released/recovered to Kerala for the FY 2017-18 to FY 2021-22.

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. During transition period, the States' revenue is protected at 14% per annum over the base year revenue of 2015-16. The base year Revenue from taxes subsumed in GST in 2015-16 for the State of Kerala is Rs 16821.37 crore.

The Government, on the recommendations of the GST Council, has taken several measures to increase the tax base and improve the tax compliance. Monthly gross GST collection has shown great buoyancy in the current year. In the current financial year up to February 2023, the average monthly GST collection is Rs.1.49 lakh crore as compared to Rs.1.21 lakh crore for the same period last year which is 23% higher than the same period last year. GST revenues of Kerala are as follows:-

(Rs. in crore)

Year	GST Revenue
2017-18 (since 01/7/2017)	12,292
2018-19	21,119
2019-20	20,085
2020-21	19,277
2021-22	23,986
2022-23 (Till 28.02.2023)	26,852
