

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UN-STARRED QUESTION NO- 4319
ANSWERED ON-22/03/2021

RELEASE OF PENDING FUNDS TO PUNJAB

4319. SHRIMATI PRENEET KAUR:

Will the Minister of FINANCE be pleased to state:

- (a) the estimated time period within which the Government proposes to release the pending amount of Rs. 8,253 crore GST compensation to Punjab for the period of April, 2020 to January, 2021;
- (b) whether the Government proposes to make available the GST compensation on monthly basis and if so, the details thereof and if not, the reasons therefor;
- (c) whether the 15th Finance Commission in its final report for the period 2021-22 to 2025-26 has recommended certain sector-specific and state-specific grants for Punjab amounting to Rs. 3,442 crore and Rs. 1,545 crore respectively; and
- (d) if so, the estimated time period within which the funds will be made available to Punjab?

ANSWER

MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) to (b): As per provisions in Section 7 of the GST (Compensation to States) Act, 2017 loss of revenue to the States shall be calculated and released at the end of every two months' period, for 5 years. However, in the wake of COVID-19 pandemic the GST collection as well GST compensation cess collection declined sharply in FY 2020-21, due to which GST compensation requirement to all States/UTs increased. Such increase in the GST compensation requirement of States/ UTs during FY 2020-21 could not be met from the GST Compensation Fund, as the amount available in the GST Compensation Fund was not adequate. Accordingly, the GST compensation of ₹ 12,402 crore for part period April-May, 2020 and for full period June'20-January'21 is pending to the State of Punjab along with all other States/ UTs. In addition, in order to meet the shortfall in GST compensation to be paid to States, ₹ 1.1 lakh crore has been borrowed by Government of India in appropriate tranches using a special window. The amount so borrowed has been passed on to the States as loan on back-to-back basis to help the States to meet the resource gap due to non-release of compensation due to inadequate balance in the Compensation Fund. As per this decision, Central Government has released ₹8,359 crore to the State of Punjab. All States have decided to take benefit of this assistance to tide over the temporary resource gap. In addition, depending on the amount available in the Compensation Fund, Centre has also been releasing the regular GST compensation to States to make up for GST revenue shortfall. The States will be paid full GST Compensation as per GST (Compensation to States) Act, 2017 for the transition period by extending the levy of Compensation cess beyond 5 years to meet the GST revenue shortfall as well as servicing the loan borrowed through special window scheme.

(c) to (d): Yes, Sir. 15th Finance Commission has recommended ₹ 3,442 crore to Punjab for six specific- sectors. The details are as under: -

S/No.	Components	Amount recommended (₹ in crore)
1.	Health Sector	902.00
2.	PMGSY	230.00
3.	Statistics	43.00
4.	Judiciary	145.00
5.	Higher Education	156.00
6.	Agriculture Sector	1966.00
	Total	3442.00

According to Explanatory Memorandum placed in the Parliament during Budget 2021-22, the Government will give due consideration to Sectors identified by the Commission while formulating and implementing existing and new Centrally Sponsored and Central Sector Schemes.

Besides, the 15th Finance Commission has also recommended Rs.1545 crore as State Specific grants to Punjab during award period 2021-2026. The details are as under:-

S/No.	items	Amount recommended (₹ in crore)
1.	Remediation of Pollution of Sutlej river through Budha Nala	400.00
2.	Four new institutions of medical education and research at Mohali, Hoshiarpur, Shaheed Bhagat Singh Nagar and Fazilka	700.00
3.	Pilot project for installation of 15000 KW of rooftop solar power plants, Bhatinda	40.00
4.	Development of Bhatinda Fort	10.00
5.	Reduction in pollution caused by stubble burning by diversification of paddy to other crops	350.00
6.	Development of Partition Museum, Amritsar	10.00
7.	Development of Patiala Fort	13.00
8.	Jang-e-Azadi Memorial, Kartarpur, Jalandhar District	12.00
9.	Pushpa Gujral Science City, Kapurthala District	10.00
	Total	1545.00

As already mentioned in Explanatory Memorandum placed in the Parliament during Budget 2021-22, due consideration will be given to the aforesaid recommendations of 15th Finance Commission in respect to Punjab, keeping in view of the untied resources with the State Governments and the fiscal commitments of the Central Government.
