

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

LOK SABHA

UNSTARRED QUESTION NO.3500

TO BE ANSWERED ON MONDAY, AUGUST 8, 2022/SRAVANA 17, 1944 (SAKA)

CHANGES IN GST SLAB

3500. SHRIMATI PRATIMA MONDAL:

Will the Minister of FINANCE be pleased to state:

- (a) the details of recent change in the Goods and Services Tax (GST) slabs;
- (b) the reason behind imposition of GST on essential food commodities; and
- (c) the reasons behind unpaid GST dues to States by the Union Government, specifically West Bengal?

ANSWER

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

(a): GST rates/ rate slabs applicable on goods and services are prescribed on the recommendations of the GST Council, which is a constitutional body comprising of representatives from States/UTs and Centre. At present, there is no recommendation from the GST Council for change in the existing GST rate slabs.

(b): The GST Council, in its 47th Meeting held in Chandigarh on the 28th June, 2022, made a recommendation that instead of imposition of GST on certain specified goods bearing a brand name, the GST should apply on pre-packaged and labelled goods. This was done on the basis of a three layered process of examination which included the Fitment Committee of Officers from member states, followed by the Group of Ministers (GoM) on Rate Rationalisation constituted by the Council, and finally recommended by the GST Council. Certain producers of such branded goods, including of reputed brands, were misusing the earlier provisions and avoided paying GST by claiming that they had voluntarily foregone the enforceable right in respect of such brand name. This shift in approach of imposition of GST from certain specified goods bearing a brand name to pre-packaged and labelled goods was recommended by the GoM as a measure of prevention of such tax leakages.

(c): For the purpose of payment of compensation to States for any loss of revenue arising on account of implementation of GST for five years, a GST Compensation Cess is levied on select items under Section 8 of the GST (Compensation to States) Act, 2017. This is transferred into a non-lapsable Fund known as GST Compensation Fund which forms part of the Public Account of India as provided in Section 10(1) of the Act. All releases of compensation to States are done only out of Compensation Fund as per section 10(2) of the said Act and not from the Consolidated Fund of India. Centre had borrowed and released Rs. 1.1 lakh crore for FY 2020-21 & Rs. 1.59 lakh crore for FY 2021-22 to States/UTs as back to back loan to meet the resource gap of the States/UTs due to shortfall in GST compensation. In addition, Government of India has further released Rs. 86,912 crores to States/UTs on 31st May, 2022 and cleared the entire provisionally admissible GST compensation due till May, 2022. The State of West Bengal received Rs. 6591 crores as their share. This decision was taken to assist the States in managing their resources and ensuring that their programmes especially the expenditure on capital is carried out successfully during the financial year. This decision has been taken despite the fact that only about Rs. 25,000 crores were available in the GST Compensation Fund. The balance around Rs. 62,000 crores were released by the Centre from its own resources pending collection of Cess. Now, only GST compensation for month of June, 2022 is pending to all States/UTs.
