

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE

**LOK SABHA UNSTARRED QUESTION NO. 59**

TO BE ANSWERED ON MONDAY, THE 01<sup>st</sup> DECEMBER, 2025/ 10 AGRAHAYANA, 1947 (SAKA)

**Discontinuation of GST Compensation**

59 SHRI THIRU ARUN NEHRU:

Will the Minister of FINANCE be pleased to state:

- (a) the details regarding discontinuation of Goods and Services Tax (GST) compensation to States by the Government after June 2022;
- (b) the reasons cited by the Government for discontinuing GST compensation beyond the said period;
- (c) the estimated annual revenue loss incurred by the State of Tamil Nadu as a result of discontinuation of GST compensation; and
- (d) the steps being considered or proposed by the Government to compensate the State for this loss and the details thereof?

**ANSWER**

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

(a) & (b):- As per section 18 of the Constitution (One Hundred and First Amendment) Act, 2016, Parliament shall, by law, on the recommendation of the Goods and Services Tax Council, provide for compensation to the States for loss of revenue arising on account of implementation of the Goods and Services Tax (GST) for a period of five years. Accordingly, GST (Compensation to States) Act, 2017 was enacted by Parliament. GST compensation was provided to States/UTs for five years (i.e.) upto June 2022 as per Constitutional provisions.

(c) & (d):- Does not arise in view of response in (a) and (b) above.

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