

ALL STATES CHOOSE OPTION-1 TO MEET THE GST IMPLEMENTATION SHORTFALL

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

All the 28 States and 3 Union Territories with legislature have decided to go for Option-1 to meet the revenue shortfall arising out of the GST implementation. Jharkhand, the only remaining State, has now communicated its acceptance of Option-1. All the 3 Union Territories with Legislative Assembly who are members of the GST council have already decided in favour of Option-1.

The Government of India has set up a special borrowing window for the States & Union Territories who choose Option-1 to borrow the amount of shortfall arising out of GST implementation. The window has been operationalised since 23rd October, 2020 and the Government of India has already borrowed an amount of Rs.30,000 crore on behalf of the States in five instalments and passed it on to the States and Union Territories, who chose Option-1. Now the State of Jharkhand will also receive funds raised through this window starting from the next round of borrowing. The next instalment of Rs.6,000 crore will be released to the States/UTs on 7th December, 2020.

Under the terms of Option-1, besides getting the facility of a special window for borrowings to meet the shortfall arising out of GST implementation, the States are also entitled to get unconditional permission to borrow the final instalment of 0.50% of Gross State Domestic Product (GSDP) out of the 2% additional borrowings permitted by the Government of India, under Atma Nirbhar Abhiyaan on 17th May, 2020. This is over and above the Special Window of Rs.1.1 lakh crore. On receipt of the choice of Option-1, the Government of India has granted additional borrowing permission of Rs.1,765 crore to the State Government of Jharkhand (0.50 % of Jharkhand's GSDP).

The amount of additional borrowing permission granted to 28 States and the amount of funds raised through special window and released to the States and Union Territories **so far is annexed.**

State wise additional borrowing of 0.50 percent of GSDP allowed and amount of funds raised through special window passed on to the States/UTs till 04.12.2020

(Rs. in Crore)

S. No.

Name of State / UT

Additional borrowing of 0.50 percent allowed to States

Amount of fund raised through special window passed on to the States/ UTs

1

Andhra Pradesh

		5051
		804.15
	2	
Arunachal Pradesh*		143
		0.00
	3	
Assam		1869
		346.12
	4	
Bihar		3231
		1358.54
	5	
Chhattisgarh #		1792
		0.00
	6	
Goa		446
		292.20
	7	
Gujarat		8704
		3208.80
	8	

Haryana		4293
		1514.40
	9	
Himachal Pradesh		877
		597.47
	10	
Jharkhand#		1765
		0.00
	11	
Karnataka		9018
		4317.39
	12	
Kerala		4,522
		328.20
	13	
Madhya Pradesh		4746
		1580.51
	14	
Maharashtra		15394
		4167.99

Manipur*	15	151	0.00
Meghalaya	16	194	38.89
Mizoram*	17	132	0.00
Nagaland*	18	157	0.00
Odisha	19	2858	1329.97
Punjab	20	3033	475.80
Rajasthan	21	5462	

		907.12
	22	
Sikkim*		156
		0.00
	23	
Tamil Nadu		9627
		2171.90
	24	
Telangana		5017
		299.88
	25	
Tripura		297
		78.90
	26	
Uttar Pradesh		9703
		2090.21
	27	
Uttarakhand		1405
		806.10
	28	
West Bengal		

		6787
		252.22
	Total (A):	
		106830
		26966.76
	1	
Delhi		Not applicable
		2040.77
	2	
Jammu & Kashmir		Not applicable
		790.53
	3	
Puducherry		Not applicable
		201.94
	Total (B):	
		Not applicable
		3033.24
	Grand Total (A+B)	
		106830
		30000.00

** These States have 'NIL' GST compensation gap*

Funds will be released starting after next round of borrowing.

RM/KMN

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16

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Mizoram*

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Nagaland*

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