

GST Compensation to States Delayed due to Low Realization of Cess: Finance Minister

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Finance Minister Nirmala Sitharaman on Wednesday said inadequate realization of GST compensation Cess is delaying the payment to States and that the Centre was not according any differential treatment to states.

The minister also said the Government is committed to paying to States as per the provisions of the **GST (Compensation to States) Act, 2017**.

At the time of the introduction of GST, it was agreed that the Centre would compensate States for shortfall in GST collections as per a defined formula.

"Now, there has been a delay in giving the 14% per cent compensation and we are running late in giving it timely," she said.

The delays are because the compensation Cess was not adequate to pay up the 14% per cent which was committed, she said, adding, devolution of taxes to States is committed as per the law.

"There cannot be any tweaking here. Formula is given by the finance commission and the formula is given by the GST Act...That has nothing to do with me saying, I don't like XYZ State, so, I won't give...But if the revenue collection itself has gone down, of course the portion which goes to states will be lesser," she said at Times Now Summit here.

When asked whether the Government acknowledges that there is a slowdown in the economy, Sitharaman said the Government is not in a denial mode and working on to address concerns of various sectors depending on need.

Referring to opposition parties' barbs that the Government had so many budgets even after unveiling Union Budget in July 2019, she said: "From July to February, there are people who tell me you presented a Budget every weekend, which means I've been acting on it".

However, the minister also quipped she does not use certain jargons and terminology, which people wanted her to use.

She further said there is a criticism that the Government is in denial mode as it was "not saying" whether the economy is in a cyclical or structural slowdown, or stagflation.

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"Each one would want me to say the way in which he would want me to say and if I don't, then they say the Government is in denial," the minister asserted.

Emphasizing that there are signs of recovery in some sectors, she said, Goods and Services Tax (GST) collection has consistently been rising since the last three months.

Since November, she said, GST collection has seen a growth and the collection has been over Rs.1 Lakh crore each in the past three months. This indicates revenue collection has improved.

It means that commercial and economic activity is back on its feet, she said, adding, the capital expenditure between April-November has been increased by 22 % per cent.

In order to raise consumption, she said, the Government has increased allocation to **PM-KISAN, MNREGA** and Direct Benefit Transfer under various heads.

Expressing happiness over the RBI's decision to ease Cash Reserve Ratio, Sitharaman said, this will help increase banks' lending towards housing, auto and **MSME sectors**.

She said the concerns regarding slump in consumption were being taken care of and the Government was taking steps to promote exports.

"So the four engines you talk about constantly - Public investment, Private Investment, Private consumption, and exports -- are all being given a push. Otherwise, why would you have green shoots? So the Government is acting, revenue is improving," she said.

When asked what the Government was doing to bring back to the Country 72 Indians facing charges of financial irregularities, she said, the Government has not stopped pursuing the cases.

"These people were happily living in India...and once they knew that the Government was after them, they fled the Country.

"...We're not going to stop at anything else but get them back to the Country to face the law of the land. So, they may choose to run away from this Country, but they can't run away from the Indian legal system," she added.

Asked if Delhi Assembly election result was a setback for BJP, Sitharaman said, "We have not lost Delhi. Delhi was with Aam Aadmi Party...we give out best in every election".

While AAP only retained power in Delhi, the vote share of BJP has gone up in Delhi, she emphasized.