

'States have to be efficient in getting AG's nod for GST compensation'

FOR THE RECORD. Agreed process has to be adhered to; overall, payment to States cleared up to May 2022: FM

Shishir Sinha
New Delhi

Finance Minister Nirmala Sitharaman on Monday said that the delay in payment of GST compensation to some States is mainly on account of non-submission of Accountant General (AG) certification. Kerala, for instance, has not given the required certificate since 2017-18, she said.

"AG certification is an agreed process between the Centre and the States. If there is any delay in that process between the State and the AG then, of course, it goes without saying that the matter has to be sorted out between the State and the AG," Sitharaman said while responding to a supplementary question raised by DMK member A Raja in Lok Sabha.

States were to get compensa-

tion on account of GST revenue shortfall for five years from the date of implementation of the Goods and Services Tax (GST) and that period ended on June 30, 2022. However, levying of compensation cess has been extended till FY27 to service and repayback-to-back loans that were taken during the Covid period. With regard to Tamil Nadu, the Finance Minister said the AG's certificate has been received for 2017-18 and the amount has been released. She said the AG's certified figure of about ₹4,223 crore for 2020-21 for Tamil Nadu, even though there are some disputes, has been processed, and it will be cleared.

BETWEEN STATES, AG

"But otherwise, overall, payment to all States up to May 2022 has been cleared. The total amount given is ₹86,912



CLEARING THE AIR. Finance Minister Nirmala Sitharaman speaking in the Lok Sabha, on Monday SANSAD TV

crore that was released by May 31, 2022," she said. The Finance Minister said that if there is any delay in getting the AG's authentication, it is a matter between the AG and the State government concerned, and they have to sort it out.

"If between them there is a problem, there is a delay in the authentication certificate

reaching the central government," she said. Sitharaman underlined State governments have to do a lot more than to get GST compensation.

"The State governments have to, pardon me using the word — be efficient — in sorting out things with the AG. But without the AG certificate, beyond a certain limits, it is very

difficult for me to act," she said. Referring to Kerala, the Finance Minister said the State has not sent AG's certificate for GST compensation since the roll out of the tax. But the Centre has been accused of not releasing the funds on time, she said. She urged Kerala MP NK Premachandran, who also asked the supplementary question, to sit with the State government and request it to send the AG certificates in one go.

Within a reasonable time, after receiving them, Sitharaman promised that she would clear the same. "You have not sent (the AG certificate) even for one year and you keep blaming us that we are not giving you money on time. On the contrary, in the matter of tax devolution, as per Finance Commission report, two instalments (instead of one) have gone to all States. Kerala also benefited from that," she said.