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Title: Need to restore the CST at the rate of 4% till the implementation of Goods and Services Tax in Odisha.

SHRI BHARTRUHARI MAHTAB (CUTTACK): As a move towards implementation of Goods and Service Tax (GST), it was decided to phase out CST over a period of four years with annual reduction of rate by 1%. It was decided by the Union Government to compensate the State Governments towards CST loss till implementation of GST. Accordingly, the CST rate was reduced from 4% to 3% from 1st April, 2007 and from 3% to 2% from 1st June 2008. Due to uncertainty in implementation of GST, the CST rate continues at 2% till date. The Union Government had been compensating the State Government towards CST loss till 2009-2010. For the year 2010-2011, Odisha has been partially compensated. Against the loss assessment of Rs 664.39 crore, compensation of Rs. 256.17 crore only has been received. But since 2011-12, no compensation has been received by Odisha.

Due to rate reduction in CST, Odisha is losing about Rs. 1300 crore annually. For a State like Odisha having low revenue base, annual loss of Rs. 1300 crore is quite substantial. Till 2012-13, the amount outstanding is Rs 2540 crore which would further go up after the audited figures for the financial year 2013-14 are made available by the State Accountant General.

I would urge upon the Union Government to fully compensate Odisha for the GST loss or alternatively restore the CST rate 4% till implementation of GST.