

# National Institute of Public Finance and Policy

December 24, 2020

In news

A new research paper by the National Institute of Public Finance and Policy finds that the revenue shortfall for the GST compensation payable to States in 2020-21 could be about Rs 1.95 lakh crore in the best-case scenario, significantly lower than the Rs 2.35 lakh crore estimated by the GST Council

What are the key findings?

- In a paper titled 'The Pandemic and GST Revenue: An Assessment for Union and States' it is estimated that even in the worst-case scenario, the revenue shortfall for GST compensation to States won't exceed Rs 2.45 lakh crore.
- As per the paper, even after decline in the spread of Covid in India, the economic impact of the pandemic is still evolving and any estimate on revenue impact, thus, may not be free from shortcoming and constraints.
- It states that the maximum GST revenue gaps this year are expected for Goa, Punjab, Chhattisgarh, Kerala and Chhattisgarh, the exercise suggested.
- According to it, the revenue gap in State GST collections is expected to vary between Rs 2.85 lakh crore and Rs 3.27 lakh crore.
  - GST compensation cess collection in FY21 is expected to vary between Rs 82,242 crore and Rs 90,386 crore.
  - Therefore, shortfall in GST compensation fund is expected to vary between Rs 1.95 lakh crore to Rs 2.45 lakh crore

About National Institute for Public Finance and Policy (NIPFP)

- Founded in 1976, the institute undertakes research, policy advocacy and capacity building in areas related to public economics.
- It is an autonomous research institute, and was set up as a joint initiative of the Ministry of Finance and the erstwhile Planning Commission, with several State governments
- The National Institute of Public Finance and Policy (NIPFP) is a centre for research in public economics and policies.
- One of the major mandates of the institute is to assist the Central, State and Local governments in formulating and reforming public policies by providing an analytical base.
- It is registered under the Societies Registration Act, 1860.
- Although the institute receives an annual grant from the Ministry of Finance, Government of India, and various State governments, it maintains an independent non-government character in its pursuit of research and policy.

### **The governing body of NIPFP**

The governing body of NIPFP comprises of three representatives of the Ministry of Finance, one representative of the Planning Commission of India, one representative of the Reserve Bank of India, three representatives of sponsoring State governments, three distinguished economists, three heads of sister research institutions, and members of other sponsoring agencies and invitees.

At present, Dr. Urjit Patel, former Governor of the Reserve Bank of India, is the Chairman of the Governing Body.

In a meeting held on 18th June, 2020, the Governing Body reconstituted itself for a further period of 4 years i.e. from April 5, 2020 to April 4, 2024.