

29 Aug 2020: PIB Summary & Analysis

TABLE OF CONTENTS

- [1. Telugu Language Day](#)
- [2. National Pharmaceuticals Pricing Authority \(NPPA\)](#)
- [3. GST Compensation](#)

1. Telugu Language Day

Context:

Telugu Language Day is celebrated on 29 August every year.

About Telugu Language Day:

- 29 August was chosen because it is the birth anniversary of eminent Telugu writer Gidugu Venkata Ramamurthy.
- He was born in 1863 and was a prominent linguist during the British rule.
- He played an important role in standardising spoken Telugu.
- Telugu is a Dravidian language spoken predominantly by people in Andhra Pradesh, Telangana and the Yanam district of Puducherry.
- It was declared a classical language in 2008.

2. National Pharmaceuticals Pricing Authority (NPPA)

Context:

23rd foundation day of NPPA.

About NPPA:

- The NPPA was constituted as an attached office of the Department of Pharmaceuticals (DoP), Ministry of Chemicals & Fertilizers in 1997 as an independent regulator for pricing of drugs and to ensure availability and accessibility of medicines at affordable prices.
- **Know more about NPPA in [PIB dated March 17, 2020](#).**

3. GST Compensation

Context:

Borrowing options to meet the GST compensation requirement for 2020-21.

Details:

- The two borrowing options to meet the GST compensation requirement for 2020-21 consequent to the discussions in the 41st meeting of the GST Council held in August 2020 has been communicated to States.
- The shortfall due to the implementation of GST has been calculated at Rs.97,000 crores approximately.

The two options are given below:

Option 1

1. The shortfall arising out of GST implementation will be borrowed by States through the issue of debt under a Special Window coordinated by the Ministry of Finance.
2. The objective is to ensure steady flow of resources similar to the flow under GST compensation on a bi-monthly basis.
3. The GOI will endeavour to keep the cost at or close to the G-sec yield, and in the event of the cost being higher, will bear the margin between G-secs and average of State Development Loan yields up to 0.5% (50 basis points) through a subsidy.
4. A special borrowing permission will be given by the GOI under Article 293 for this amount, over and above any other borrowing ceilings eligible under any other normal or special permission notified by the Department of Expenditure.
5. The interest on the borrowing under the Special Window will be paid from the Cess as and when it arises until the end of the transition period.
6. After the transition period, principal and interest will also be paid from proceeds of the Cess, by extending the Cess beyond the transition period for such period as may be required. The State will not be required to service the debt or to repay it from any other source.
7. The borrowing under the Special Window will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.
8. The Compensation Cess will be continued after the transition period until such time as all arrears of compensation for the transition period are paid to the States. The first charge on the Compensation Cess each year would be the interest payable; the second charge would be the principal repayment. The

remaining arrears of compensation accrued during the transition period would be paid after the interest and principal are paid.

Option 2

1. The entire shortfall of Rs 235,000 crores (including the COVID-impact portion) may be borrowed by States through issue of market debt. The GOI will issue an OM committing to repayment of principal on such debt from Cess proceeds.
 2. The interest shall be paid by the States from their resources.
 3. To the extent of the shortfall arising due to implementation of GST (i.e. Rs. 97,000 crores approximately in aggregate) the borrowing will not be treated as debt of the State for any norms which may be prescribed by the Finance Commission, etc.
 4. The Compensation Cess will be continued after the transition period until such time as all arrears of compensation for the transition period are paid to the states. The first charge on the future Cess would be the principal repayment. The remaining arrears of compensation accrued during the transition period would be paid after the principal is paid.
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