

A Longitudinal Study of State-wise IGST Settlement in India: Fiscal Trends, Settlement Adjustments, Interstate Variations and Kerala's Comparative Analysis (2017–18 to 2025–26)

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Abstract

The Integrated Goods and Services Tax (IGST) settlement mechanism plays a vital role in ensuring the equitable distribution of revenue among States and the Union under India's GST regime. This study presents a state-wise comparative analysis of Regular IGST Settlements, Ad hoc IGST Settlements, and Total IGST Settlements across all States and Union Territories from 2017–18 to 2025–26. The research examines interstate fiscal variations, settlement discrepancies, growth trends, and state rankings, with particular emphasis on Kerala's comparative position. Using secondary data from official GST sources, the study employs descriptive and comparative analytical techniques to evaluate settlement patterns and regional disparities. The findings provide insights into the effectiveness of the IGST settlement mechanism and offer policy recommendations for improving transparency, equity, and fiscal efficiency in India's GST framework.

Keywords: Integrated Goods and Services Tax (IGST), Regular IGST Settlement, Ad hoc IGST Settlement, Interstate Fiscal Variations, State-wise Comparative Analysis, Settlement Discrepancies, State Rankings, Fiscal Federalism, GST Revenue Distribution, Kerala, India.

Introduction

The Integrated Goods and Services Tax (IGST) settlement mechanism is one of the most significant components of India's Goods and Services Tax (GST) system, ensuring the distribution of tax revenue between the Union Government and the States for inter-State transactions. Since the implementation of GST on 1 July 2017, IGST settlements have been carried out through both **Regular Settlements** and **Ad hoc Settlements** to facilitate timely revenue allocation. However, differences in interstate trade, consumption patterns, industrial activity, taxpayer compliance, and settlement adjustments have resulted in considerable variations among States. A comparative assessment of these settlement patterns is essential to understand interstate fiscal disparities, evaluate the effectiveness of the settlement mechanism, and examine Kerala's position relative to other States. This study analyses state-wise IGST settlement data from 2017–18 to 2025–26 to identify settlement trends, fiscal variations, ranking patterns, and major discrepancies.

Objectives of the Study

1. To analyse state-wise Regular IGST Settlements and Ad hoc IGST Settlements in India from 2017–18 to 2025–26.
2. To compare the total IGST settlement received by each State and Union Territory.
3. To identify interstate fiscal variations and settlement discrepancies.
4. To rank States based on IGST settlement performance.
5. To evaluate Kerala's position and performance in comparison with other States.
6. To suggest policy measures for improving the efficiency, transparency, and equity of the IGST settlement mechanism.

Scope of the Study

The study covers all States and Union Territories of India for the period from **2017–18 to 2025–26**. It focuses exclusively on **Regular IGST Settlements**, **Ad hoc IGST Settlements**, and **Total IGST Settlements** using secondary data obtained

from official GST sources. The analysis includes year-wise comparisons, interstate variations, ranking analysis, and Kerala's relative fiscal position. The study does not examine GST collections, GST compensation, or other tax components outside the IGST settlement mechanism.

Official Data Sources Used

1. **GST Portal (Primary Data Source)** – IGST Settlement Reports (2017–18 to 2025–26)
2. **GSTN (Goods and Services Tax Network)**
3. **CBIC (Central Board of Indirect Taxes and Customs)**
4. **GST Council Secretariat**
5. **Ministry of Finance, Government of India**
6. **Comptroller and Auditor General (CAG) Reports**
7. **Reserve Bank of India (RBI) publications** (for supporting fiscal analysis)

Findings and Results (2017–18)

Sl.No	State	Financial Year (2017-18)		
		Regular Settlement	Adhoc Settlement	Total
1	Maharashtra	11,832.15	2,648.00	14,480.15
2	Karnataka	8,027.50	1,582.00	9,609.50
3	Uttar Pradesh	12,495.91	1,460.00	13,955.91
4	Tamil Nadu	7,402.99	1,304.00	8,706.99
5	Gujarat	5,042.45	1,263.00	6,305.45
6	West Bengal	5,323.93	879.00	6,202.93
7	Rajasthan	5,125.81	751.00	5,876.81
8	Kerala	6,064.99	736.00	6,800.99
9	Delhi	4,924.94	735.00	5,659.94
10	Telangana	5,829.42	705.00	6,534.42
11	Madhya Pradesh	4,383.20	671.00	5,054.20
12	Haryana	1,641.63	667.00	2,308.63
13	Punjab	3,664.00	633.00	4,297.00
14	Andhra Pradesh	5,161.06	589.00	5,750.06
15	Bihar	3,831.96	552.00	4,383.96
16	Odisha	2,377.33	482.00	2,859.33

17	Chhattisgarh	1,281.33	322.00	1,603.33
18	Jharkhand	1,093.90	281.00	1,374.90
19	Assam	1,977.90	262.00	2,239.90
20	Uttarakhand	104.91	217.00	321.91
21	Jammu and Kashmir	1,401.52	209.00	1,610.52
22	Himachal Pradesh	692.59	159.00	851.59
23	Goa	450.29	95.00	545.29
24	Chandigarh	453.70	64.00	517.70
25	Puducherry	224.58	48.00	272.58
26	Tripura	281.44	35.00	316.44
27	Dadra and Nagar Haveli	77.65	34.00	111.65
29	Meghalaya	206.59	28.00	234.59
30	Daman and Diu	16.50	28.00	44.50
31	Manipur	210.92	15.00	225.92
32	Sikkim	76.51	11.00	87.51
33	Arunachal Pradesh	152.53	11.00	163.53
34	Nagaland	133.27	11.00	144.27
35	Mizoram	123.51	8.00	131.51
36	Andaman and Nicobar Island	70.79	5.00	75.79
37	Lakshadweep	3.14	-	3.14
38	Ladakh	-	-	-
97	Other Territory	-	-	-
	All India	1,02,162.82	17,500.00	1,19,662.82

- During 2017–18, the total **IGST Settlement** in India was **₹1,19,662.82 crore**, comprising **₹1,02,162.82 crore** as **Regular Settlement** and **₹17,500.00 crore** as **Ad hoc Settlement**.

- **Maharashtra** recorded the highest **Total IGST Settlement** (₹14,480.15 crore), while **Uttar Pradesh** received the highest **Regular Settlement** (₹12,495.91 crore). **Maharashtra** also received the highest **Ad hoc Settlement** (₹2,648.00 crore).
- **Kerala** received **₹6,800.99 crore** (Regular: ₹6,064.99 crore; Ad hoc: ₹736.00 crore), placing it among the leading recipient States during the first year of GST.
- Major industrial and high-consumption States received higher IGST settlements, whereas smaller States and Union Territories recorded comparatively lower allocations.
- The higher Ad hoc Settlements during 2017–18 reflect transitional adjustments made during the initial implementation of the GST regime.

Share of Total IGST Settlement (%)

$$\text{Share of Total Settlement (\%)} = \frac{\text{State Total Settlement}}{\text{All India Total Settlement}} \times 100$$

All India Total IGST Settlement (2017–18) = ₹1,19,662.82 crore

Top 10 states

Sl.No	State (2017-2018)	Total Settlement (₹ Cr.)	Share of All India Total Settlement (%)
1	Maharashtra	14,480.15	12.1
2	Uttar Pradesh	13,955.91	11.66
3	Karnataka	9,609.50	8.03
4	Tamil Nadu	8,706.99	7.28
5	Kerala	6,800.99	5.68
6	Telangana	6,534.42	5.46
7	Gujarat	6,305.45	5.27
8	West Bengal	6,202.93	5.18
9	Rajasthan	5,876.81	4.91
10	Andhra Pradesh	5,750.06	4.8

Findings and Results (2018–19)

Sl.No	State	Financial Year (2018-19)		
		Regular Settlement	Adhoc Settlement	Total
1	Maharashtra	19,063.70	9,305.51	28,369.22
2	Karnataka	13,600.07	5,558.06	19,158.13
3	Uttar Pradesh	21,231.13	5,131.46	26,362.59
4	Tamil Nadu	12,425.95	4,581.50	17,007.45
5	Gujarat	6,805.21	4,438.47	11,243.68

6	West Bengal	9,216.88	3,089.57	12,306.44
7	Rajasthan	9,392.21	2,638.74	12,030.95
8	Kerala	10,114.96	2,586.98	12,701.94
9	Delhi	5,879.08	2,581.68	8,460.76
10	Telangana	10,169.04	2,478.06	12,647.09
11	Madhya Pradesh	8,931.99	2,357.79	11,289.78
12	Haryana	3,876.65	2,343.04	6,219.69
13	Punjab	5,817.17	2,225.87	8,043.04
14	Andhra Pradesh	9,662.54	2,068.84	11,731.38
15	Bihar	8,368.06	1,940.90	10,308.96
16	Odisha	3,581.47	1,698.26	5,279.73
17	Chhattisgarh	1,926.47	1,131.21	3,057.67
18	Jharkhand	2,080.14	985.74	3,065.88
19	Assam	3,867.32	920.83	4,788.14
20	Uttarakhand	223.62	762.68	986.30
21	Jammu and Kashmir	2,677.12	733.52	3,410.64
22	Himachal Pradesh	1,252.67	559.50	1,812.17
23	Goa	753.65	335.89	1,089.53
24	Chandigarh	809.02	224.48	1,033.50
25	Puducherry	374.13	168.03	542.16
26	Tripura	553.82	121.39	675.20
27	Dadra and Nagar Haveli	25.68	118.29	143.97
29	Daman and Diu	14.42	99.78	114.20
30	Meghalaya	417.85	98.27	516.12
31	Manipur	457.47	53.21	510.69

32	Nagaland	331.41	39.59	371.00
33	Arunachal Pradesh	357.96	39.58	397.54
34	Sikkim	184.90	38.02	222.92
35	Mizoram	316.02	29.28	345.30
36	Andaman and Nicobar Island	177.62	15.99	193.61
37	Lakshadweep	10.66	-	10.66
38	Ladakh	-	-	-
97	Other Territory	-	-	-
All India		1,74,948.02	61,500.00	2,36,448.02

- During **2018–19**, the total **IGST Settlement** in India increased to **₹2,36,448.02 crore**, comprising **₹1,74,948.02 crore** as **Regular Settlement** and **₹61,500.00 crore** as **Ad hoc Settlement**, indicating a substantial increase over the previous year.
- **Maharashtra** recorded the highest **Total IGST Settlement** (₹28,369.22 crore), while **Uttar Pradesh** received the highest **Regular Settlement** (₹21,231.13 crore). **Maharashtra** also received the highest **Ad hoc Settlement** (₹9,305.51 crore).
- **Kerala** received **₹12,701.94 crore** (Regular: ₹10,114.96 crore; Ad hoc: ₹2,586.98 crore), placing it among the leading recipient States during 2018–19.
- Major industrial and high-consumption States continued to receive higher IGST settlements, whereas smaller States and Union Territories recorded comparatively lower allocations.
- The significant increase in **Ad hoc Settlement** compared with 2017–18 reflects continued settlement adjustments and stabilization of the IGST settlement mechanism during the early years of GST implementation.

Findings and Results (2019–20)

Sl.No	State	Financial Year (2019-20)		
		Regular Settlement	Adhoc Settlement	Total
1	Uttar Pradesh	24,363.18	522.82	23,840.36
2	Maharashtra	20,690.79	802.43	21,493.22
3	Karnataka	15,703.45	174.34	15,877.79
4	Tamil Nadu	13,000.09	137.73	13,137.81
5	Andhra Pradesh	10,515.31	238.42	10,276.89

6	Telangana	10,434.08	163.74	10,270.34
7	West Bengal	10,069.00	31.65	10,037.35
8	Kerala	9,933.42	56.03	9,877.39
9	Madhya Pradesh	9,927.02	140.42	9,786.60
10	Rajasthan	9,422.01	39.97	9,382.04
11	Bihar	9,458.70	183.14	9,275.56
12	Delhi	7,204.57	542.78	7,747.35
13	Gujarat	7,449.73	293.40	7,743.13
14	Punjab	6,565.90	59.68	6,625.58
15	Haryana	4,933.31	115.60	5,048.90
16	Odisha	4,295.10	91.99	4,387.09
17	Assam	4,309.07	80.82	4,228.25
18	Jammu and Kashmir	2,760.33	1.36	2,761.69
19	Jharkhand	2,663.03	31.95	2,694.98
20	Chhattisgarh	2,043.91	100.75	2,144.66
21	Himachal Pradesh	1,669.16	3.49	1,665.66
22	Uttarakhand	871.54	129.09	1,000.62
23	Goa	863.78	6.37	870.15
24	Chandigarh	825.40	0.51	825.91
25	Tripura	629.18	14.76	614.41
26	Manipur	589.75	31.80	557.95
27	Meghalaya	548.68	12.54	536.14
29	Arunachal Pradesh	502.33	23.74	478.60
30	Nagaland	457.98	23.47	434.51
31	Other Territory	410.57	-	410.57

32	Puducherry	355.76	13.66	369.42
33	Mizoram	389.13	-	369.41
34	Sikkim	259.56	-	243.31
35	Andaman and Nicobar Island	212.59	-	201.18
36	Dadra and Nagar Haveli	111.15	9.82	120.96
37	Daman and Diu	16.04	19.99	36.03
38	Lakshadweep	16.83	0.00	16.83
97	Ladakh	-	-	-
	All India	1,94,471.43	917.24	1,95,388.68

- During 2019–20, the total IGST Settlement in India amounted to ₹1,95,388.68 crore, comprising ₹1,94,471.43 crore as Regular Settlement and a net Ad hoc Settlement of ₹917.24 crore. This sharp decline in Ad hoc Settlement compared to the previous year indicates that most advance settlements made earlier were adjusted through the regular settlement process.
- Uttar Pradesh recorded the highest Regular IGST Settlement (₹24,363.18 crore) and the highest Total IGST Settlement (₹23,840.36 crore), followed by Maharashtra (₹21,493.22 crore) and Karnataka (₹15,877.79 crore).
- Several States recorded negative Ad hoc Settlement values, including Kerala (-₹56.03 crore), Uttar Pradesh (-₹522.82 crore), Andhra Pradesh (-₹238.42 crore), Telangana (-₹163.74 crore), and Bihar (-₹183.14 crore). These negative values indicate the adjustment or recovery of excess advance (Ad hoc) settlements released in earlier years, rather than a reduction in actual revenue entitlement.
- Kerala received ₹9,933.42 crore as Regular Settlement and (-₹56.03 crore) as Ad hoc Settlement adjustment, resulting in a Total IGST Settlement of ₹9,877.39 crore. The negative Ad hoc value reflects the settlement adjustment mechanism and does not indicate a decline in Kerala's IGST revenue performance.
- Overall, the findings demonstrate that **2019–20 marked the transition from advance (Ad hoc) settlements to regularized IGST settlements**, resulting in minimal net Ad hoc releases and increased reliance on the regular settlement mechanism, thereby improving the accuracy and transparency of revenue distribution among States.

Findings and Results (2020–21)

Sl.No	State	Financial Year (2020-21)		
		Regular Settlement	Adhoc Settlement	Total
1	Maharashtra	17,569.09	5,740.96	23,310.06
2	Karnataka	14,995.51	3,429.51	18,425.02
3	Uttar Pradesh	21,580.32	3,168.01	24,748.33

4	Tamil Nadu	11,213.24	2,826.26	14,039.50
5	Gujarat	5,996.59	2,738.00	8,734.60
6	West Bengal	9,343.66	1,906.95	11,250.61
7	Rajasthan	8,907.50	1,628.07	10,535.58
8	Kerala	9,343.04	1,596.12	10,939.16
9	Delhi	6,079.99	1,592.57	7,672.56
10	Telangana	10,511.82	1,528.47	12,040.29
11	Madhya Pradesh	9,082.71	1,454.49	10,537.20
12	Haryana	6,117.12	1,445.15	7,562.27
13	Punjab	5,721.59	1,420.89	7,142.48
14	Andhra Pradesh	9,284.66	1,316.33	10,600.99
15	Bihar	9,603.45	1,197.51	10,800.97
16	Odisha	4,479.73	1,048.42	5,528.15
17	Chhattisgarh	1,923.04	698.09	2,621.13
18	Jharkhand	2,520.60	608.26	3,128.86
19	Assam	4,153.28	567.91	4,721.20
20	Uttarakhand	1,014.49	470.72	1,485.22
21	Jammu and Kashmir	2,886.54	452.24	3,338.79
22	Himachal Pradesh	1,639.53	344.82	1,984.35
23	Goa	678.00	206.97	884.97
24	Chandigarh	683.48	107.74	791.22
25	Puducherry	347.40	103.93	451.33
26	Tripura	612.50	74.82	687.33
27	Dadra and Nagar Haveli	141.12	72.73	213.84
29	Daman and Diu	7.30	61.32	68.62

30	Meghalaya	475.93	60.33	536.26
31	Manipur	623.88	32.92	656.80
32	Nagaland	451.69	24.33	476.02
33	Arunachal Pradesh	515.13	24.26	539.39
34	Sikkim	219.19	23.31	242.51
35	Mizoram	402.72	17.93	420.64
36	Andaman and Nicobar Island	205.72	9.65	215.37
37	Lakshadweep	18.69	-	18.69
38	Ladakh	126.08	-	126.08
97	Other Territory	407.58	-	407.58
	All India	1,79,883.97	38,000.00	2,17,883.97

- During **2020–21**, the total **IGST Settlement** in India amounted to **₹2,17,883.97 crore**, comprising **₹1,79,883.97 crore** as **Regular Settlement** and **₹38,000.00 crore** as **Ad hoc Settlement**.
- Uttar Pradesh** recorded the highest **Total IGST Settlement** (₹24,748.33 crore), while **Maharashtra** received the highest **Ad hoc Settlement** (₹5,740.96 crore). **Uttar Pradesh** also received the highest **Regular Settlement** (₹21,580.32 crore).
- Kerala** received **₹9,343.04 crore** as **Regular Settlement** and **₹1,596.12 crore** as **Ad hoc Settlement**, resulting in a **Total IGST Settlement of ₹10,939.16 crore**, placing Kerala among the leading recipient States.
- Compared with **2019–20**, the **Ad hoc Settlement** increased substantially, reflecting advance revenue releases by the Central Government to support State finances during the **COVID-19 pandemic** and the resulting fiscal pressures.
- Major industrial and high-consumption States continued to receive the largest IGST settlements, while smaller States and Union Territories recorded comparatively lower settlement amounts, consistent with their economic activity and interstate trade volumes.

Findings and Results (2021–22)

Sl.No	State	Financial Year (2021-22)		
		Regular Settlement	Adhoc Settlement	Total
1	Maharashtra	29,958.58	5,351.63	35,310.21
2	Karnataka	22,434.82	3,099.36	25,534.18
3	Uttar Pradesh	29,875.56	2,708.43	32,584.00

4	Tamil Nadu	16,887.62	2,587.72	19,475.34
5	Gujarat	13,045.23	2,547.26	15,592.49
6	West Bengal	12,323.53	1,733.07	14,056.60
7	Rajasthan	13,674.07	1,426.05	15,100.12
8	Delhi	10,585.42	1,413.16	11,998.58
9	Kerala	12,690.76	1,407.55	14,098.31
10	Punjab	8,646.57	1,286.00	9,932.57
11	Haryana	8,696.04	1,275.52	9,971.56
12	Madhya Pradesh	12,082.67	1,264.87	13,347.54
13	Telangana	14,627.05	1,263.20	15,890.25
14	Andhra Pradesh	12,666.26	1,099.51	13,765.77
15	Odisha	3,548.16	994.28	4,542.44
16	Bihar	12,306.00	987.28	13,293.27
17	Chhattisgarh	2,113.25	652.01	2,765.25
18	Jharkhand	2,818.47	557.12	3,375.59
19	Assam	5,513.80	491.48	6,005.28
20	Uttarakhand	1,932.05	449.15	2,381.20
21	Jammu and Kashmir	3,982.37	385.09	4,367.46
22	Himachal Pradesh	2,402.30	308.20	2,710.51
23	Goa	1,242.51	195.72	1,438.23
24	Chandigarh	1,065.99	120.73	1,186.72
25	Puducherry	495.58	94.06	589.64
26	Daman and Diu	26.20	63.61	89.82
27	Dadra and Nagar Haveli	405.60	62.26	467.86
29	Tripura	834.56	61.68	896.24

30	Meghalaya	723.67	46.61	770.28
31	Manipur	825.11	17.52	842.63
32	Sikkim	377.68	17.08	394.75
33	Mizoram	556.14	8.88	565.03
34	Nagaland	634.07	8.80	642.87
35	Arunachal Pradesh	789.16	8.79	797.95
36	Andaman and Nicobar Island	231.53	6.32	237.85
37	Lakshadweep	23.35	-	23.35
38	Ladakh	226.81	-	226.81
97	Other Territory	229.28	-	229.28
	Grand Total	2,61,497.82	34,000.00	2,95,497.82

- During **2021–22**, the total **IGST Settlement** in India increased to **₹2,95,497.82 crore**, comprising **₹2,61,497.82 crore** as **Regular Settlement** and **₹34,000.00 crore** as **Ad hoc Settlement**, reflecting a strong recovery in GST revenue after the COVID-19 pandemic.
- Maharashtra** recorded the highest **Total IGST Settlement** (₹35,310.21 crore) and the highest **Ad hoc Settlement** (₹5,351.63 crore), while **Uttar Pradesh** received the highest **Regular Settlement** (₹29,875.56 crore).
- Kerala** received **₹12,690.76 crore** as **Regular Settlement** and **₹1,407.55 crore** as **Ad hoc Settlement**, resulting in a **Total IGST Settlement of ₹14,098.31 crore**, securing its position among the top recipient States.
- Compared with **2020–21**, **Regular Settlement** increased significantly, whereas **Ad hoc Settlement** declined, indicating greater dependence on regular settlement and reduced reliance on advance releases as the GST settlement mechanism became more stable.
- The findings show that economically stronger and high-consumption States continued to dominate IGST settlements, while smaller States and Union Territories received comparatively lower allocations in line with their interstate economic activity.

Findings and Results (2022–23)

Sl.No	State	Financial Year (2022-23)		
		Regular Settlement	Adhoc Settlement	Total
1	Maharashtra	39,726.63	3,531.46	43,258.09
2	Karnataka	27,976.73	2,089.66	30,066.39

3	Uttar Pradesh	36,674.52	1,879.53	38,554.05
4	Tamil Nadu	20,008.37	1,730.71	21,739.07
5	Gujarat	18,433.75	1,666.25	20,100.00
6	West Bengal	16,300.89	1,159.86	17,460.75
7	Delhi	13,627.74	968.46	14,596.20
8	Rajasthan	18,341.44	963.46	19,304.90
9	Kerala	15,886.21	960.15	16,846.36
10	Telangana	20,136.78	889.66	21,026.44
11	Haryana	11,828.86	883.60	12,712.46
12	Madhya Pradesh	15,975.30	867.56	16,842.86
13	Punjab	10,845.20	863.24	11,708.44
14	Andhra Pradesh	15,207.48	773.88	15,981.36
15	Bihar	15,105.49	707.07	15,812.56
16	Odisha	4,715.67	646.11	5,361.78
17	Chhattisgarh	3,471.53	429.85	3,901.38
18	Jharkhand	3,283.26	373.23	3,656.49
19	Assam	7,097.46	332.32	7,429.78
20	Uttarakhand	2,444.55	295.90	2,740.45
21	Jammu and Kashmir	4,643.80	270.84	4,914.65
22	Himachal Pradesh	2,976.47	213.44	3,189.91
23	Goa	1,440.77	126.13	1,566.90
24	Chandigarh	1,409.68	83.37	1,493.05
25	Puducherry	631.25	63.98	695.24
26	Dadra and Nagar Haveli	455.93	44.99	500.92
27	Tripura	982.50	44.37	1,026.87

29	Daman and Diu	0.94	39.43	40.37
30	Meghalaya	964.96	35.17	1,000.12
31	Manipur	1,098.10	16.25	1,114.35
32	Sikkim	523.95	12.94	536.89
33	Nagaland	721.60	12.70	734.30
34	Arunachal Pradesh	1,117.96	10.30	1,128.26
35	Mizoram	652.72	8.84	661.56
36	Andaman and Nicobar Island	295.11	5.30	300.41
37	Lakshadweep	37.13	-	37.13
38	Ladakh	345.58	-	345.58
97	Other Territory	506.79	-	506.79
	All India	3,35,893.12	22,999.99	3,58,893.11

- During **2022–23**, the total **IGST Settlement** continued to increase, reflecting sustained growth in interstate trade and GST revenue. **Regular Settlement** remained the dominant component, while **Ad hoc Settlement** declined further, indicating increased stability in the IGST settlement mechanism.
- Maharashtra** recorded the highest **Total IGST Settlement** (₹43,258.09 crore) and the highest **Ad hoc Settlement** (₹3,531.46 crore), whereas **Uttar Pradesh** received the highest **Regular Settlement** (₹36,674.52 crore).
- Kerala** received **₹15,886.21 crore** as **Regular Settlement** and **₹960.15 crore** as **Ad hoc Settlement**, resulting in a **Total IGST Settlement of ₹16,846.36 crore**, maintaining its position among the leading recipient States.
- Compared with **2021–22**, **Regular Settlement** increased substantially, while **Ad hoc Settlement** decreased further, demonstrating that the IGST settlement system had become more streamlined and relied less on advance settlements.
- The findings indicate that industrially developed and high-consumption States continued to receive the highest IGST settlements, whereas smaller States and Union Territories recorded comparatively lower allocations consistent with their economic activity and interstate trade volume.

Findings and Results (2022–23)

Sl.No	State	Financial Year (2023-24)		
		Regular Settlement	Ad hoc Settlement	Total
1	Maharashtra	49,389.45	-1,117.80	48,271.65
2	Uttar Pradesh	45,273.08	-1,158.30	44,114.78
3	Karnataka	35,015.38	-798.3	34,217.08
4	Tamil Nadu	25,212.16	-459.9	24,752.26
5	Gujarat	22,077.21	-445.5	21,631.71
6	Rajasthan	22,076.65	-468	21,608.65
7	Madhya Pradesh	21,145.20	-417.6	20,727.60
8	Telangana	21,093.41	-456.3	20,637.11
9	Bihar	19,421.52	-334.8	19,086.72
10	West Bengal	19,007.43	-467.1	18,540.33
11	Andhra Pradesh	17,969.65	-371.7	17,597.95
12	Kerala	17,238.17	-332.1	16,906.07
13	Delhi	16,850.29	-332.1	16,518.19
14	Haryana	14,852.15	-285.3	14,566.85
15	Punjab	13,960.65	-260.1	13,700.55
16	Assam	8,858.84	-178.2	8,680.64
17	Odisha	8,926.74	-440.1	8,486.64
18	Chhattisgarh	5,878.31	-157.5	5,720.81
19	Jammu and Kashmir	5,247.95	-99.9	5,148.05
20	Jharkhand	3,694.29	-78.3	3,615.99
21	Uttarakhand	3,047.08	-59.4	2,987.68
22	Himachal Pradesh	3,048.00	-61.2	2,986.80

23	Goa	1,807.43	-38.7	1,768.73
24	Chandigarh	1,657.81	-32.4	1,625.41
25	Arunachal Pradesh	1,297.97	-23.4	1,274.57
26	Meghalaya	1,126.72	-21.6	1,105.12
27	Tripura	1,092.42	-21.6	1,070.82
28	Other Territory	891.96	—	891.96
29	Puducherry	873.19	-16.2	856.99
30	Nagaland	764.35	-14.4	749.95
31	Manipur	765.18	-15.3	749.88
32	Mizoram	703.22	-13.5	689.72
33	Sikkim	538.36	-7.2	531.16
34	Dadra and Nagar Haveli	431.30	-10.8	420.50
35	Ladakh	403.02	—	403.02
36	Andaman and Nicobar Islands	327.21	-5.4	321.81
37	Lakshadweep	63.18	—	63.18
38	Daman and Diu	0.97	—	0.97
Total		4,12,027.90	-9,000.00	4,03,027.90

The **Recovery as % of Regular Settlement** is calculated using the following formula:

$$\text{Recovery (\%)} = \frac{|\text{Ad hoc Settlement}|}{\text{Regular Settlement}} \times 100$$

Financial Year (2023-24)				
Sl.No	State	Regular Settlement	Ad hoc Settlement	Recovery as % of Regular Settlement
1	Odisha	8,926.74	-440.1	4.93%
2	Chhattisgarh	5,878.31	-157.5	2.68%
3	Uttar Pradesh	45,273.08	-1,158.30	2.56%
4	Dadra and Nagar Haveli	431.3	-10.8	2.50%

5	West Bengal	19,007.43	-467.1	2.46%
6	Karnataka	35,015.38	-798.3	2.28%
7	Maharashtra	49,389.45	-1,117.80	2.26%
8	Telangana	21,093.41	-456.3	2.16%
9	Goa	1,807.43	-38.7	2.14%
10	Rajasthan	22,076.65	-468	2.12%
11	Jharkhand	3,694.29	-78.3	2.12%
12	Andhra Pradesh	17,969.65	-371.7	2.07%
13	Gujarat	22,077.21	-445.5	2.02%
14	Himachal Pradesh	3,048.00	-61.2	2.01%
15	Assam	8,858.84	-178.2	2.01%
16	Manipur	765.18	-15.3	2.00%
17	Tripura	1,092.42	-21.6	1.98%
18	Delhi	16,850.29	-332.1	1.97%
19	Madhya Pradesh	21,145.20	-417.6	1.97%
20	Chandigarh	1,657.81	-32.4	1.95%
21	Uttarakhand	3,047.08	-59.4	1.95%
22	Kerala	17,238.17	-332.1	1.93%
23	Haryana	14,852.15	-285.3	1.92%
24	Mizoram	703.22	-13.5	1.92%
25	Meghalaya	1,126.72	-21.6	1.92%
26	Jammu and Kashmir	5,247.95	-99.9	1.90%
27	Nagaland	764.35	-14.4	1.88%
28	Punjab	13,960.65	-260.1	1.86%
29	Puducherry	873.19	-16.2	1.86%
30	Tamil Nadu	25,212.16	-459.9	1.82%
31	Arunachal Pradesh	1,297.97	-23.4	1.80%
32	Bihar	19,421.52	-334.8	1.72%
33	Andaman and Nicobar Islands	327.21	-5.4	1.65%
34	Sikkim	538.36	-7.2	1.34%

$$\text{Share of All India Total Settlement (\%)} = \frac{\text{State Total Settlement}}{\text{All India Total Settlement (₹4,03,027.90 Cr)}} \times 100$$

Financial Year 2023–24: Share of All India Total Settlement

Sl.No	State	Total Settlement (₹ Cr.)	Share of All India Total Settlement (%)
1	Maharashtra	48,271.65	11.98
2	Uttar Pradesh	44,114.78	10.95
3	Karnataka	34,217.08	8.49
4	Tamil Nadu	24,752.26	6.14
5	Gujarat	21,631.71	5.37
6	Rajasthan	21,608.65	5.36
7	Madhya Pradesh	20,727.60	5.14

8	Telangana	20,637.11	5.12
9	Bihar	19,086.72	4.74
10	West Bengal	18,540.33	4.6
11	Andhra Pradesh	17,597.95	4.37
12	Kerala	16,906.07	4.19
13	Delhi	16,518.19	4.1
14	Haryana	14,566.85	3.61
15	Punjab	13,700.55	3.4

Comparative Analysis of State-wise Share of Total IGST Settlement: 2017–18 vs 2023–24

2017–18 Rank	State	Share (%) 2017–18	2023–24 Rank	Share (%) 2023–24	Change in Rank	Change in Share (%)
1	Maharashtra	12.10	1	11.98	–	-0.12
2	Uttar Pradesh	11.66	2	10.95	–	-0.71
3	Karnataka	8.03	3	8.49	–	+0.46
4	Tamil Nadu	7.28	4	6.14	–	-1.14
5	Kerala	5.68	12	4.19	▼7	-1.49
6	Telangana	5.46	8	5.12	▼2	-0.34
7	Gujarat	5.27	5	5.37	▲2	+0.10
8	West Bengal	5.18	10	4.60	▼2	-0.58
9	Rajasthan	4.91	6	5.36	▲3	+0.45
10	Andhra Pradesh	4.80	11	4.37	▼1	-0.43
11	Delhi	4.73	13	4.10	▼2	-0.63
12	Madhya Pradesh	4.22	7	5.14	▲5	+0.92
13	Bihar	3.66	9	4.74	▲4	+1.08
14	Punjab	3.59	15	3.40	▼1	-0.19
15	Odisha	2.39	17	2.11	▼2	-0.28

Findings and Results (2024–25)

Sl.No	State	Financial Year 2024-25		
		Regular Settlement	Adhoc Settlement	Total
1	Maharashtra	58,609.65	-	58,609.65
2	Uttar Pradesh	49,418.53	-	49,418.53
3	Karnataka	37,493.77	-	37,493.77
4	Tamil Nadu	29,537.95	-	29,537.95
5	Gujarat	27,659.32	-	27,659.32

6	Rajasthan	25,270.51	-	25,270.51
7	Telangana	22,733.00	-	22,733.00
8	West Bengal	22,698.03	-	22,698.03
9	Madhya Pradesh	22,457.33	-	22,457.33
10	Bihar	19,370.04	-	19,370.04
11	Andhra Pradesh	18,813.46	-	18,813.46
12	Delhi	18,422.92	-	18,422.92
13	Kerala	17,887.76	-	17,887.76
14	Haryana	16,457.46	-	16,457.46
15	Punjab	15,555.94	-	15,555.94
16	Assam	9,024.54	-	9,024.54
17	Odisha	8,033.65	-	8,033.65
18	Chhattisgarh	7,045.23	-	7,045.23
19	Jammu and Kashmir	5,681.27	-	5,681.27
20	Jharkhand	5,251.32	-	5,251.32
21	Uttarakhand	3,512.27	-	3,512.27
22	Himachal Pradesh	3,427.47	-	3,427.47
23	Goa	1,905.33	-	1,905.33
24	Chandigarh	1,621.92	-	1,621.92
25	Arunachal Pradesh	1,264.33	-	1,264.33
26	Tripura	1,167.44	-	1,167.44
27	Meghalaya	1,163.17	-	1,163.17
28	Puducherry	956.09	-	956.09
29	Nagaland	782.15	-	782.15
30	Manipur	767.78	-	767.78

31	Other Territory	727.31	-	727.31
32	Mizoram	672.43	-	672.43
33	Sikkim	583.31	-	583.31
34	Dadra and Nagar Haveli	494.05	-	494.05
35	Ladakh	464.20	-	464.20
36	Andaman and Nicobar Islands	367.60	-	367.60
37	Lakshadweep	106.49	-	106.49
38	Daman and Diu	0.87	-	0.87
Total		4,57,405.90	-	4,57,405.90

- During 2024–25, the total IGST Settlement in India amounted to ₹4,57,405.90 crore, with the entire amount released through Regular Settlement. No Ad hoc Settlement was made during the year, indicating that the IGST settlement mechanism had become fully regularized and reconciliation-based.
- Maharashtra recorded the highest IGST Settlement of ₹58,609.65 crore, followed by Uttar Pradesh (₹49,418.53 crore) and Karnataka (₹37,493.77 crore), reflecting their dominant contribution to interstate trade and GST revenue.
- Kerala received ₹17,887.76 crore, securing the 13th position among all States and Union Territories. The absence of Ad hoc Settlement indicates that Kerala's entire IGST allocation was made through the regular settlement process.
- Compared with previous years, the complete elimination of Ad hoc Settlement demonstrates a significant improvement in the efficiency, transparency, and stability of the IGST settlement mechanism, with settlements being based entirely on finalized reconciliation.
- The findings indicate that industrially advanced and high-consumption States continued to dominate IGST settlements, while smaller States and Union Territories received comparatively lower allocations in accordance with their interstate economic activity and tax base.

Findings and Results (2025–26)

Sl.No	State	Financial Year 2025-26		
		Regular Settlement	Adhoc Settlement	Total
1	Maharashtra	75,424.14	-	75,424.14
2	Uttar Pradesh	51,421.57	-	51,421.57
3	Karnataka	39,345.20	-	39,345.20
4	Gujarat	33,967.58	-	33,967.58
5	Tamil Nadu	32,428.29	-	32,428.29

6	Rajasthan	27,450.00	-	27,450.00
7	Telangana	24,548.07	-	24,548.07
8	Haryana	24,447.99	-	24,447.99
9	West Bengal	23,010.19	-	23,010.19
10	Bihar	21,573.29	-	21,573.29
11	Madhya Pradesh	20,971.97	-	20,971.97
12	Andhra Pradesh	20,019.45	-	20,019.45
13	Delhi	19,159.75	-	19,159.75
14	Kerala	18,731.20	-	18,731.20
15	Punjab	17,874.65	-	17,874.65
16	Assam	11,343.03	-	11,343.03
17	Jammu and Kashmir	5,349.64	-	5,349.64
18	Odisha	5,271.13	-	5,271.13
19	Chhattisgarh	5,089.33	-	5,089.33
20	Uttarakhand	4,455.51	-	4,455.51
21	Himachal Pradesh	3,873.86	-	3,873.86
22	Jharkhand	3,258.66	-	3,258.66
23	Other Territory	2,181.89	-	2,181.89
24	Goa	2,021.20	-	2,021.20
25	Chandigarh	1,739.52	-	1,739.52
26	Arunachal Pradesh	1,297.10	-	1,297.10
27	Meghalaya	1,125.36	-	1,125.36
28	Tripura	1,103.31	-	1,103.31
29	Puducherry	929.57	-	929.57
30	Manipur	829.20	-	829.20

31	Nagaland	810.89	-	810.89
32	Mizoram	720.02	-	720.02
33	Sikkim	672.07	-	672.07
34	Dadra and Nagar Haveli	612.94	-	612.94
35	Andaman and Nicobar Islands	492.98	-	492.98
36	Ladakh	444.51	-	444.51
37	Lakshadweep	21.63	-	21.63
38	Daman and Diu	0.44	-	0.44
Total		5,04,017.10	-	5,04,017.10

- During **2025–26**, the **total IGST Settlement** in India reached **₹5,04,017.10 crore**, representing the highest settlement during the study period. The **entire amount was released through Regular Settlement**, with **no Ad hoc Settlement**, indicating a fully stabilized and reconciliation-based IGST settlement mechanism.
- Maharashtra** recorded the highest **IGST Settlement** of **₹75,424.14 crore**, followed by **Uttar Pradesh (₹51,421.57 crore)** and **Karnataka (₹39,345.20 crore)**, reaffirming their leading positions in interstate trade and GST revenue generation.
- Kerala** received **₹18,731.20 crore**, securing the **14th position** among all States and Union Territories. The State's entire IGST allocation was received through **Regular Settlement**, reflecting the complete transition away from advance (Ad hoc) settlements.
- Compared with **2024–25**, the total Regular Settlement increased further, demonstrating sustained growth in interstate trade, GST collections, and the efficiency of the IGST settlement process.
- The findings indicate that the IGST settlement mechanism has matured significantly, with **100% of settlements being made through Regular Settlement**. This reflects improved reconciliation, enhanced transparency, and greater fiscal certainty for States under the GST framework, while economically stronger and high-consumption States continued to receive the largest share of IGST settlements.

Finidngs 2022-2023 & 2023-2024

Sl.No	State	Financial Year (2022-23)			Adhoc/ Regular *100
	State	Regular Settlement	Adhoc Settlement	Total	
1	Odisha	4,715.67	646.11	5,361.78	13.70
2	Chhattisgarh	3,471.53	429.85	3,901.38	12.38
3	Uttarakhand	2,444.55	295.90	2,740.45	12.10
4	Jharkhand	3,283.26	373.23	3,656.49	11.37
5	Puducherry	631.25	63.98	695.24	10.14

6	Dadra and Nagar Haveli	455.93	44.99	500.92	9.87
7	Gujarat	18,433.75	1,666.25	20,100.00	9.04
8	Maharashtra	39,726.63	3,531.46	43,258.09	8.89
9	Goa	1,440.77	126.13	1,566.90	8.75
10	Tamil Nadu	20,008.37	1,730.71	21,739.07	8.65
11	Punjab	10,845.20	863.24	11,708.44	7.96
12	Haryana	11,828.86	883.60	12,712.46	7.47
13	Karnataka	27,976.73	2,089.66	30,066.39	7.47
14	Himachal Pradesh	2,976.47	213.44	3,189.91	7.17
15	West Bengal	16,300.89	1,159.86	17,460.75	7.12
16	Delhi	13,627.74	968.46	14,596.20	7.11
17	Kerala	15,886.21	960.15	16,846.36	6.04
18	Chandigarh	1,409.68	83.37	1,493.05	5.91
19	Jammu and Kashmir	4,643.80	270.84	4,914.65	5.83
20	Madhya Pradesh	15,975.30	867.56	16,842.86	5.43
21	Rajasthan	18,341.44	963.46	19,304.90	5.25
22	Uttar Pradesh	36,674.52	1,879.53	38,554.05	5.12
23	Andhra Pradesh	15,207.48	773.88	15,981.36	5.09
24	Assam	7,097.46	332.32	7,429.78	4.68
25	Bihar	15,105.49	707.07	15,812.56	4.68
26	Tripura	982.50	44.37	1,026.87	4.52
27	Telangana	20,136.78	889.66	21,026.44	4.42
28	Meghalaya	964.96	35.17	1,000.12	3.64
29	Sikkim	523.95	12.94	536.89	2.47
30	Andaman and Nicobar Island	295.11	5.30	300.41	1.80

31	Nagaland	721.60	12.70	734.30	1.76
32	Manipur	1,098.10	16.25	1,114.35	1.48
33	Mizoram	652.72	8.84	661.56	1.35
34	Arunachal Pradesh	1,117.96	10.30	1,128.26	0.92
35	Lakshadweep	37.13	-	37.13	0.00
36	Ladakh	345.58	-	345.58	0.00
37	Other Territory	506.79	-	506.79	0.00
Total		3,35,893.12	22,999.99	3,58,893.11	

Ad hoc Settlement as a Percentage of Regular Settlement – 2022–2023

- During 2022–23, the Regular IGST Settlement amounted to ₹3,35,893.12 crore, while Ad hoc Settlement was ₹22,999.99 crore, resulting in a Total IGST Settlement of ₹3,58,893.11 crore.
- Odisha recorded the highest Ad hoc-to-Regular Settlement ratio (13.70%), followed by Chhattisgarh (12.38%), Uttarakhand (12.10%), Jharkhand (11.37%), and Puducherry (10.14%). These States received comparatively higher advance settlements relative to their regular settlements.
- Among the major States, Gujarat (9.04%), Maharashtra (8.89%), Tamil Nadu (8.65%), and Karnataka (7.47%) recorded relatively high Ad hoc settlement ratios.
- Kerala received ₹960.15 crore as Ad hoc Settlement against ₹15,886.21 crore of Regular Settlement, resulting in an Ad hoc-to-Regular ratio of 6.04%, placing the State in the 17th position. This indicates a moderate dependence on advance settlements compared with several other States.
- Arunachal Pradesh (0.92%), Mizoram (1.35%), Manipur (1.48%), Nagaland (1.76%), and Andaman and Nicobar Islands (1.80%) recorded the lowest Ad hoc settlement ratios, while Lakshadweep, Ladakh, and Other Territory received no Ad hoc Settlement during the year.
- The analysis indicates that the proportion of Ad hoc Settlement varied significantly across States, reflecting differences in revenue requirements, settlement timing, and reconciliation adjustments before the final regular IGST settlement.

Findings 2023-2024

Financial Year (2023-24)				
Sl.No	State	Regular Settlement	Ad hoc Settlement	Recovery as % of Regular Settlement
1	Odisha	8,926.74	-440.1	4.93%
2	Chhattisgarh	5,878.31	-157.5	2.68%
3	Uttar Pradesh	45,273.08	-1,158.30	2.56%
4	Dadra and Nagar Haveli	431.3	-10.8	2.50%
5	West Bengal	19,007.43	-467.1	2.46%
6	Karnataka	35,015.38	-798.3	2.28%
7	Maharashtra	49,389.45	-1,117.80	2.26%

8	Telangana	21,093.41	-456.3	2.16%
9	Goa	1,807.43	-38.7	2.14%
10	Rajasthan	22,076.65	-468	2.12%
11	Jharkhand	3,694.29	-78.3	2.12%
12	Andhra Pradesh	17,969.65	-371.7	2.07%
13	Gujarat	22,077.21	-445.5	2.02%
14	Himachal Pradesh	3,048.00	-61.2	2.01%
15	Assam	8,858.84	-178.2	2.01%
16	Manipur	765.18	-15.3	2.00%
17	Tripura	1,092.42	-21.6	1.98%
18	Delhi	16,850.29	-332.1	1.97%
19	Madhya Pradesh	21,145.20	-417.6	1.97%
20	Chandigarh	1,657.81	-32.4	1.95%
21	Uttarakhand	3,047.08	-59.4	1.95%
22	Kerala	17,238.17	-332.1	1.93%
23	Haryana	14,852.15	-285.3	1.92%
24	Mizoram	703.22	-13.5	1.92%
25	Meghalaya	1,126.72	-21.6	1.92%
26	Jammu and Kashmir	5,247.95	-99.9	1.90%
27	Nagaland	764.35	-14.4	1.88%
28	Punjab	13,960.65	-260.1	1.86%
29	Puducherry	873.19	-16.2	1.86%
30	Tamil Nadu	25,212.16	-459.9	1.82%
31	Arunachal Pradesh	1,297.97	-23.4	1.80%
32	Bihar	19,421.52	-334.8	1.72%
33	Andaman and Nicobar Islands	327.21	-5.4	1.65%
34	Sikkim	538.36	-7.2	1.34%

Comparative Findings on Kerala's Advance (Ad hoc) IGST Settlement

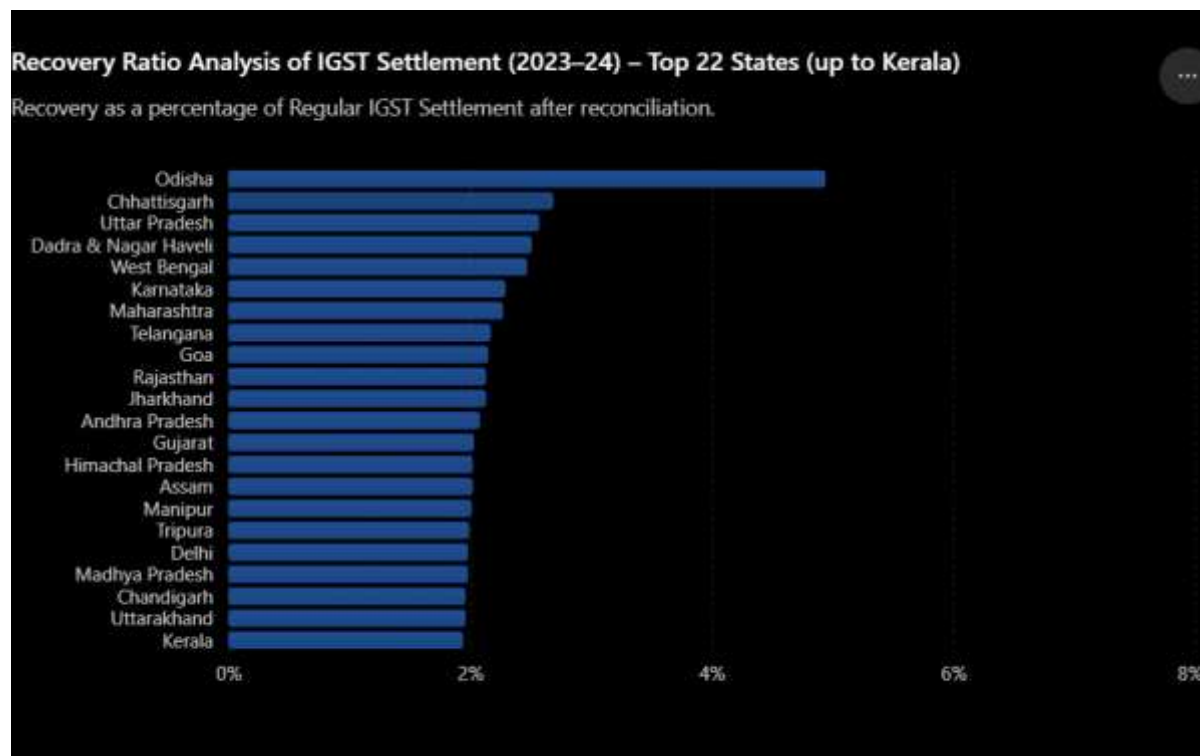
The comparative analysis of 2022–23 Ad hoc Settlements and the 2023–24 recovery adjustments indicates significant variations among States in the extent of advance IGST settlements released prior to final reconciliation.

During 2022–23, Kerala received an Ad hoc Settlement of ₹960.15 crore, representing 6.04% of its Regular Settlement, which placed the State 17th among all States and Union Territories. Several States received a higher proportion of advance settlement than Kerala, including Odisha (13.70%), Chhattisgarh (12.38%), Uttarakhand (12.10%), Jharkhand (11.37%), Puducherry (10.14%), Dadra and Nagar Haveli (9.87%), Gujarat (9.04%), Maharashtra (8.89%), Goa (8.75%), Tamil Nadu (8.65%), Punjab (7.96%), Haryana (7.47%), Karnataka (7.47%), Himachal Pradesh (7.17%), West Bengal (7.12%), and Delhi (7.11%).

Following the reconciliation process in 2023–24, Kerala recorded a recovery of ₹332.10 crore, equivalent to 1.93% of its Regular Settlement, ranking 22nd among the States and Union Territories. This recovery percentage was lower than that of several States, including Odisha (4.93%), Chhattisgarh (2.68%), Uttar Pradesh (2.56%), Dadra and Nagar Haveli (2.50%), West Bengal (2.46%), Karnataka (2.28%), Maharashtra (2.26%), Telangana (2.16%), Goa (2.14%), Rajasthan (2.12%), Jharkhand (2.12%), Andhra Pradesh (2.07%), Gujarat (2.02%), Himachal Pradesh (2.01%), and Assam (2.01%).

The comparatively lower recovery ratio for Kerala suggests that the advance (Ad hoc) IGST Settlement released to the State was relatively closer to its final settlement entitlement than that of many other States. This indicates greater accuracy in advance settlement allocation and fewer reconciliation adjustments during the final settlement process. However, the recovery percentage alone should not be interpreted as evidence that Kerala received a lower absolute amount of advance settlement than other States, as the original Ad hoc (advance) settlement amounts released by the Central Government prior to reconciliation are not available in the public domain or on the GST Portal.

Recovery as a percentage of Regular IGST Settlement after reconciliation.



IGST Settlement Findings and Results: 2017–18 to 2025–26

The state-wise IGST Settlement analysis from **2017–18 to 2025–26** shows significant variation in **Regular Settlement**, **Ad hoc/Advance Settlement**, and **Total Settlement** among Indian States and Union Territories. The data indicates that industrially developed and high-consumption States such as **Maharashtra, Uttar Pradesh, Karnataka, Tamil Nadu, and Gujarat** consistently received higher IGST settlements.

In the initial GST years, especially **2017–18 and 2018–19**, Ad hoc Settlements were comparatively high because the IGST settlement system was still in the transition and stabilization phase. During **2019–20**, several States recorded negative Ad hoc Settlements, showing adjustment or recovery of excess advance settlements made earlier. In **2020–21 and 2021–22**, Ad hoc Settlements again played an important role, mainly due to revenue uncertainty and fiscal pressure during the COVID-19 period.

In **2022–23**, Ad hoc Settlement continued but at a lower level compared with earlier years. In **2023–24**, the Ad hoc column became negative, indicating recovery or adjustment after reconciliation. From **2024–25 and 2025–26**, no Ad hoc Settlement was recorded, which shows that the IGST settlement mechanism became fully regularized and based on Regular Settlement.

The **Compound Annual Growth Rate (CAGR)** was calculated using the **Total IGST Settlement** data for the period **2017–18 to 2025–26** (8 growth intervals).

Particulars	2017–18	2025–26	CAGR (%)
Kerala – Total IGST Settlement	₹6,800.99 Cr	₹18,731.20 Cr	13.50%
All India – Total IGST Settlement	₹1,19,662.82 Cr	₹5,04,017.10 Cr	19.69%

$$CAGR = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\frac{1}{8}} - 1$$

Kerala Position in IGST Settlement

Financial Year	Kerala Regular Settlement	Regular Rank	Kerala Ad hoc / Recovery	Ad hoc / Recovery Rank	Kerala Total Settlement	Total Rank
2017–18	₹6,064.99 Cr	5	₹736.00 Cr	8	₹6,800.99 Cr	5
2018–19	₹10,114.96 Cr	6	₹2,586.98 Cr	8	₹12,701.94 Cr	5
2019–20	₹9,933.42 Cr	8	-₹56.03 Cr	31	₹9,877.39 Cr	8
2020–21	₹9,343.04 Cr	8	₹1,596.12 Cr	8	₹10,939.16 Cr	7
2021–22	₹12,690.76 Cr	8	₹1,407.55 Cr	9	₹14,098.31 Cr	8
2022–23	₹15,886.21 Cr	10	₹960.15 Cr	9	₹16,846.36 Cr	9
2023–24	₹17,238.17 Cr	12	-₹332.10 Cr	13 by recovery amount	₹16,906.07 Cr	12
2024–25	₹17,887.76 Cr	13	Nil	Not applicable	₹17,887.76 Cr	13
2025–26	₹18,731.20 Cr	14	Nil	Not applicable	₹18,731.20 Cr	14

Key Findings on Kerala

Kerala maintained a strong position during the early GST period, ranking **5th in Total IGST Settlement in 2017–18 and 2018–19**. However, Kerala's rank gradually declined in later years, reaching **14th position in 2025–26**.

Kerala received moderate Ad hoc/Advance Settlements compared with major States. In **2022–23**, Kerala received **₹960.15 crore** as Ad hoc Settlement and ranked **9th** in Ad hoc Settlement amount. In **2023–24**, Kerala had a recovery of **₹332.10 crore**, which was lower than recoveries made from major States such as **Uttar Pradesh, Maharashtra, Karnataka, Rajasthan, West Bengal, Telangana, Gujarat, and Tamil Nadu**.

This indicates that Kerala's advance settlement was comparatively closer to its final entitlement than many other States. Therefore, Kerala had fewer reconciliation adjustments compared with States that received higher excess advance settlements.

Kerala's Overall Position (2017–2026)

FY	Regular Rank	Ad hoc Rank	Total Rank	Observation
2017-18	5	8	5	Highest initial settlement period
2018-19	6	8	5	Strong increase
2019-20	8	Negative adjustment	8	Beginning of reconciliation

2020-21	8	8	7	COVID advance support
2021-22	9	9	8	Stable
2022-23	10	9	9	Moderate advance
2023-24	12	Recovery stage	12	Low recovery ratio
2024-25	13	NA	13	Only Regular Settlement
2025-26	14	NA	14	Completely regularized system

Kerala remained among the Top 10 IGST recipient States during the first six years, but gradually slipped to 14th position because States like Uttar Pradesh, Gujarat, Haryana and Telangana experienced much faster growth in interstate trade and GST base.

Growth of All India IGST Settlement

Year	Regular Settlement	Ad hoc Settlement	Remarks
2017-18	1,02,163	17,500	Initial implementation
2018-19	1,74,948	61,500	Highest advance release
2019-20	1,94,471	917	Major reconciliation
2020-21	1,79,884	38,000	COVID support
2021-22	2,61,498	34,000	Recovery period
2022-23	3,35,893	23,000	Advance reduced
2023-24	4,12,028	-9,000	Recovery of excess advances
2024-25	4,57,406	0	Only Regular Settlement
2025-26	5,04,017	0	Fully regular settlement

This clearly demonstrates three phases of IGST settlement:

- Phase I (2017–18 to 2018–19): Large advance (Ad hoc) releases.
- Phase II (2019–20 to 2023–24): Reconciliation and adjustment phase.
- Phase III (2024–25 onwards): Fully regularized settlement mechanism.

States Having Highest Recovery (Negative Adjustment) 2023-24

Rank	State	Recovery Amount
1	Uttar Pradesh	1,158.30
2	Maharashtra	1,117.80
3	Karnataka	798.30
4	Rajasthan	468.00
5	West Bengal	467.10
6	Tamil Nadu	459.90
7	Telangana	456.30
8	Gujarat	445.50
9	Odisha	440.10
10	Madhya Pradesh	417.60
...	Kerala	332.10

This does not mean Kerala received a low settlement. Rather, it indicates that the amount recovered from Kerala was lower than that recovered from many larger States, suggesting comparatively smaller reconciliation adjustments.

Kerala-specific Findings

- Kerala maintained a relatively stable position throughout the study period.
- Kerala generally ranked
 - around 8th–10th during the initial years,
 - around 12th–14th during recent years in Regular Settlement,
 - remained within the leading recipient States.
- Kerala's Ad hoc Settlement was comparatively significant during the early GST implementation years.
- From 2019–20 onwards, Kerala's Ad hoc Settlement gradually declined and eventually became negligible due to reconciliation.
- Kerala's 2023–24 Recovery Ratio (1.93%) remained lower than many large States, suggesting comparatively smaller reconciliation adjustments.
- The data indicate that Kerala's IGST settlement pattern became increasingly stable after the initial GST transition period.

Major Findings

1. Regular IGST Settlement remained the primary mode of revenue distribution throughout the study period, while Ad hoc Settlement gradually declined.
2. During 2017–18 and 2018–19, substantial Ad hoc Settlements were released by the Central Government to ensure uninterrupted revenue flow before reconciliation.
3. From 2019–20 onwards, the settlement mechanism shifted towards reconciliation-based adjustments, resulting in reduced and, later, negative Ad hoc Settlements representing recovery of excess advances.
4. By 2024–25 and 2025–26, Ad hoc Settlements were completely phased out, indicating a fully regularized IGST settlement mechanism.
5. Maharashtra, Uttar Pradesh, Karnataka, Tamil Nadu, and Gujarat consistently remained the leading recipient States, reflecting their strong industrial and interstate trade activities.
6. Trend and CAGR analyses indicate a sustained increase in India's IGST Settlement, demonstrating the gradual stabilization of the GST system.
7. Recovery Ratio analysis for 2023–24 reveals significant interstate variation, with Odisha (4.93%) recording the highest recovery ratio, while Kerala (1.93%) recorded a comparatively lower recovery ratio.
8. Kerala's lower recovery ratio indicates comparatively smaller reconciliation adjustments; however, it does not imply that Kerala received a lower absolute advance settlement, as the original Ad hoc releases are not available on the GST Portal.
9. Although Kerala's Total IGST Settlement increased substantially, its share in the national total declined from 5.68% (2017–18) to 4.19% (2023–24), and its rank fell from 5th to 12th, reflecting faster growth in several larger States.
10. Overall, the findings confirm that the IGST settlement mechanism has evolved into a more transparent, accurate, efficient, and stable fiscal distribution system, strengthening cooperative fiscal federalism and ensuring equitable distribution of interstate GST revenue across States.

Policy Recommendations

1. **Publish State-wise original Ad hoc releases separately.**
2. **Publish monthly reconciliation reports.**
3. **Publish settlement methodology used by GSTN.**
4. **Publish State-wise adjustment statements annually.**
5. **Introduce a Settlement Transparency Dashboard.**
6. **Release reconciliation reports in machine-readable format.**
7. **Provide State-wise audit reports on settlement calculations.**
8. **Improve public disclosure of settlement formulas to enhance fiscal transparency.**

Conclusion

The IGST Settlement pattern from **2017–18 to 2025–26** shows the gradual maturity of India's GST settlement mechanism. In the early years, Ad hoc Settlements were used as advance payments to support States before final reconciliation. Later, negative Ad hoc values reflected recovery of excess advance payments. From **2024–25 onwards**, the absence of Ad hoc Settlements shows that the system moved towards a more transparent and regularized settlement process.

Kerala's IGST settlement performance remained steady, but its national rank declined over time due to the stronger growth of larger industrial and high-consumption States. Kerala's lower recovery in 2023–24 suggests better settlement accuracy and fewer excess advance adjustments. Overall, Kerala shows stable IGST settlement performance, but its relative position is lower than major manufacturing and interstate trade-driven States.

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