



**BEFORE THE AUTHORITY FOR ADVANCE RULING - ANDHRA PRADESH  
Goods and Services Tax**

D. No. 5-56, Block-B, R.K. Spring Valley Apartments, Eedupugallu, Vijayawada-521151

**Present:**

1. Sri. D. Ramesh, Additional Commissioner of State Tax (Member)
2. Sri. M. Sreekanth, Joint Commissioner of Central Tax (Member)

**AAR No.17/AP/GST/2020 dated: 13.05.2020**

|   |  |  |
|---|--|--|
| 1 | Name and address of the applicant  | M/s. Consulting Engineers Group Limited,<br>Bye pass Road, Door No.76-13-99/5, Beside<br>Bashyam School, Jojinagar, Vijayawada-<br>520012, Krishna District, Andhra Pradesh. |
| 2 | GSTIN  | 37AAACC7519B1ZZ  |
| 3 | Date of filing of Form GST ARA-01  | 18.12.2019   |
| 4 | Date of Personal Hearing   | 05.02.2020   |
| 5 | Represented by   | M/S Rajvanshi & Associates.  |
| 6 | Jurisdictional Authority –Centre   | Superintendent, Nellore-4 Range, CGST<br>Nellore Division.   |
| 7 | Clause(s) of section 97(2) of<br>CGST/SGST Act, 2017 under<br>which the question(s) raised | b) applicability of a Notification issued under<br>the provisions of this Act; and<br>e) determination of the liability to pay tax on<br>any goods or services or both;      |

**ORDER**

**(Under Sub-Section (4) of Section 98 of Central Goods and Services Tax Act, 2017 and Sub-Section (4) of Section 98 of Andhra Pradesh Goods and Services Tax Act, 2017)**

1. The present application has been filed u/s 97 of the Central Goods & Services Tax Act, 2017 and AP Goods & Services Tax Act, 2017 (hereinafter referred to CGST Act and APGST Act respectively) by M/s. Consulting Engineers Group Limited, (hereinafter referred to as applicant), registered under the Goods & Services Tax.

2. The provisions of the CGST Act and APGST Act are identical, except for certain provisions. Therefore, unless a specific mention of the dissimilar provision is made, a reference to the CGST Act would also mean a reference to the same provision under the APGST Act. Further, henceforth, for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST or AP GST Act would be mentioned as being under the GST Act.



### 3. Brief Facts of the case:

1. M/s. Consulting Engineers Group Limited., (*hereinafter referred to as 'CEG' or the 'Applicant'*) is a Company registered under the Companies Act, 1956 and registered with Registrar of Companies as "Consulting Engineering Group Limited" vide CIN: U74140RJ1991PLC006329 with its Registered Office at 7<sup>th</sup> Floor, B-11(G), Industrial Area, Malviya Nagar, Jaipur- 302017 and having its Branch Office in Andhra Pradesh vide GSTIN 37AAACC7519B1ZZ, having its Principle place of Business at Bye Pass Road, Door No. 76-13-99/5, Beside Bashyam School, Jojinagar, Vijayawada, Krishna, Andhra Pradesh, 520012.

2. Andhra Pradesh Panchayat Raj Engineering Department (*hereinafter referred to as APPRED*) set up by an act of Parliament and headed by the Commissioner of Panchayat Raj, the Department of Panchayat Raj and Rural Development is responsible for planning and execution of programs for rural development. The main functions of the Department are as follows:

- Implement schemes for rural development
- Improve the coverage and quality of infrastructure facilities in rural areas
- Make provision to provide clean drinking water
- Execute minor irrigation and poverty alleviation programs

3. The Department is implementing several schemes to improve living conditions of people in rural areas and to create economic awareness in rural areas. Some of these schemes include

- Rural Water Supply
- Rural Sanitation
- Jawahar Gram Samrudhi Yojana (J. G. S. Y)
- Community Development
- Construction of Mandal Buildings
- **Construction and maintenance of rural roads**
- Employment Assurance Scheme (E. A. S.)

4. The Applicant has agreed to provide Project Management Consultancy Services to APPRED for Andhra Pradesh Rural Road Project (APRRP) Project which is for connectivity of all unconnected habitats of 250+ population in the state of Andhra Pradesh. The Roads are to be constructed under the APRRP Project for providing connectivity to these villages. The Applicant has employed appropriate technology and safe and effective equipment, machinery and methodology to perform the services in accordance with the Generally accepted Professional standards and practices.

5. The Scope of Project Management Consultancy under the terms of Contract comprises of following components, namely:

- (i) Review & verification of the Project DPRs.
- (ii) Project Management (execution) and Monitoring, and
- (iii) Construction Supervision and Contract Management, including QAC
- (iv) Ensuring that the ESMPs are properly prepared and implemented.



6. The Applicant rendering Project Management Consultancy (PMC) services during implementation will ensure that the contracts are completed with least cost and no time overruns and ensure that quality and sustainable assets are created. Monitoring of the project activities shall be done using WMS (works monitoring system) being developed by PRED using latest IT tools and techniques such as online monitoring work sites with the aid of cyber tools is under process.

7. The scope of work of the Applicant under the PMC Contract Agreement has been briefed for reference:

- a) *Ensure compliance to loan and project agreements and its covenant with a view to achieve agreed-upon project monitoring indicators in stipulated time frame.*
- b) *Ensure consistency and compliance with the applicable AIIB's policy and project delivery strategies and on achieving the key result to be achieved during project implementation.*
- c) *Efficiently manage the project through assistance to PMU/PIUs of the client such that each and every activity of the project is completed in agreed timeline within budgeted cost frame and in full compliance with AIIB's guidelines and applicable client's acts, rule and regulation.*
- d) *PMC has to review / help the procurement process and assist the client in preparation of bidding documents, updating cost estimates, bid invitation and bid evaluation, as required.*
- e) *Provide training to PIU staff in project formulation, management, monitoring and evaluation, financial, road safety and environmental management aspects and community participatory approaches of the project. The consultants has to conduct training at HQ office i.e. Vijayawada at a minimum of 2 trainings/years (or as advises by the client time to time). The cost of training will be borne by the client.*

## **PROJECT MANAGEMENT AND MONITORING**

- a) *Planning, scheduling and monitoring of the project using MS Project /PMIS/latest IT tools and techniques such as online monitoring of work sites with the aid of cyber tools, which are under development.*
- b) *Assist PMU/PIU/PRED in conducting regular meetings with all stakeholders, contractors, and other government entities etc. to discuss progress and issues related to implementation, and prepare minutes for recording and circulation.*
- c) *Develop and implement procedures to support, monitor, review and ensure the payment to contractors is well processed, organized, implemented and to ensure for timely payment and monitor for compliance.*
- d) *Ensure cost, time and quality compliance as envisaged in contract agreement, and*
- e) *Identify hindrances for implementation of contracts and resolve the same with the help of respective agencies. Expertise of PMC firm will be used by the PMU/PIU to make quick decision so as to ensure timely completion of projects consistent with quality within cost of estimates.*



## **REVIEW and REVISION of DETAILED PROJECT REPORT**

- a) *Review /revise /modify & updating of existing detailed project implementation reports with reference in following aspects.*
- b) *Checking and field verification of existing DPRs including efficacy of DPRs and modification/revision of DPRs to achieve required standards.*
- c) *Review of each site environmental aspect for detailed design of the project component.*
- d) *Review of environmental safeguard including impact assessment, if any,*
- e) *Review of environmental management plan (EMP) and mitigation measures.*

## **CONSTRUCTION SUPERVISION & CONTRACT MANAGEMENT INCLUDING OAC**

- a) *Providing advice and guidance to PMU/PIU (PRED) for modern procedures and guidelines for project implementation and management in general.*
- b) *Arrange, coordinate and be available for consultation in all stages of construction of the project, and accordingly ensure modification of the project component, if any*
- c) *Contract administration and management of the project*
- d) *Prepare construction supervision manual, which shall specify quality control and quality assurance aspects and methodology for the following phrases of the project*
  - *Mobilization phase*
  - *Inception Report & Quality audits.*
  - *Pre-construction stage.*
  - *Construction stage*
  - *Final quality checking*
  - *Post construction stage & final wrap up*
  - *The manuals shall emphasis on continuous quality standards & tests of material, field test to be conducted at their frequency strictly in accordance with IS specifications, APDSS, MOST MORTH /IRC/ codes.*
- e) *Interpretation of the technical specification for each item project.*
- f) *Supervise and monitor construction work of each contract package.*
- g) *Checking the alignment (LS/CS), level and specification of the construction to ensure conformity with the contract specification, presentation for approval to the competent authority any change in plans that may be deemed necessary indicating the effects due to the change in the contract, and preparation of variation orders accordingly.*
- h) *Scrutinize the contractors detailed work program and guide contractor in presentation of supervision schedule /work plan for each package.*



- i) Scrutinize construction methods proposed by contractor including environmental, disaster management, safety, personal and public issues.
- j) Assess the adequacy and quality of contractor's supervisory staff and manpower and other input in material, labour and construction methodology and provide advisors when required.
- k) Monitor the construction method by assessing the adequacy of the contractors input material, labour, equipment and construction methods.
- l) Monitor implementation of environmental standards and safeguards, and any resettlement plans.
- m) Review and ensure the quality assurance system for project of all material process that includes quality of all types of material and certification by TPQM/IQM. At least 10% of the mandatory tests prescribed in the specifications of work are to be scrutinized and reviewed for quality compliance, test should be asked to re-done whenever any discrepancy observed and if possible shall witness such test to ensure the quality compliance.
- n) Review of the detailed construction drawings as necessary during continuance of the contract and approving shop drawing of contractor for implementation as required.
- o) Assist in identifying deviations in contract and take action for approval of revised contract values.
- p) Proof checking and issuance for execution of contractor's design and drawing for lump sum turnkey contracts

8. The Applicant has deployed team of professionals and support staff in the month of February 2019 and raised its first invoice in the month of April 2019 for remuneration of staff and reimbursement of expenses in terms of Agreement. Thereafter, the Applicant has raised monthly invoices regularly and has charged 18% GST in the invoices raised and has deposited this GST amount from time to time to the Government as the Contract Agreement for Consultancy Services has provision (as stated in Point 41.2 of Special Conditions of Contract) for the amount of GST over billed amount to be paid by the APPRED.

9. The Applicant further states that its client, APPRED is of the view that the Project Management Consultancy services provided by them are exempt from CGST and Andhra Pradesh GST as per of Notification No.12/2017 Central Tax (Rate) dated 28/06/2017 and G.O.Ms.No.588 (Andhra Pradesh) State Tax (Rate) Dated 12/12/2017 respectively.

10. Given the above background, the present application is being preferred before the Hon'ble Authority of Advance Ruling to determine whether the Project Management Consultancy services provided to Andhra Pradesh Panchayat Raj Engineering Department for APRRP Road Construction Project can be termed as 'Pure Services' as referred in Sl. No. 3 – (Chapter 99) of Table mentioned in Notification No. 12/2017 – Central Tax (Rate) Dated 28/06/2017 and accordingly eligible for exemption from Central Goods and Service Tax and Sl. No. 3 – (Chapter 99) of Table mentioned in G.O.Ms.No.588 –(Andhra Pradesh) State Tax (Rate) Dated 12/12/2017 and accordingly eligible for exemption from Andhra Pradesh Goods and Service Tax.

The applicant had filed an application in form GST ARA-01, 18.12.2019, by paying required amount of fee for seeking Advance Ruling on the following issues, as mentioned below.



#### 4. Questions raised before the Authority:

Whether the 'Project Management Consultancy' services provided to Andhra Pradesh Panchayat Raj Engineering Department for Andhra Pradesh Rural Road Project (APRRP) for Road Construction can be termed as 'Pure Services' as referred in Sl. No. 3 – (Chapter 99) of Table mentioned in Notification No. 12/2017 – Central Tax (Rate) Dated 28/06/2017 and accordingly eligible for exemption from Central Goods and Service Tax and Sl. No. 3 – (Chapter 99) of Table mentioned in G.O.Ms.No.588 –(Andhra Pradesh) State Tax (Rate) Dated 12/12/2017 and accordingly eligible for exemption from Andhra Pradesh Goods and Service Tax.

On Verification of basic information of the applicant, it is observed that the applicant falls under Central jurisdiction of Superintendent, Nellore-4 Range, Nellore CGST Division. Accordingly, the application has been forwarded to the jurisdictional officer and a copy marked to the State Tax authorities to offer their remarks as per the Sec. 98(1) of CGST /APGST Act 2017.

In response, no remarks are received from the jurisdictional officer concerned, but the State Tax authorities responded mentioning that there are no proceedings lying pending or passed relating to the applicant on the issue, for which the Advance Ruling sought by the applicant.

#### 5. Applicant's Interpretation of Law and Facts:

The applicant in support of their plea, present the relevant portion of the Notification No. 12/2017 –Central Tax (Rate) dated 28/06/2017 for interpretation, which is as follows:

*"In exercise of the powers conferred by sub-section (1) of section 11 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby exempts the intra-State supply of services of description as specified in column (3) of the Table below from so much of the central tax liveable thereon under sub-section (1) of section 9 of the said Act, as is in excess of the said tax calculated at the rate as specified in the corresponding entry in column (4) of the said Table, unless specified otherwise, subject to the relevant conditions as specified in the corresponding entry in column (5) of the said Table, namely:-*

| Chapter, Section, Heading, Group or Service Code (Tariff) | Description of Services   |     | Condition |
|---|---|-----|-----------|
| (2)   | (3)   | (4) | (5)       |
| Chapter 99  | Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority or a Governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution. | Nil | Nil       |



From the abovementioned notification, it can be stated that the services are exempted from the CGST and SGST Tax if the following conditions are satisfied cumulatively:

- They are rendering Pure services;
- To the Central Government, State Government or Union territory or local authority or a Governmental authority; and
- Such services should be in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.

### I. Interpretation of 'Pure Services'

- 1.1 The applicant submits that the services provided by them may be termed as 'Pure Services', as they fulfil the following conditions:
- i) It excludes works contract service
  - ii) It excludes other composite supplies involving supply of any goods
  - iii) It is supply of services without involving any supply of goods
- 1.2 The word 'Pure Services' referred in notification has nowhere been defined in the Act, Rules or notification. The Notification also does not specifically name the services which are eligible for exemption and which are excluded. However, CBEC vide FAQs on Government Services, has clarified the scope of Pure Services as under:

*Question 25: What is the scope of 'pure services' mentioned in the exemption notification No. 12/2017—Central Tax (Rate), dated 28.06.2017?*

*Answer: In the context of the language used in the notification, supply of services without involving any supply of goods would be treated as supply of pure services. For example, supply of manpower for Cleanliness of roads, public places, architect services, **Consulting engineer services**, advisory services, and like services provided by business entities not involving any supply of goods would be treated as supply of pure services. On the other hand, let us take the example of a governmental authority awarding the work of maintenance of street lights in a Municipal area to an agency which involves apart from maintenance, replacement of defunct lights and other spares. In this case, the scope of the service involves maintenance work and supply of goods, which falls under the works contract services. The exemption is provided to services which involves only supply of services and not for works contract services.*

- 1.3 The term 'Works Contract' has been defined in Section 2(119) of the CGST Act, 2017 as

*"works contract" means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract."*

- 1.4 In the Contract between the Applicant and APPRED, there is no component of transfer of property in goods as evident from the contract agreement and is purely a service contract. As per the scope of work mentioned above in Point no. 7 of Exhibit-II, the Applicant is mainly engaged in providing Consultancy services to the APPRED through its professionals and Experts in various fields.



- 1.5 The scope of work of the Applicant mainly surrounds to services in relation to:
- (i) Review & verification of the Project DPRs.
  - (ii) Project Management (execution) and Monitoring, and
  - (iii) Construction Supervision and Contract Management, including QAC
  - (iv) Ensuring that the ESMPs are properly prepared and implemented.
- 1.6 A copy of Invoice raised has been attached along with detailed bifurcation of cost which comprises of reimbursement of Remuneration of Professionals and Experts employed for undertaking various tasks assigned to the Applicant in the Contract Agreement in Annexure- 2. There is no component of supply of goods in any invoices.

## **II. APPRED qualifies to be a Central Government, State Government, Governmental Authority or Local Authority**

- 2.1 APPRED is one of the Department under the Panchayat Raj and Rural Development Department of Andhra Pradesh. The Panchayat Raj and Rural Development Department is headed by the Commissioner of Panchayat Raj, the Department of Panchayat Raj and Rural Development is responsible for planning and execution of programs for rural development.
- 2.2 The definition of "Governmental Authority" as per the definitions given under Notification no. 11/2017-Central tax (rate) and Notification no. 12/2017- Central tax (rate) dated 28th June 2017:

*"Governmental Authority" means an authority or a board or any other body, -*  
*(i) set up by an Act of Parliament or a State Legislature; or*  
*(ii) established by any Government,*  
*with 90per cent. or more participation by way of equity or control, to carry out any function entrusted to a Municipality under Article 243W of the Constitution or to a Panchayat under Article 243G of the Constitution.*

- 2.3 The definition of 'Local Authority' as defined in Section 2(69) of CGST Act, 2017, is stated as under:

*"local authority" means---*

- (a) a "Panchayat" as defined in clause (d) of article 243 of the Constitution;*
- (b) a "Municipality" as defined in clause (e) of article 243P of the Constitution;*
- (c) a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund;*
- (d) a Cantonment Board as defined in section 3 of the Cantonments Act, 2006;*
- (e) a Regional Council or a District Council constituted under the Sixth Schedule to the Constitution;*
- (f) a Development Board constituted under article 371 and article 371J of the Constitution; or*
- (g) a Regional Council constituted under article 371A of the Constitution.*



- 2.4 Panchayat Raj Engineering Department (PRED) was formulated during the year 1967 by the Government of Andhra Pradesh. It functions directly under the Ministry of Panchayat Raj & Rural Development and at State level Secretary to Government (PR & RD) as its administrative head and Engineer-in-Chief as its technical head.
- 2.5 Hence, APPRED is formulated by the State Legislature of Andhra Pradesh and functions directly under the Ministry of Panchayat Raj & Rural Development and hence, qualifies to be a Local Authority.

### III. Services are in relation to any function entrusted to a Panchayat under Article 243G of the Constitution

- 3.1 Article 243G of the Constitution has been briefed for reference:

*“243G. Powers, authority and responsibilities of Panchayat Subject to the provisions of this Constitution the Legislature of a State may, by law, endow the Panchayat with such powers and authority and may be necessary to enable them to function as institutions of self government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayat, at the appropriate level, subject to such conditions as may be specified therein, with respect to*

- (a) the preparation of plans for economic development and social justice;*  
*(b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule.”*

- 3.2 The Eleventh Schedule (Article 243G) of the Constitution list out the matters for economic development and social justice. The relevant extract of the schedule has been stated hereunder:

“ .....

.....

*13. Roads, culverts, bridges, ferries, waterways and other means of communication.*

.....”

- 3.3 The Department of Panchayat Raj and Rural Development is responsible for planning and execution of programs for rural development. The main functions of the Department are as follows:

- Implement schemes for rural development
- **Improve the coverage and quality of infrastructure facilities in rural areas.**
- Make provision to provide clean drinking water
- Execute minor irrigation and poverty alleviation programs

- 3.4 The Department is entrusted for implementing several schemes to improve living conditions of people in rural areas and to create economic awareness in rural areas. Some of these schemes include:

- Rural Water Supply
- Rural Sanitation
- Jawahar Gram Samrudhi Yojana (J. G. S. Y)
- Community Development
- Construction of Mandal Buildings
- **Construction and maintenance of rural roads**
- Employment Assurance Scheme (E. A. S.)



- 3.5 The Andhra Pradesh Panchayat Raj and Engineering Department has been entrusted for implementing schemes for construction of Rural roads by the Panchayat Raj and Rural Development Department.
- 3.6 Hence, the PMC services provided by the Applicant for construction of Roads in Rural areas of the state of Andhra Pradesh are in relation to function entrusted to a Panchayat under Article 243G of the Constitution.

The applicant finally submits that the Project Management and Consultancy service, is a 'Pure Service', provided to APPRED, being a 'Local Authority' would be eligible for exemption under Entry 3 of the notification no. 12/2017- Central Tax(Rate) dated 28.06.2017 as such activity qualify to be in relation to functions entrusted to Panchayat under Article 243G of the Constitution.

#### **6. Record of Personal Hearing:**

The authorised representative of the applicant, M/S Rajvanshi & Associates, Chartered Accountants appeared for personal hearing on 05.02.2020 and they reiterated the submission already made in the application.

#### **6. Discussion and Findings:**

We have examined the issues raised in the application. The taxability, classification of the services, applicable rate of tax, eligibility of exemption etc., for the Goods and Services supplied or to be supplied, as governed under the provisions of respective GST Acts are examined.

From the documents on record, we observe that the applicant provides Project Management Consultancy Services to APPRED(Andhra Pradesh Panchayati Raj & Engineering Department) for Andhra Pradesh Rural Road Project (APRRP) which is meant for connectivity of all unconnected habitats of 250+ population in the state of Andhra Pradesh.

The issue at hand is to decide whether the 'Project Management Consultancy' services of the applicant provided to Andhra Pradesh Panchayat Raj Engineering Department for Andhra Pradesh Rural Road Project (APRRP) for Road Construction can be termed as 'Pure Services' as referred in Sl. No. 3 – (Chapter 99) of Notification No. 12/2017 – Central Tax (Rate) Dated 28/06/2017 and accordingly eligible for exemption.

The services rendered by the applicant include a wide range of services like, Review & verification of the Project DPRs, Project Management (execution) and Monitoring, Construction Supervision and Contract Management, including QAC and ensuring that the ESMPs are properly prepared and implemented.

Now we examine whether the services as provided by the applicant are exempted under Sl.No.3 of Notification No 12/2017 dated 28.07.2017 as amended.

Sl.No.3 of the above notification describes pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority or a Governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the constitution or in relation to any function entrusted to a Municipality under article 243W of the constitution.



There are multiple issues that are to be dealt under this entry as mentioned here under:

(a) Whether the services rendered by the applicant are pure services.

The Services rendered by the applicant as seen from the record, are devoid of any incorporation of goods in the process of supply and the agreement copy between the applicant and APPRED reveals the same, citing the approximate value of the work to be done under the agreement for a sum of Rs. 17,71,78,000/- (Rupees Seventeen Crore Seventy One lakh and Seventy Eight thousand only). As per the scope of work mentioned under Point no. 7 of Exhibit-II, the Applicant is mainly engaged in providing Consultancy services to the APPRED through its professionals and Experts in various fields. The copy of Invoice as produced by the applicant reveal the same showing a detailed bifurcation of cost which comprises of reimbursement of Remuneration of Professionals and Experts employed for undertaking various tasks assigned to the Applicant in the Contract Agreement. There is no component of supply of goods in any invoices. Hence, they are classifiable as pure services, excluding the possibilities of works contract service and other composite supplies involving supply of any goods.

b) Whether the service recipient i.e., APPRED is qualified for either of the following, namely., Central Government, State Government or Union territory or local authority or a Governmental authority.

Andhra Pradesh Panchayat Raj Engineering Department (APPRED) was formulated during the year 1967 by the Government of Andhra Pradesh. It functions directly under the Ministry of Panchayat Raj & Rural Development and at State level Secretary to Government (PR & RD) as its administrative head and Engineer-in-Chief as its technical head. While the Andhra Pradesh Rural Roads Connectivity Project (APRRP) has been launched by the Government of Andhra Pradesh to provide "all weather" road connectivity to unconnected habitations with population of 250 or more, this Project is implemented by the Panchayat Raj Engineering Department (PREDE), of Government of Andhra Pradesh. The Project will finance activities including building new roads, cross-drainage structures, and resurfacing/rehabilitation of existing roads. Moreover, APPRED, functions directly under the Ministry of Panchayat Raj & Rural Development and thus qualifies to be a Technical Wing of the Department of PR& RD of the AP State Government.

(c) Now we examine whether the functions carried out by applicant are in relation to any function entrusted to a Panchayat under article 243G or to a municipality under article 243W of the Constitution.

Article 243G of the Constitution discusses the Powers, authority and responsibilities of Panchayats, stating that ,

*"Subject to the provisions of this Constitution the Legislature of a State may, by law, endow the Panchayats with such powers and authority and may be necessary to enable them to function as institutions of self government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats, at the appropriate level, subject to such conditions as may be specified therein, with respect to*

*(a) the preparation of plans for economic development and social justice;*

*(b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule".*



Eleventh schedule of Indian Constitution contains 29 functional items placed within the purview of the Panchayats:

The relevant function under which the services of the applicant as extended to the APPRED fall under is, as follows,

“ .....

.....

13. Roads, culverts, bridges, ferries, waterways and other means of communication.

.....”

Thus, the final condition is also satisfied.

Therefore, we conclude that the services provided by the Applicant are exempted under Sl.No.3 of Notification No. 12/2017 dated 28.07.2017 as amended further by Notification No. 32/2017 - Central Tax (Rate), dated: 13.10.2017.

In view of the foregoing, we pass the following order.

### RULING

**(Under Section 98 of Central Goods and Services Tax Act, 2017 and the Andhra Pradesh Goods and Services Tax Act, 2017)**

**Question:** Whether the ‘Project Management Consultancy’ services provided to Andhra Pradesh Panchayat Raj Engineering Department for Andhra Pradesh Rural Road Project (APRRP) for Road Construction can be termed as ‘Pure Services’ as referred in Sl. No. 3 – (Chapter 99) of Table mentioned in Notification No. 12/2017 – Central Tax (Rate) Dated 28/06/2017 and accordingly eligible for exemption from Central Goods and Service Tax and Sl. No. 3 – (Chapter 99) of Table mentioned in G.O.Ms.No.588 –(Andhra Pradesh) State Tax (Rate) Dated 12/12/2017 and accordingly eligible for exemption from Andhra Pradesh Goods and Service Tax.

**Answer :** Affirmative.

**Sd/-D. RAMESH  
(MEMBER)**

**Sd/- M.SREEKANTH  
(MEMBER)**

//t.c.f.bo//

  
**Assistant Commissioner (ST)**  
Assistant Commissioner (State Tax)  
Jr/o. Chief Commissioner of State Tax,  
Andhra Pradesh, Vijayawada.

TO

1. M/s. Consulting Engineers Group Limited, Bye pass Road, Door No.76-13-99/5, Beside Bashyam School, Jojinagar, Vijayawada-520012, Krishna District, Andhra Pradesh **(By Registered Post)**

2.M/s. Consulting Engineers Group Limited, Consultancy Group Limited, CEG Tower, B-11(G), Malviya Industrial Area, Jaipur- 302017**(By Registered Post)**



**Copy to**

1. The Assistant Commissioner of State Tax, Nellore-II Circle, Nellore Division.  
**(By Registered Post)**
2. The Superintendent of Central Tax, Nellore-IV Range, CGST Division, Nellore  
**(By Registered Post)**

**Copy submitted to**

1. The Chief Commissioner (State Tax), O/o Chief Commissioner of State Tax, Eedupugallu, Vijayawada.
2. The Chief Commissioner (Central Tax), O/o Chief Commissioner of Central Tax & Customs, Visakhapatnam Zone, GST Bhavan, Port area, Visakhapatnam-530035  
**(A.P) (By Registered Post)**

**Note:** Under Section 100 of the APGST Act 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling constituted under Section 99 of APGST Act, 2017, with in a period of 30 days from the date of service of this order.

