

राष्ट्रीय ग्रामीण अवसंरचना विकास एजेंसी  
ग्रामीण विकास मंत्रालय, भारत सरकार  
5वां तल, 15 एनबीसीसी टॉवर, भीकाजी कामा प्लेस  
नई दिल्ली-110066

9/6/18

पत्र सं पी-11014/1/06-तकनीकी 11292 स 18 2106 दिनांक 07.06.2018

सेवा

सभी प्रधान तकनीकी एजेंसी / All Principal Technical Agencies  
सभी राज्य तकनीकी एजेंसी / All State Technical Agencies

**विषय : प्रधान मंत्री ग्राम सड़क योजना से संबंधित कार्यों के वस्तु एवं सेवा कर के भुगतान संबंधी ।**


महोदय,

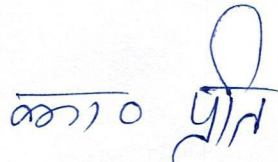
मुझे वित्त मंत्रालय के राजस्व विभाग (टेक्स रिसर्च यूनिट) नई दिल्ली के कार्यालय से उक्त विषय पर भारत सरकार के द्वारा वस्तु एवं सेवा कर के भुगतान संबंधी दिए गए स्पष्टीकरण की एक प्रति आपको आगे की कार्रवाई एवं रिकार्ड के लिए अग्रेषित करने का निदेश हुआ है।

कृपया इसकी पावती भेजें।

संलग्नक : एक

भवदीया

  
(शांति प्रियो एस.)  
निदेशक (वि एवं प्रशा.)  
9/6/18

  
क. 0 प्रसा

Receipt No : 007784/2018/(F&amp;A)

F.No. 354/171/2017-TRU  
Government of India  
Ministry of Finance  
Department of Revenue  
(Tax Research Unit)

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Room No. 146-E, North Block  
New Delhi, 4<sup>th</sup> June, 2018

OFFICE MEMORANDUM

**Subject: Payment of GST for services carried out in connection with PMGSY - reg.**

I am directed to refer to your letter U.O. No. P-11014/01/2006-Tech, dated 18.05.2018 and to say that National Rural Roads Development Agency (NRRDA) is not established by an Act of Parliament or State Legislature. It an autonomous body registered under Society Registration Act and functions under a rule called Rules of National Rural Roads Development Agency. So NRRDA is not 'Government' as per GST Act. As per GST Act, Government means Central Government or State Government or Administrator appointed by Central Government (in the case of Union territory without legislature).

2. Under GST Law, "Government Entity" has been defined to mean an authority or a board or any other body including a society, trust, corporation,  
(i) set up by an Act of Parliament or State Legislature; or  
(ii) established by any Government,  
with 90 per cent. or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority.

2.1 NRRDA has been established by Government of India with effective control by Ministry of Rural Development to carry out functions entrusted by Central Government as per Rules of National Rural Roads Development Agency. It is fully funded by Grant-in-Aid received from Ministry. So NRRDA is a "Government Entity".

2.2 Similarly, Technical Agencies such as IITs and National Institutes, that are providing technical services to NRRDA are also not 'Government' under GST Act, 2017. However, they are also "Government Entity" as they have been established by Acts of Parliament or State legislature.

3. Both under Service Tax and GST regime there is no specific exemption available to any Government Entity who receives services of technical consultancy like design and specification for construction of Rural roads under Pradhan Mantri Gram Sadak Yojana from another Government Entity. Therefore, the opinion of legal counsel of NRRDA that NRRDA being an autonomous body under Ministry and Technical Agencies such as IITs and other Technical Institutions being government organizations, both the service provider and service recipient are not liable for Service Tax / GST is not correct. Service Tax/ GST,

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as applicable is payable on services procured by the NRRDA from the technical institutions unless exempt.

4. Further, vide Sl. No. 9C of the notification No. 12/2017- CT (R), there is a provision of exemption for supply of services by Government Entity to Government against consideration received from Central Government in the form of grants. The notification is as under,

*"Supply of service by a Government Entity to Central Government, State Government, Union territory, local authority or any person specified by Central Government, State Government, Union territory or local authority against consideration received from Central Government, State Government, Union territory or local authority, in the form of grants."*

5. In the instant case, the service is provided by Technical Agencies to NRRDA, i.e. by a Government Entity to another Government Entity, against a consideration known as honorarium. Here service provider is PTAs/ STAs and service Recipient is NRRDA. Although both are government organizations, however there is no specific exemption available to the supply of service between them. Therefore, exemption under Sl. No. 9C of notification ibid is also not applicable for the technical consultancy service provided by Technical Agencies to NRRDA.

6. The honorarium paid by NRRDA to STAs/PTAs for the services rendered by them is liable to Service Tax / GST. NRRDA is therefore liable to pay/ reimburse Service Tax/ GST to Technical Agencies. Services received by NRRDA from IITs (and other technical institutes) may be likened to GST- paid goods brought by any government agency; the GST/ tax on the goods so procured is paid for by the grants received from Government by NRRDA.

  
04 June 2018  
(Susanta Mishra)  
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To:

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Ms. Shanthi Priya S.,  
Director (F&A),  
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Ministry of Rural Development, 5<sup>th</sup> Floor, 15<sup>th</sup> NBCC Tower,  
Bihkaji Cama Place, New Delhi- 110066