

Egis India Consulting Engineers Private Limited

Authority for Advance Ruling — Madhya Pradesh

Order No. 02/2018

Dated 22.06.2018

Q Questions Before the Authority

- Whether the Project Development and Management Consultancy services ('PDMC') provided by Applicant to recipient under the Contract for AMRUT; and the Project Management Consultancy services ('PMC') under the Contract for PMAY would qualify as an activity in relation to function entrusted to Panchayat or Municipality under Article 243G or Article 243W respectively, of the Constitution of India?
- If answer to question 2.1 is in affirmative, would such services provided by the Applicant qualify as "Pure services (excluding works contract service or other composite supplies involving supply of any goods)" as provided in serial number 3 of Notification No. 12/2017- Central Tax (Rate) dated 28 June, 2017 [Notification No. FA -3-42/2017-11/v (53) dated 30 June 2017, as amended by Notification No. 2/2018- Central Tax (Rate) dated 25 January, 2018 issued under Central Goods and Services Tax Act, 2017 ('CGST') and corresponding notifications issued under Madhya Pradesh Goods and Services Tax Act, 2017 ('MPGST Act'), where the Project cost includes the cost of service rendered along with reimbursement of cost of procurement of goods for rendering such service, and, thus, be eligible for exemption from levy of CGST and MPGST, respectively.

F Facts

The applicant was engaged as a Project Development and Management Consultant (PDMC) under the AMRUT scheme and a Project Management Consultant (PMC) under the Pradhan Mantri Awas Yojana (PMAY) for Urban Local Bodies in Madhya Pradesh. Under the contracts, the applicant deployed technical personnel and procured essential assets such as computers, office equipment, and furniture on a reimbursement basis, which remained the property of the employer. The applicant sought an advance ruling on whether these consultancy services qualify for GST exemption as pure services provided in relation to municipal and panchayat functions.

H Ruling

Consultancy services (PDMC/PMC) under AMRUT and PMAY as activities related to Article 243G/243W functions

Qualifies as an activity in relation to functions under Article 243G or 243W

Covers civic amenities, housing, drinking water, and sanitation entrusted to local authorities

Exemption as pure services under Serial No. 3 of Notification No. 12/2017-Central Tax (Rate)

Exempt from CGST and MPGST

Reimbursement of office goods procured for contract execution does not make it a works contract or composite supply; disposal of goods at end of contract attracts GST as applicable

The Authority held that the consultancy services provided under the AMRUT and PMAY schemes qualify as activities in relation to functions entrusted to Panchayats and Municipalities under Articles 243G and 243W of the Constitution. Consequently, the services qualify as exempt **pure services** under Serial No. 3 of Notification No. 12/2017-Central Tax (Rate), despite the reimbursement of goods procured for rendering the service. However,

the subsequent disposal or transfer of tangible assets at contract end remains subject to GST depending on the manner of disposal.

R Reasoning

The Authority examined the scope of the AMRUT and PMAY schemes and confirmed that their objectives—such as water supply, urban transport, sewerage, and affordable housing—align with the Eleventh and Twelfth Schedules under Articles 243G and 243W of the Constitution. On the issue of goods procurement, the Authority found that items like laptops, air conditioners, and furniture procured on behalf of the employer were not naturally bundled with consultancy services to form a composite supply or works contract. Therefore, the contract remains a supply of **pure services** eligible for exemption under Serial No. 3 of Notification No. 12/2017-Central Tax (Rate), as amended.

P Provisions Relied On

Article 243G, Constitution of India

Article 243W, Constitution of India

Eleventh Schedule, Constitution of India

Twelfth Schedule, Constitution of India

Serial No. 3 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017

Notification No. 2/2018-Central Tax (Rate) dated 25.01.2018

Notification No. FA -3-42/201711/v (53) dated 30.06.2017

! For the Practitioner

This ruling clarifies that project management consultancy provided to local authorities for constitutional municipal functions qualifies as exempt **pure service**. It confirms that incidental pass-through procurement of office goods reimbursed on actuals does not convert consultancy into a taxable composite supply or works contract. Practitioners should caution clients that GST implications may still arise upon final transfer or disposal of capital equipment at contract completion.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> [order egis india consulting engineers private limited.pdf](#)

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