M/s Saryu Babu Engineer India Pvt. Ltd., C-51, K-Park, Mahanagar, Lucknow, U.P.-226 024 (GSTIN 09AAPCS0790R1ZB)

Authority for Advance Ruling — Uttar Pradesh

Order No. 53, dated 11-02-2020 (Authority for Advance Ruling, Uttar Pra… Dated **11.02.2020**

Q Questions Before the Authority

- Whether the Project Development Service (Detailed Project Report service) and Project Management Consultancy Services provided by the applicant to the State Urban Development Agency (SUDA) under its contract, and the Project Management Consultancy service under the contract for Pradhan Mantri Awas Yojana (PMAY), qualify as an activity in relation to functions entrusted to a Panchayat or Municipality under Article 243G or Article 243W of the Constitution of India.
- If the answer to the first question is affirmative, whether such services qualify as pure services (excluding works contract services or composite supplies involving supply of any goods) under serial number 3 of Notification No. 12/2017-Central Tax (Rate) dated 28 June 2017, as amended by Notification No. 2/2018-Central Tax (Rate) dated 25 January 2018, and the corresponding UPGST notification dated 30 June 2017, where the project cost includes reimbursement of the cost of procuring goods for rendering the service, so that the services are exempt from CGST and UPGST.

F Facts

The applicant is a registered GST assessee that entered into contracts with SUDA, a state-level nodal agency under the Urban Employment and Poverty Alleviation department, to prepare detailed project reports and to provide project management consultancy. It also holds a consultancy contract for PMAY (Urban) covering DPR preparation, beneficiary-level work, supervision of construction of dwelling units, and MIS work. The project cost under these contracts includes reimbursement of the cost of goods procured to render the service.

H Ruling

Q1: Whether DPR and PMC services under SUDA and PMAY relate to functions entrusted to Panchayats or Municipalities (Art. 243G / 243W)	**Yes. Services are in relation to functions entrusted to Municipalities under Art. 243W and to Panchayats under Art. 243G.**	Based on the scope of work under the SUDA DPR, PMC and PMAY contracts, read with the 11th and 12th Schedules.

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

Q2: Whether such services are pure services under Sl. No. 3 of Notification 12/2017-CT(Rate) (as amended by 2/2018), and the UPGST counterpart, so as to be exempt	**Yes. Such services qualify as pure services and are accordingly exempt from GST under Sl. No. 3 of Notification No. 12/2017-CT(Rate), as amended.**	Exemption is for pure services only, excluding works contract services or composite supplies involving supply of any goods. The ruling is stated to apply where the project cost includes reimbursement of goods procured for rendering the service.

The Authority unanimously held that the services rendered under the SUDA contract and for PMAY are in relation to functions entrusted to Municipalities under Article 243W and to Panchayats under Article 243G. It further held that such services qualify as **pure services** (excluding works contract or composite supplies involving supply of goods) and are therefore **exempt from GST** under serial number 3 of Notification No. 12/2017-CT(Rate), as amended, and the corresponding UPGST notification.

R Reasoning

The Authority noted that the question was covered by Section 97(2)(b) of the CGST Act, as it concerns the applicability of a notification, and admitted it on merits. It examined the SUDA and PMAY scopes of work, including DPR preparation, beneficiary management, supervision of construction and MIS work. It then linked these activities to the matters listed in the 11th and 12th Schedules (such as urban planning, slum improvement, poverty alleviation and water supply), and so to functions under Articles 243G and 243W. On the second question, it treated the contracts as pure services within Sl. No. 3 of Notification 12/2017-CT(Rate), as amended, and did not treat the reimbursed goods as converting the supply into a works contract or composite supply. The applicant relied on a similar exemption granted to M/s Rudrabhishek Enterprises Ltd. by Order No. 22 dated 25.01.2019, but the order does not rest on that ruling. The jurisdictional officer's report supported the applicant's position on Question 1.

P Provisions Relied On

- Article 243G of the Constitution of India (Panchayats)
- Article 243W of the Constitution of India (Municipalities)
- 11th and 12th Schedules to the Constitution of India (as referred to in the order)
- Section 97(2)(b) of the CGST Act, 2017
- Notification No. 12/2017-Central Tax (Rate) dated 28 June 2017, Sl. No. 3
- Notification No. 2/2018-Central Tax (Rate) dated 25 January 2018 (amending Sl. No. 3A)
- Corresponding UPGST notification KA.N.I.-2-843/X1-9(47)/17-UP.Act-1-2017-Order-(10)-2017 Lucknow dated 30 June 2017
- Section 103(2) and Section 104(1) of the CGST Act, 2017 (binding effect and voiding of ruling)

! For the Practitioner

This order is useful for DPR and project management consultants working under SUDA or PMAY (Urban) contracts in Uttar Pradesh, who can cite it to support exemption under Sl. No. 3 of the 12/2017-CT(Rate) notification. It settles the Article 243G/243W link for these particular scopes of work. It does not decide whether works-contract or composite-supply treatment applies where goods form a substantial part of the supply, and it is binding only within the Uttar Pradesh AAR's jurisdiction. The order can be appealed to the UP Appellate Authority within 30 days of service.

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 -> up_aar_53_11.02.2020_sbeipl.pdf

Prepared 18-11-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

Pune (HQ)
RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Mumbai
104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Delhi
3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Gurugram
Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram…

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com