

RITES Limited

Authority for Advance Ruling — West Bengal

27/WBAAR/2018-19 dated 21.12.2018

Q Questions Before the Authority

- Whether the rate of GST for the construction of railway siding will be under Sl. No 3(v)(a) or Sl No 3(xiii) of Notification no 11/2017-CT(Rate) dated 28.06.2017, as amended.

F Facts

The applicant was appointed by Damodar Valley Corporation (DVC) as a Project Management Consultant for the construction of a private railway siding to transport coal and oil fuel to the Raghunathpur Thermal Power Station. The scope of work involves a works contract for the construction of railway infrastructure, including track laying, civil works, signaling, and electrification. The applicant sought a ruling on the applicable GST rate for this project.

H Ruling

Construction of private railway siding

12%

Taxable under Serial No 3(v)(a) of Notification no 11/2017-CT(Rate)

The authority ruled that the construction of the private railway siding constitutes a composite supply of works contract pertaining to railways. Consequently, it is taxable at the rate of 12% under Serial No 3(v)(a) of Notification no 11/2017-CT(Rate).

R Reasoning

The authority determined that the project qualifies as an **original work** pertaining to railways under the GST Act. Relying on judicial precedents, it held that the term railways includes sidings owned by private entities, provided they are not used solely for recreation. Since the siding is used for the carriage of goods for a public sector undertaking, it falls within the definition of railways. The ruling turned on the interpretation of **Serial No 3(v)(a) of Notification no 11/2017-CT(Rate)** and the definition of railways under the Railways Act, 1989.

P Provisions Relied On

Section 97(2)(a) & (b) of the GST Act

Section 2(119) of the GST Act

Section 2(31) of the Railways Act, 1989

Serial No 3(v)(a) of Notification no 11/2017-CT(Rate) dated 28.06.2017

Para 2(zs) of Notification No. 12/2017-CT (Rate) dated 28.06.2017



For the Practitioner

This ruling clarifies that the construction of private railway sidings for industrial use qualifies for the **12% concessional GST rate** applicable to railway infrastructure. It provides practitioners with strong support to argue that the phrase public carriage of goods does not exclude private sidings from the definition of railways. However, it does not address projects that might be classified as recreational or those falling outside the scope of works contracts.

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 -> [wb_27_2018-19_dt_21.12.2018-rites_ltd.pdf](#)

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