

**Government of West Bengal**  
**Department of Urban Development & Municipal Affairs**  
**(Municipal Affairs Section)**  
**NAGARAYAN (6<sup>th</sup> Floor)**  
**DF-8, Sector-I**  
**Salt Lake City, Kolkata-700 064**

**No. 1293(125)/UDMA-13014(99)/18/2018-BDG-MA**

**Kolkata, the 30<sup>th</sup> day of November, 2018**

From : Special Secretary to the Government of West Bengal.

To : 1. Chairperson / Chairman, ..... Municipality / Notified Area Authority  
2. Municipal Commissioner, Kolkata Municipal Corporation  
3. Commissioner, ..... Municipal Corporation

**Sub: Fixation of rates of DI pipes for water supply schemes within different Urban Local Bodies / Development Authorities for GST application**

Madam / Sir,

I am directed to inform that the issues for fixation of GST rates for supply of DI Pipes within different Urban Local Bodies / Development Authorities will be applicable as follows:

- (a) The views of Sri. K.A. Anwar, Sr. JCCT/GST-PPU dated 11.06.2018 (copy enclosed) will be accepted in the case of Kolkata Metropolitan Development Authority and
- (b) For other concerned Urban Local Bodies, the GST rates will be accepted as per the principles laid down in the Finance (Audit) Department, Government of West Bengal Memorandum No.6943-F(Y) dated 13.11.2017.

This is issued with the approval of appropriate authority of this Department and shall take immediate effect until further order(s) in this regard.

Yours faithfully,

*Sd/-*

Special Secretary  
to the Government of West Bengal


Encl: As stated

**No. 1293/1(36)/UDMA-13014(99)/18/2018-BDG-MA**

**Kolkata, the 30<sup>th</sup> day of November, 2018**

Copy forwarded for information and necessary action to:

1. Finance Department, Group – R / N of this Government.
2. Chief Executive Officer, Kolkata Metropolitan Development Authority.
3. District Magistrate, .....
4. Director, State Urban Development Agency.
5. Secretary, Municipal Engineering Directorate, Bikash Bhawan, South Block, 1<sup>st</sup> Floor, Salt Lake, Kol-91.
6. Chief Engineer, Municipal Engineering Directorate, West Bengal.
7. Financial Advisor of this Department.
8. Joint Secretary, Department of Urban Development & Municipal Affairs (Urban Development / Municipal Affairs Wing), Government of West Bengal.
9. State Mission Director, Atal Mission for Rejuvenation & Urban Transformation (AMRUT).
10. State Mission Directorate, Swachh Bharat Mission (SBM).
11. Chief Engineer, Water Supply & Sanitation, Kolkata Metropolitan Development Authority.
12. O.S.D. to MIC, Department of Urban Development & Municipal Affairs, Government of West Bengal.
13. Sr. P.A. to Principal Secretary of this Department.

  
Special Secretary  
to the Government of West Bengal

**NOTE**

The instant issue as forwarded by Finance Deptt., Government of West Bengal to GST-PPU through the CCT/WB on 01/06/2018 may be referred to.

This relates to the clarification sought for by KMDA from the Directorate of Commercial Taxes, WB on applicability of rate of enhancement [vide Notification No. 6943-F(Y) dt. 13.11.2017 or 7899-F(Y) dt. 22.12.2017, whichever is applicable] on contracts for purchase of DI Pipes.

**Fact of the Case:**

- A.** As per the notes of the Director of Finance, KMDA, dt. 25.04.2018, a contract for supply of DI Pipes was awarded to suppliers in the pre-GST regime. Since the supplier was eligible for conditional exemption from Central Excise Duty on such goods, but the GST rate of such goods are now @ 18%, an upward revision in the contractual value was allowed by 11% margin in concurrence with the **Finance Memorandum No. 6943-F(Y) dt. 13.11.2017**.
- B.** Subsequently, another **Memorandum No. 7899-F(Y) dt. 22.12.2017** has been published in partial modification of Memorandum No. 6943-F(Y), where such enhancement rate of 11% has been reduced to 2.2%.
- C.** The instant issue of KMDA relates to the query that which of these Memorandums will be applicable in the instant contract awarded by KMDA.

Annexure:  
A


Annexure:  
B

**Observations:**

1. The Notification No. 5050-F(Y) issued by Finance Department on 16.08.2017 specified that the contractual value of those contracts entered in the pre-GST regime will not be revised on introduction of the GST Laws.
2. However, it was observed that conditional exemption of Excise Duty prevailed on certain goods in the pre-GST regime, but such goods were being taxed in GST @ 18%/28% resulting in an increase of the expense burden for the suppliers.
3. Accordingly, the Finance Department issued the Notification No. 6943-F(Y) dated 13.11.2017 in partial modification to the previously issued Notification No. 5050-F(Y) to address such issue as stated in Para above in relation to contracts awarded by the State Government departments/Local Authorities/Statutory Bodies/PSUs under Government of West Bengal due to introduction of GST.

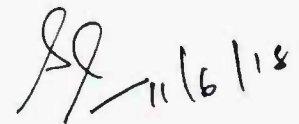
7. If the answers to all the questions put above, in sl. (i), (ii)(a) & (ii)(b) are positive, then only it will qualify for the conditions as laid down in Memorandum No. 7899-F(Y).  
Otherwise, if the answers to the questions put above in sl. (i) & (ii)(a) are positive but does not affirm (ii)(b), then the conditions as laid down in Memorandum No. 6943-F(Y) will prevail.
8. As per Sl. 7 of the Central Excise Notification No. 06/2006 dt. 01.03.2006, (i) all items of machinery, including instruments, apparatus and appliances, auxiliary equipment and their components/ parts required for setting up of water treatment plants and (ii) pipes needed for delivery of water from its source to the plant and from there to the storage facility were conditionally exempted from Central Excise Duty.  
Thus, D I Pipes are goods covered under such Sl. 7 of the Central Excise Notification No. 06/2006 dt. 01.03.2006.
9. Now, such D I Pipes i.e., Ductile Iron Pipes having HSN Code 7303 are taxed in GST @ 18% vide Sl. No. 217 of Schedule III of CGST Rate Notification No. 01/2017-CT(Rate) and SGST Rate Notification No. 1125-FT, both dt. 28.06.2017.
10. The GST rate of D I Pipes has not been amended till date, meaning thereby that it has been 18% all along since 01.07.2017.
11. So, in light of discussion made in Para 7 above, it is found that :-
- D I Pipes were conditionally exempted from Central Excise Duty as per Notification No. 06/2006-CE dt. 01.03.2006;
  - The GST rate of such goods is 18%, and,
  - Such goods do not fall under the category whose GST rate has been rationalized from 28% to 18%,
12. Thus, in this case where an exclusive contract for supply of goods have been entered into by KMDA, the rate of enhancement of the contractual value will be applicable as per the specifications laid down in the Notification No. 6943-F(Y) dated 13.11.2017 and not as per the Memorandum 7899-F(Y) dt. 22.12.2017.

Placed before Ld. CCT/WB for her kind perusal.

  
[K.A. Anwar]  
Sr. JCCT/GST-PPU

~~CCT/WB~~

Secy (Revenue)

  
11/6/18