

No.F.20/32/2019-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

Only
8000.1
GST
5%
10%
15%
20%

Room.No.512, Lok Nayak Bhavan,
New Delhi dated the 9th October, 2019.

OFFICE MEMORANDUM

Sub: Non-settlement of GST claims by project owners mainly Government entities/ PSUs – Reg.

The undersigned is directed to forward a communication received from Hindustan Construction Company Limited (HCCL) wherein it is stated that post introduction of GST, HCCL's claim of reimbursement of GST on account of Tax differential is held up due to non-settlement of the same by the project owners. The amount is mounting and presently it is to the tune of some Rs.259 crores. HCCL has informed that the settlements are held up mainly on account of:-

- (i) Misinterpretation of the Anti-profiteering provisions in GST. Despite reducing the pre-GST taxes from the contract price so as to make it 'Tax neutral', the contractors are also asked to adjust the GST input credit while working out the GST tax impact. Whereas input credit is nothing but actual input cost incurred by the contractors while procuring input/ input services.
- (ii) In case of most of the water supply and irrigation projects (awarded by the State Government Departments and Railway Departments), due to lack of clarity and in the absence of suitable instructions by the Parent body, the process itself has not started.
- (iii) In many cases, instead of reimbursing the GST differential, the project owners have started ad-hoc recovery, thereby impacting the cash flows further.

2. The problem being faced by HCCL may be common to many other vendors/ contractors wherein reimbursement of GST might be held up due to action/ in-action on part of Ministries/ Departments/ other organizations including Central Public Sector Undertakings (CPSUs) etc. It is requested to examine the same and take appropriate action in all such cases under intimation to this office.

Please examine quickly.
DS (Fin-5)
DS (Fin-P)
SO (Fin, RSH)
Sh. Jitenderji
SO (TF-2)
10/10
10/10/19

Kan Reddy
(Kotluru Narayana Reddy)
Deputy Secretary to the Govt. of India
Tel.No.24621305
Email: kn.reddy@gov.in

- To, Sh. Jitenderji
- (i) Financial Advisors of selected Central Government Ministries/ Departments as per Annexure 'A'
 - (ii) CMDs of CPSUs (as per list at Annexure 'B')

Most Urgent

No. [G-20016/3/2019/TF.II]
Government of India
Ministry of Road Transport & Highways
(Finance Section)

1, Sansad Marg, Parivahan Bhavan,
New Delhi, dated the 16th October, 2019.

Office Memorandum

Subject: Non-settlement of GST claims by project owners mainly Government entities/PSUs -reg.

The undersigned is directed to forward a copy of O.M No. F.20/32/2019-PPD dated 09th October, 2019 from Department of Expenditure on the subject mentioned for information and necessary action. It has inter-alia been stated that HCCL's claim of Rs. 259.12 crore for reimbursement of GST on account of Tax differential is held up due to non-settlement of the same by the project owners for the reasons as reported in the said O.M dated 09th October, 2019.

2. It may be seen that out of total claimed of Rs. 259.12 crore submitted by M/s HCCL, an amount of Rs. 585.81 lakh has been shown against NHAI. It may also be noted that similar issues may also be common with the other contractors/vendors working with Ministry through State PWDs etc.

3. I am further directed to request you that the above issue may be examined and action taken report/comments in the matter may please be submitted to the Finance Division urgently for onward transmission to Department of Expenditure.

A.K. Dey

(Anup Kumar Dey)

Under Secretary to the Government of India
Telephone:- 23711472

Encl: As above

To

- ☒ DG(RD)&SS-It is also requested that State PWDs/R.Os may be sensitize to deal the matter appropriately
- ii. JS(H)
 - iii. JS(Transport)
 - iv. CE(Planning)

Copy to:-

(1) PPS to SS&FA

By Email Only

No.F.20/32/2019-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

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2. The problem being faced by HCCL may be common to many other vendors/ contractors wherein reimbursement of GST might be held up due to action/ in-action on part of Ministries/ Departments/ other organizations including Central Public Sector Undertakings (CPSUs) etc. It is requested to examine the same and take appropriate action in all such cases under intimation to this office.

Please examine quickly.

*20 (Am-5)
20 (Am-P)
20 (Am, R2H)*

To, Sh. J. Jenderji,
SO (TF-2)

10/10

Kan Reddy
(Kotluru Narayana Reddy)
Deputy Secretary to the Govt. of India
Tel.No.24621305
Email: kn.reddy@gov.in

- (i) Financial Advisors of selected Central Government Ministries/ Departments as per Annexure 'A'
- (ii) CMDs of CPSUs (as per list at Annexure 'B')

Annexure 'A'

1. Shri Vijay Kumar, Financial Commissioner, Ministry of Railways, Room No.232, Rail Bhawan, New Delhi. Tel.: 23382754, 23382068, Email: fc@rb.railnet.gov.in
2. Ms. Gargi Kaul, Secretary (Defence Finance), Ministry of Defence, South Block, New Delhi. Tel.: 23016654, 23016629, Email: fads1-mod@gov.in
3. Shri Shambhu Singh, SS & FA, M/o Road Transport & Highways and Shipping (Additional Charge of Ministry of Power), Room No.405, Shram Shakti Bhawan, New Delhi. Tel.:23714009, Email: asfa-power@gov.in
4. Shri Saraswati Prasad, SS & FA, Ministry of Steel, Room No.294, Udyog Bhawan, New Delhi. Tel.: 23062630, Email: ssfa-steel@gov.in
5. Shri Shashank Priya, AS & FA, Ministry of Commerce & Industry, Room No.35, Udyog Bhawan, New Delhi. Tel.: 23062481,23062756, Email: asfa com@nic.in
6. Dr. Dharmendra Singh Gangwar, AS & FA, Ministry of Health & Family Welfare, Room No.244-A, Nirman Bhawan, New Delhi. Tel.: 23062579, 23062985, Email: asfa-mhfw@nic.in
7. Shri Rajiv Bansal, AS & FA, Ministry of Petroleum & Natural Gas, Room No.208- A, Shastri Bhawan, New Delhi. Tel. 23381704, Email: asfa.pnq@gov.in
8. Shri Sanjeev Kumar, AS & FA, Ministry Rural Development, Tel: 23389432, Email: sanjeevk@nic.in.
9. Shri Praveen Garg, AS & FA, Ministry of Civil Aviation, Tel: 24643246, Email: asfa.moca@nic.in
10. Ms. Alka Tiwari, AS&FA, Department of Fertilizer, Tel:, 23382468, Email: famcf@nic.in, tiwari.alka@gov.in
11. Shri P K Sinha, Member (Finance), Department of Telecommunication, Tel: 23716161, Email: memberf-dot@nic.in
12. Shri Shyam S. Dubey, JS&FA, Ministry of Housing and Urban Affairs, Tel:23061444. Email: jsfa_ud@gov.in
13. Ms. Darshana Momaya Dabral, JS&FA, Department of School Education and Literacy, Tel: 26712464, Email: jsfa.edu@gov.in
14. Shri Jagmohan Gupta, JS&FA, Department of Water Resources, Tel: 23710297, Email: fawr-mowr@nic.in.
15. Ms. Reena Sinha Puri, JS & FA, Ministry of Coal and Mines, Shastri Bhawan, New Delhi. Tel.: 23384211, Email: jsfa.moc@nic.in

Annexure 'B'

1. Shri Gurdeep Singh Chairman & Managing Director, National Thermal Power Corporation Limited, A-5, Niti Bagh, New Delhi- 110049 24360044, 24361199, 24363050 (Fax) Email: cmd@ntpc.co.in
2. Shri Shashi Shanker, Chairman & Managing Director, Oil & Natural Gas Corporation Ltd., 5, Nelson Mandela Marg, Vasant Kunj, New Delhi-110070. 26129001, 26129011, (Fax): 26129021/41. Email: cmd@ongc.co.in
3. Shri B.V.N. Prasad, Chairman & Managing Director, Cement Corporation of India Ltd., SCOPE Complex, Core V, 7-Lodi Road, New Delhi 110 003. Tel.: 24360005, Email: cmd@ccilttd.in
4. Shri V. Kalyana Rama, Chairman & Managing Director, Container Corporation of India Ltd. CONCOR Bhawan, C-3, Mathura Road, New Delhi 110 076. Tel.: 41673000, Fax: 41673019, Email: cmd@concorindia.com
5. Shri J.C. Nakra, Chairman & Managing Director, Engineers India Limited, Engineers India Bhawan, 1, Bhikaji Cama Place, R.K. Puram, New Delhi - 110066 Tel.: 26762917 Email: cmd@eil.co.in
6. Shri Sanjiv Singh, Chairman, Indian Oil Corporation Lt., 3079/3, J.B. Tito Marg, Sadiq Nagar, New Delhi — 110045. Tel.: 26260101, 26260202, Email: chairman@indianoil.in
7. Shri Balraj Joshi, Chairman & Managing Director, NHPC Limited, Sector-33, NHPC Office Complex, Faridabad 121 003 (Haryana). Tel.: 0129 - 2277971, 2275920, Email: cmd@nhpc.nic.in
8. Shri Kandikuppa Sreekant, Chairman & Managing Director, Power Grid Corporation of India Ltd., Saudamani, Plot No.2, Sector 29, Near IFFCO Chowk, Gurugram 122 001. Tel. 0124-2571800, 2571900, Email: cmd@powergridindia.com
9. Shri Nalin Shinghal, Chairman & Managing Director, Bharat Heavy Electricals Ltd. "BHEL House", Siri Fort New Delhi-110 049, Tel.: 26001001, 26493659. Email: nshinghal@gmail.com
10. Shri Narinder Kumar Grover, Managing Director, Central Railside Warehouse Co. Ltd., Pragati Maidan Metro Station Building, Ground Floor, New Delhi 110 001. Tel.: 011-23379492, Email: md@crwc.in
11. Shri Mangu Singh, Managing Director, Delhi Metro Rail Corporation Ltd. Delhi Metro Rail Corporation Ltd., Metro Bhawan, Fire Brigade Lane, Barakhamba Road, New Delhi — 110001. Tel.: 23418310, Email: mdmetro@dmrc.org
12. Shri Rajiv Chopra, Chairman & Managing Director, The State Trading Corporation of India Limited, Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi - 110001. Tel.: 23701172, 23701194, Email: cmd@stclimited.co.in
13. Dr. M. Ravi Kanth, Chairman & Managing Director, Housing & Urban Development Corporation, HUDCO Bhawan, Core - 7A, India Habitat Centre, Lodhi Road, New Delhi 110003. Tel.: 24693022, Email: cmd@hudco.org
14. Shri Anil Kumar Chaudhary, Chairman, Steel Authority Of India Limited, Ispat Bhawan, Lodi Road, New Delhi-110 003 EPBAX - Ispat Bhawan - 2436 7282, 24368094, Email: chairman.sail@sailex.com
15. Shri D.V. Prasad, Chairman & Managing Director, Food Corporation of India Limited (FCI), Khadya Sadan, 16/20, Barakhamba Lane, New Delhi - 110001, Tel: 23414074, 43527529. Email: chairman.fci@gov.in
16. Shri Anil Kumar Jha, Chairman, Coal India Ltd., Coal Bhawan Premise No.04 MAR, Plot No.AF-III, Action Area-IA, Newtown, Rajarhat, Kolkata -700156 Tel.: 033-23246622 /6611, Email: chairman.cil@coalindia.in
17. Shri D Rajkumar, Chairman & Managing Director, Bharat Petroleum Corporation Limited. Bharat Bhavan. 4 and 6 Currimbhov Road. Ballard

- Estate, Mumbai 400001. Tel.: 022-22713000/ 4000, Email: rajkumard@bharatpetroleum.in, cmd@bharatpetroleum.in
18. Shri Shiv Das Meena, Chairman-cum-Managing Director, National Buildings Construction Corporation limited, NBCC Bhawan, Lodhi Road, New Delhi, Delhi 110003. Tel. : 24368893, Email: cmdsectt@nbccindia.com
 19. Dr. Tapan Kumar Chand, Chairman-cum-Managing Director, National Aluminium Company Limited, NALCO Bhawan, P/1, Nayapalli, Bhubaneswar - 751 013, Odisha. Tel.: (0674) 2300250/ 2300850, Email: cmd@nalcoindia.co.in
 20. Shri Pradosh Kumar Rath, Chairman-cum-Managing Director, Rashtriyalspat Nigam Limited, Administrative Building, Visakhapatnam Steel Plant, Visakhapatnam, Andhra Pradesh - 530031. Tel.: 0891-2518301, Email: cmd@vizagsteel.com
 21. Capt. Anoop Sharma, Chairman & Managing Director, The Shipping Corporation Of India Limited, Shipping House, 16th floor, 245, Madam Cama Road, Mumbai - 400021. Email: cmd@sci.co.in
 22. Shri K Beji George, Chairman & Managing Director, HLL Lifecare Limited, Mahilamandiram Road, Poojappura Thiruvananthapuram, Kerala - 695012. Tel.: 0471-2354949, Email: kbgeorge@lifecarehll.com
 23. Shri Mahendra Pratap Mall, Chairman, Indian Railway Catering & Tourism Corporation Ltd., B-148, 11th Floor, Statesman House, Barakhamba Road, New Delhi - 110001. Tel.: 23311263, Email: cmd@irctc.com
 24. Shri Bam Bahadur Singh, Chairman-cum-Managing Director, MSTC Limited, 225-C, A.J.C Bose Road, Kolkata - 700020. Tel.: 22870810, Email: cmd@mstcindia.co.in
 25. Shri Rajeev Mehrotra, Chairman and Managing Director, RITES Limited, 1, RITES Bhawan, Leisure Valley Road, Sector 29, Gurugram, Haryana - 122009. Tel.: 0124-2818603, Email: rmehrotra@rites.com
 26. Shri S.K. Chaudhary, Chairman & Managing Director, Ircon International Limited, C-4, District Centre, Saket, New Delhi - 110017. Tel.: 26530450 Email: cmdsectt@ircon.org
 27. Dr. Ashutosh Karnatak, Chairman & Managing Director, Gas Authority of India Limited (GAIL), GAIL Bhawan, 16 Bhikaji Cama Place, R K Puram, New Delhi - 110066. Tel.: 26102077 Email: cmd@gail.co.in
 28. Shri M.V. Gowtama, Chairman & Managing Director, Bharat Electronics Limited, Bharat Electronics Limited, Outer Ring Rd, Vyalikaval HBCS Layout, Nagavara, Bengaluru, Karnataka - 560045. Tel.: 080-25039210 Email: cmd@bel.co.in
 29. Shri R Madhavan, Chairman & Managing Director, Hindustan Aeronautics Limited, 15/1 Cubbon Road, Post Box No. 5150, Bangalore -560001. Tel: 080 - 22320105, Email: cmd@hal-india.co.in
 30. Shri Mukesh Kumar Surana, Chairman & Managing Director, Hindustan Petroleum Corporation Limited, Petroleum House, 17, Jamshedji Tata Road, Mumbai , Mumbai , Maharashtra , Mumbai , 400020. Tel.: 022-2286 3600, Email: cmd@hpcl.in
 31. Shri N. Baijendra Kumar, Chairman - cum - Managing Director, National Mineral Development Corporation, Khanij Bhavan, Castle Hills, Masab Tank, Hyderabad - 500028, Tel.: 040 - 23538701/04, Email : cmd@nmcd.co.in
 32. Shri Utpal Bora, Chairman & Managing Director, Oil India Limited, Plot No. 19, Near Film City, Sector 16A, Noida - 201301. Email: cmd@oilindia.in

Non-settlement of GST claims by Project owners mainly Government entities / PSUs

Post introduction of GST, the Company's claim of reimbursement of GST on account of Tax differential is held up due to non-settlement of the same by the Project owners. The amount is mounting and presently it is to the tune of some **Rs 259 crores**. (Refer **Annexure 1**)

The settlements are held up mainly on account of ->

- a) Misinterpretation of the Anti-profiteering provisions in GST. Despite reducing the pre-GST Taxes from the Contract price so as to make it 'Tax neutral', the contractors are also asked to adjust the GST input credit while working out the GST Tax impact. Whereas Input credit is nothing but actual input cost incurred by the Contractor while procuring inputs / input services.
- b) In case of most of the Water supply and irrigation projects (awarded by the State Government Departments) and Railway Departments, due to lack of clarity and in the absence of suitable instructions by the Parent body, the process itself has not started.
- c) In many cases, instead of reimbursing the GST differential, the Project owners have started ad-hoc recovery, thereby impacting the cash flows further.

Annexure 1

Hindustan Construction Company Limited

GST RECEIVABLE AS AT 31ST AUGUST 2019

<u>Client</u>	<u>Amount (Rs Lakhs)</u>
MUMBAI METRO	9,567.73
Dept of Atomic Energy , Govt of India	2,252.21
NPCIL	2,250.39
Northeast Frontier Railway (NFR)	1,621.43
DELHI METRO	1,389.64
THDC	1,053.51
NTPC	986.00
Director General of Naval Projects (DGNP)	981.02
Narmada Valley Development Authority	952.86
PWD, Delhi	934.31
Himachal Pradesh Power Corporation Ltd	927.16
Water resources Dept, Rajasthan	674.93
NHAI	585.81
Konkan Railway Corporation Ltd	482.72
Kolkatta Metropolitan Development Authority	278.77
North Eastern Electric Power Corporation Ltd	215.33
NHPC	193.03
Sardar Sarovar Nigam Ltd	182.05
Bihar Rajya Pul Nirman Nigam Ltd	119.52
Manipur PWD	110.47
Kanti Bijlee Utpadan Nigam Ltd	90.91
Irrigation & CAD Dept, Govt of Andhra Pradesh	50.74
Pune Municipal Corporation	11.88
TOTAL	25,912.42