

GOVT. OF NCT OF DELHI  
OFFICE OF THE DELHI AUTHORITY FOR ADVANCE RULING  
DEPARTMENT OF STATE TAX  
13<sup>th</sup> Floor, VyaparBhawan, I.P. Estate, New Delhi-110002

PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING UNDER  
SECTION 98 OF THE GOODS AND SERVICES TAX ACT, 2017

Members present:

<b>Shri Bhavan Lal Meena, I.R.S.</b> <b>Member (Centre)</b> <b>Delhi Authority for Advance Ruling</b> <b>O/o the Principal Chief Commissioner</b> <b>of CGST &amp; Central Excise, Delhi Zone,</b> <b>New Delhi - 110002</b>	<b>Smt. Asha Chaudhary,</b> <b>Member (State)/Additional</b> <b>Commissioner,</b> <b>Delhi Authority for Advance Ruling,</b> <b>Govt. of NCT of Delhi, VyaparBhawan,</b> <b>I.P. Estate, New Delhi - 110002</b>
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Advance Ruling No. 11/DAAR/2025. Dated: 26.08.2025

1. Any appeal against this Advance Ruling order shall lie before the Delhi Appellate Authority for Advance Rulings, New Delhi as under Sub-Section (1) of Section 100 of CGST Act / DGST Act 2017, within 30 days from the date on the ruling sought to be appealed is communicated.

2. In terms of Section 103(1) of the Act, Advance Ruling pronounced by the Authority under Chapter XVII of the Act shall be binding only-

(a) on the applicant, who had sought it in respect of any matter referred to in sub-section (2) of Section 97 for advance ruling.

(b) on the concerned officer or the jurisdictional officer in respect of the applicant.

3. In terms of Section 103(2) of the Act, this advance ruling shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed.

4. Advance Ruling obtained by the applicant by fraud or suppression of material facts or misrepresentation of facts, shall render such ruling to be void ab initio in accordance with Section 104 of the Act.

5. The provisions of CGST Act, 2017 and DGST Act, 2017 are *pari-materia* and have the same provisions in like matter and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the DGST Act and vice-versa.



## GOVT OF NCT OF DELHI

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DEPARTMENT OF STATE TAX  
13<sup>th</sup> Floor, VyaparBhawan, I.P. Estate, New Delhi – 110002**

Annexure A		
Name of State / Union Territory: Delhi		
Authority For Advance Ruling (AAR) – Details of Order Passed		
1	2	3
1.	Order No. & Date	11/DAAR/2025, Dated:- 26.08.25
2.	Name of the Entity	NEC Corporation India Private Limited A-31, 1 <sup>st</sup> Floor, Lajpat Nagar, Part-II, New Delhi, Delhi, 110024 GSTIN: 07AACCN3496J1Z4
3.	Product/Services Involved	Setting up of Surveillance System for CDAC / Delhi Police which comprises of supply, installation and commissioning of various software and hardware and operation and maintenance of the same thereof.
4.	Brief Issue	Determining the GST Rate on setting up of Surveillance System for CDAC which comprises of supply, implementation/installation and commissioning of various software & hardware, operation and maintenance of the same post implementation in light of the amendments made in Notification no. 11/2017-Central Tax (Rate) dated 28 June 2017 vide Notification no. 22/2021-Central Tax (Rate) dated 31 December 2021 and Notification no. 03/2022-Central Tax (Rate) dated 13 July 2022 including determination as to whether operation and maintenance services post implementation, would qualify as composite supply of works contract?
5.	Section / Rules of the Act / Notification involved on which Ruling issued	Serial No. 3(vi) and 3(xii) of the Notification 11/2017 – Central Tax (Rate) dated 28 June 2017, Section 2(119) of the CGST / DGST Act, 2017 and other relevant provisions as enumerated in the Ruling.
6.	Category as per Section 97(2) of the CGST / DGST Act, 2017	(a) and (b)

Enclosed Copy of Order No. 11/DAAR/2025 dated.....( 26.08.25 )



Registrar (DAAR)



**DELHI AUTHORITY FOR ADVANCE RULING  
GOODS AND SERVICES TAX  
DEPARTMENT OF STATE TAXES  
13<sup>th</sup> Floor, VyaparBhawan, IP Estate, New Delhi - 110002**

ADVANCE RULING NO. 11/DAAR/2025

(In Application No. 173/DAAR/2024 dated 19.02.2024)

Name and Address of the Applicant	:	NEC Corporation India Private Limited A-31, 1 <sup>st</sup> Floor, Lajpat Nagar, Part-II, New Delhi, Delhi, 110024
GSTIN of the Applicant	:	07AACCN3496J1Z4
Date of Application	:	03.08.2023
Clauses of Section 97(2) of the CGST/DGST Act, 2017 under which the question raised	:	(a) Classification of any goods or services or both, and (b) Applicability of a notification issued under the provisions of this Act.
Date of hearing(s) for admission	:	09.07.2025
Date of final hearing (s)	:	09.07.2025
Date of receipt of additional submission from the Applicant	:	No additional submission made by the Applicant.
Date of receipt of comments from (Centre)	:	18.08.2025
Date of receipt of comments from (State)	:	09.07.2025
Present for the Applicant	:	Shri Abhishek Mishra, Advocate
Present for the Revenue (Centre)	:	
Present for the Revenue (State)	:	Shri Awneesh Kumar, GSTO
Jurisdictional Authority (Centre)	:	Commissionerate - Delhi East, Division - Nehru Place, Range (Range- 166)

Dispatch No:



1. M/s. NEC Corporation India Private Limited, A-31, 1<sup>st</sup> Floor, Lajpat Nagar, Part-II, New Delhi, Delhi, 110024, (hereinafter referred to as The applicant'), having GSTIN 07AACCN3496J1Z4 have filed an application for Advance Ruling under clauses (a) & (b) of Section 97(2) of CGST Act, 2017 read with Rule 104 of CGST Rules.

**2. Statement of Facts:**

(i). The Applicant is engaged in providing solutions and services in multiple areas including public safety, private network, retail, IT, engineering services etc. Recently, the Applicant was awarded a contract and has been selected as Master System Integrator (MSI) by CDAC for supply, implementation, operation and maintenance of surveillance system under safe city project of Delhi Police. CDAC is an autonomous society ('Government Entity') under the control of Ministry of Electronics and Information Technology (MEITY). CDAC is responsible for carrying out research and development and other projects in the Information Technology (IT), electronics and related sectors for strengthening national technological capabilities.

(ii). The setting up of surveillance system comprises of supply, installation and commissioning of various software and hardware such as cameras, poles with cantilevers/ arms which will act as permanent structures to house cameras and other devices etc., IP phones, work stations, monitors, printers, servers, uninterrupted power supply units, ICCB Base platform with GIS engine, reporting, real-time dashboard, User Interface and Alarm Management with unrestricted client connections, Big data correlation Tool with crime insights, Automatic Vehicle Location System (AVLS), Video Analytics Software for 2500 cameras, Face Recognition Software, Automatic Number/ License Plate Recognition Software with licensing, networking equipment such as cables, switches, ports, racks, panels etc.

(iii). The objective of the surveillance system is to capture all the activities at the places under surveillance, generate alarms, warnings in case of any potential threat to women's safety, especially physical, targeting women, followed by real-time technology aided assistance to women in distress.

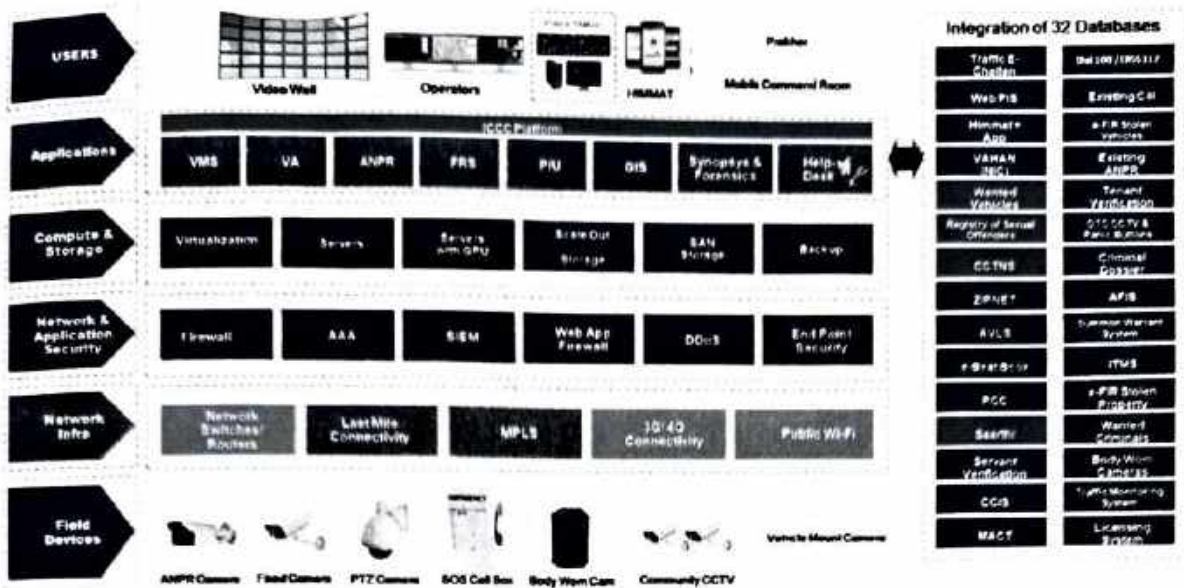
(iv). The scope of work under contract involves setting up of surveillance system which will comprise the following activities:

- (a) Establishment of a Data Centre which will act as Integrated Command, Control, Communication & Compute centre where convergence of multiple type of fields camera feeds will take place;
- (b) Establishment of Command, control and communication centre at district level;
- (c) Establishment of Command and control centre at Police Stations for initiating prompt action;
- (d) Installation and commissioning of on field devices such as cameras etc.
- (e) Data recovery site for acting as a backup arrangement of data and helping in data recovery and restoration; and
- (f) Integration of current Government databases into the surveillance system

(v). The Applicant has furnished the functional architecture of surveillance system and various components (on page 20-24 of the application) as follows:







*Functional Architecture of Surveillance System under Delhi Safe City Project*

(vi). As indicated in the diagram above, surveillance system shall have below components:

- (a) **Cameras** - Under the project approximately 10,000 CCTV cameras are to be installed on designated poles which will be permanently fixed to the ground. CCTV will be sharing real time feeds with the field units involved in redressing women's safety-related situation of distress (such as police patrol vans like Prakhari vans, emergency police station officers, beat patrolling personnel, emergency response vehicles, etc.).
- (b) **Other field devices** - Other field devices to be setup as a part of overall surveillance system includes:
  - Poles with cantilevers/ arms which will act as permanent structures to house cameras and other devices etc. and will be affixed to the ground;
  - industrial grade switches;
  - Optical Fibre Cable (OFC) network for providing connectivity to the surveillance system. The OFC will be fixed line network which will be permanently laid down under the ground;
  - Junction boxes, gun-shot detection system and Public Address (PA) system with loudspeaker.
- (c) **Data Center, near Data Recovery site and Integrated Command, Control Centre (ICCC)** - The Data Center, near Data Recovery site and Command and Control will be an important component of the project. Permanent facilities will be established to command and control at Police Station (C2i), District Offices (C3i) and Police Headquarter (C4i) will be used for monitoring and surveillance throughout the city.
- (d) **Databases Integration** - Existing databases such as Traffic, Crime & Criminal related database e.g. CCTNS, e-challan system, VAAHAN, SARTHAI etc. will be



integrated in the proposed system for the real-time monitoring and tagging of suspicious persons and generating warnings.

- (e) **Artificial Intelligence (AI), machine Learning (ML) and Video Analytics Tools** - The video analytics shall be based upon ML and deep learning framework. Facial recognition system, ANPR, Video Analytics such as people detection, vehicular analytics etc. with specific time-stamped video feeds recorded by CCTV cameras in public places for real-time identification of crime & criminal details.

- (f) **Video Management & Facial Recognition System (VMS, FRS)** - A VMS will be established at Data Center which will work with the ICCC platform and coordinate with the available agents at C3i and C2i for bringing every captured feed from cameras into a visual layer for the use of police Personnel. FRS, analytic applications for people, object and vehicle detection with automatic number plate readers will be setup with specific time-stamped video feeds recorded by CCTV cameras in public places for real-time identification of crime & criminal details.

- (g) Adequate cyber security measures for data protection.

- (h) **Geographical Information System (GIS) Maps** - GIS maps to be setup for enabling the functionality to allow the security operator to manage the view of the facility in order to provide better situational awareness during an incident.

(vii). All the aforementioned components will be integrated through a network to work as one unit i.e. surveillance system. Upon setting up, the surveillance system shall attain a degree of permanence as the equipment forming part of the said system are not intended to be moved from the structures they are installed upon in ordinary course, therefore the same qualifies to be an immovable property. It is submitted by the Applicant that the service of setting up of surveillance system will qualify as works contract services as per Section 2(119) of Central Goods and Service Tax Act, 2017 and that the said project has been awarded to the Applicant with an intent to establish surveillance system which will help Delhi Police in providing security to general public and it is expected that once installed, the surveillance system shall function for distant future.

(viii). The scope of work of the Applicant under the contract entered into with CDAC comprises of the following two activities to be carried out by the Applicant for CDAC:

- (i) Implementation of surveillance system; and
- (ii) Operation and maintenance of the surveillance system.

(ix). As regards the implementation of surveillance System, the contract entered by the Applicant with CDAC specifies that it is for implementation, operation and maintenance of surveillance system. Surveillance system comprises components such as cameras, poles with cantilevers/ arms which will act as permanent structures to house cameras and other devices etc., IP phones, work stations, monitors, printers, servers, uninterrupted power supply units, ICCC Base platform with GIS engine, reporting, real-time dashboard, User Interface and Alarm Management with unrestricted client connections, Big data correlation Tool with crime insights, Automatic Vehicle Location System (AVLS), Video Analytics Software for 2500 cameras, Face Recognition Software, Automatic Number/ License Plate Recognition Software with licensing, networking equipment such as cables, switches, ports, racks, panels etc. The list of hardware, software and networking equipment required



is already was enclosed along with the Application. The functions to be performed by the Applicant under implementation phase are enumerated as under:

(a) **Establishment of surveillance system:**

- Project implementation and phase wise planning;
- Physical setup of ICCC (including setting up of permanent structures) as per the layout approved by Delhi Police;
- Provisioning for electricity through setting up of power lines, DG sets and Uninterrupted Power Supply (UPS) systems;
- Establishment and configuration of Network Connectivity in coordination with ISP (provided by service provider) as per service level between PHQ (C4I), 16 DHQ (C3I), 182 Police Stations (C2I), near DR and various other applications for integration;
- Setting up of Data Centre, Near Data Recovery IT and non-IT Infrastructure which will include civil work, affixation of equipment, integration, networking (including setting up optical cable network);
- Setting up of Video wall, Workstations, LEDs, UPS, TV at different sites;
- Setting up of on field devices such as pan tilt zoom (PTZ), automatic number plate recognition (ANPR) cameras, gunshot detection system etc. on poles affixed to earth;
- SOP preparation in consultation with C-DAC, implementation, Integration with GIS platform, Integration of solutions with Command and Control Center, KPI Development. SOP needs to be approved by Delhi Police;
- Integration of the various services & solution with ICCC platform develop provisions for a scalable system.

(b) **Commissioning of surveillance system:**

- Imparting training to police officials;
- Helpdesk setup, procurement of equipment, edge devices, COTS software (if any), licenses. Physical Security and Housekeeping setup;
- User Acceptance testing (UAT) and phase wise go-live;
- Final acceptance test and go-live etc.

(x). Further, in respect of the operation and maintenance of the surveillance system, the Applicant is required to maintain and manage all hardware and software forming part of the surveillance system during the contract period (3 years as mentioned in the application). This would typically include repair and maintenance of hardware and software and ensuring that the surveillance system continues to function as per the agreed parameters. Functions to be performed by NEC under operations and maintenance phase include rendering following activities:

- Preventive, repair maintenance and replacement of surveillance system;
- Provide a centralized help desk and Incident Management Support till the end of contractual period recurring refresher trainings for the users and Change Management activities;
- Monitoring of Network Connectivity (provided by service provider) as per service level and report the non-compliance;
- Helpdesk management for operations and maintenance;
- Submit quarterly reports;
- Adhere to defined SLAs etc.



3. Details of the Questions on which Advance Ruling is requested:

(i). **Preface of Question No. 1** - The subject RFP bid submission last date was 20 August 2021. The contract was awarded on 01 June 2022. Post the bid submission, notification no. 11/2017-Central Tax (Rate) dated 28 June 2017 was amended vide notification no. 22/2021-Central Tax (Rate) dated 31 December 2021 and notification no. 03/2022-Central Tax (Rate) dated 13 July 2022, whereby firstly the term "Government entity" was removed from serial no. 3(vi) of the notification w.e.f. 01 January 2022 and thereafter the serial no. 3(vi) of the notification was omitted w.e.f. 18 July 2022.

**In view of the abovementioned notifications, what is the rate of GST applicable on the project scope of work before and after the said amendment in the notification?**

(ii). **Question No. 2** - Whether the operation and maintenance services post implementation would qualify as composite supply of works contract?

4. Views of the Applicant:

A. View in respect of Question No.1:

(a). The service of setting up of surveillance system which involves installation of poles with cantilevers/ arms, junction boxes and other structures to install video and networking equipment, commissioning and transfer of property of goods. Surveillance system includes setting up of data centres, ICC, installation of server racks, raised flooring, poles/ posts on which cameras and other equipment are installed and firmly attached to the ground and attains a level of permanency. As mentioned above, permanent facilities will be established for long term use to command and control at Police Station (C2i), District Offices (C3i) and Police Headquarter (C4i) will be used for monitoring and surveillance throughout the city. Further, setting up of surveillance system will qualify as original works contract (Section 2(119) of the CGST Act read with Notification 11/2017-Central Tax (Rate) dated 28 June 2017).

(b). The service of setting up of surveillance system was covered under clause 3(vi) of notification number 11/2017- Central Tax (Rate) dated 28 June 2017 chargeable to GST at the rate 12% till 31 December 2021.

(c). The term "original works" is defined under Clause 2(zs) of Notification 12/2017 Central Tax (Rate) dated 28 June 2017, as follows:

*"original works" means- all new constructions;*

*(i) all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable;*

*(ii) erection, commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise;*

(d). The specific inclusion of composite supply of works contract, including original works (which means erection, commissioning or installation of plant, machinery or equipment or structures) under Clause 3(vi) of Notification 11/2017 Central Tax Rate, rendered the eligibility to avail the rate of 12% in respect of works to be executed under the project.





(e). The clause 3(vi) of the mentioned notification was amended by notification number 22/2021-Central Tax (Rate) dated 31 December 2021, wherein the words 'Governmental Authority and Government Entity' were removed from Sl. no.3(vi) of the notification. Subsequent to the notification, with effect from 1 January 2022 the CGST rate of 6% has been prescribed for services provided only to union territory or a local authority by way of construction, erection, commissioning, installation, of a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession. Relevant extract of notification is provided as under :

*'1) in column (3), in the heading "Description of Service", in items (iii), (vi), (ix) and (x), for the words "Union territory, a local authority, a Governmental Authority or a Government Entity" the words "Union territory or a local authority" shall be substituted;*

*.....*  
*This notification shall come into force on the 1st day of January 2022.*

(f). Notification number 11/2017 - Central Tax (Rate) dated 28 June 2017 has been further amended vide notification number 3/2022 - Central Tax (Rate) dated 13 July 2022, item number 3(vi) covering composite supply of works contract provided to Central Government, State Government, Union territory or a local authority, has been omitted with effect from 18 July 2022. Relevant extract of notification is provided as under:

*".....*  
*(1) against serial number 3, in column (3), -*  
*(a) items (iii), (iv), (v), (va), (vi) and (ix) and the corresponding entries relating thereto in columns (4) and (5) shall be omitted;*  
*....."*

## **B. View in respect of Question No.2:**

(a). (Clause 3(vi) of Notification 11/2017 Central Tax rate, as it existed prior to 01 January 2022, specifically provided that Composite supply of works contract rendered by way of maintenance of plant, machinery or equipment or structures entailed levy of GST @ 12%. However, from amendment made in the aforesaid clause post 1 January 2022 and its subsequent deletion from the Notification in July 2022, has necessitated re-evaluating the applicable rate of GST on maintenance services. For such evaluation, determining the aspect of qualification of maintenance services as composite supply to erection, installation and commissioning services arise.

(b). As discussed above, apart from setting up of surveillance system, NEC would also be responsible to operate and maintain the surveillance system for a period agreed in the contract i.e. 3 years from go-live. Key functions to be performed by NEC while operating and maintaining the surveillance system are as under:

- Providing manpower for operation and management activities;
- Facility Management Services at Command & Control Centre;
- Maintenance of infrastructure such as cameras, OFC network, Poles with cantilevers/ arms, junction boxes, other devices installed in data centres, ICCC, police stations etc.
- Operation and management planning and monitoring;
- Assistance in Integration with other integrations as and when required by adding more use-cases;
- Replacement of defective parts with spare parts to ensure smooth functioning of the surveillance system;



- SLA reporting etc.

(c). Composite Supply has been defined as a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply. In the present case, NEC is providing more than two supplies involving goods and services being provided under single contract, where principal supply being for setting up of surveillance system which is works contract.

(d). In the present instance, the NEC would be required not only to set up the surveillance system, it would also be required to ensure functioning of such surveillance system for a specific period. In almost all the Government Contracts or other EPC contracts, the scope of supply invariably includes the operation and maintenance services. The operation and maintenance services are integral to erection, installation and commissioning of a plant and machinery since without operation and maintenance, the very purpose of such activity would be defeated. The inextricable linkage in itself makes the operation and maintenance services composite to the services of erection, installation and commissioning, which is duly supported by various other factors relevant for determining the factum of composite supply under GST laws, such as perception of the Government and Industry that the erection, installation and commissioning services have to be supplied along with operation and maintenance services for a specified term.

#### 5. Relevant Provisions and Notification:

(a). Relevant extracts of Section 7 of the CGST Act, 2017 are as follows:

***"(1) For the purposes of this Act, the expression "supply" includes-***

***(a) All forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business...***

***(1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II."***

(b). Relevant extracts of Schedule II is reproduced as follows:

***"6. Composite supply***

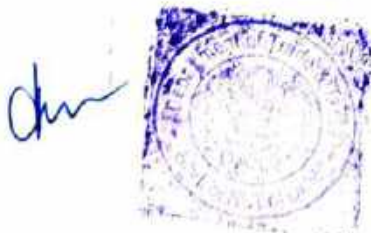
***The following composite supplies shall be treated as a supply of services, namely:-***

***(a) works contract as defined in clause (119) of section 2"***

(c). Section 2(119) defines "Works Contract" as follows:

***"(119) "works contract" means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract."***

(d). Relevant extracts of Serial No. 3 of Notification number 11/2017- Central Tax (Rate) dated 28 June 2017 provides as follows:





Sl. No.	Chapter, Section or Heading	Description of Service	Rate (per cent.)	Condition
3	Heading 9954 (Construction services)	<p>(vi) Composite supply of works contract as defined in clause (119) of section 2 of the Central Goods and Services Tax Act, 2017 other than that covered by items (i), (ia), (ib), (ic), (id), (ie) and (if) above, provided to the Central Government, State Government, Union Territory, a local authority, a Governmental Authority or a Government Entity by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of-</p> <p>(a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;</p> <p><b>(THIS ENTRY WAS AMENDED TO REMOVE "A GOVERNMENTAL AUTHORITY OR A GOVERNMENT ENTITY" WITH EFFECT FROM 01 JANUARY 2022 AND THEREAFTER THIS ENTRY WAS OMITTED WITH EFFECT FROM 18 JULY 2022)</b></p>	6	<p>Provided that where the services are supplied to a Government Entity, they should have been procured by the said entity in relation to a work entrusted to it by the Central Government, State Government, Union territory or local authority, as the case may be.</p> <p><b>(THIS CONDITION WAS OMITTED W.E.F 01.01.2022)</b></p>

Sl. No.	Chapter, Section or Heading	Description of Service	Rate (per cent.)	Condition
		<p>xii) Construction services other than (i), (ia), (ib), (ic), (id), (ie), (if), <del>(iii)</del>, <del>(iv)</del>, <del>(v)</del>, <del>(va)</del>, <del>(vi)</del>, (vii), (viii), <del>(ix)</del> (x) and (xi) above</p> <p><b>(THIS ENTRY WAS AMENDED BY WAY OF DELETION OF STRIKED THROUGH PART, WITH EFFECT FROM 18 JULY 2022)</b></p>	9%	

## 6. Comments of the Jurisdictional Officer (CGST):

### (i). Finding & Observations:

#### (a). **Works contract:**

(Section 2 (119), CGST Act 2017): A contract involving construction, installation, etc., of immovable property with transfer of goods is considered a Works Contract.

#### (b). **Composite Supply:**

(Section 2 (30), CGST Act, 2017): When multiple supplies are naturally bundled and one is the principal supply, it is treated as a composite supply.

(ii). As the contract includes supply of goods and services together, therefore, it qualifies as a works contract on following grounds:

- (a) The work relates to immovable property.
- (b). The infrastructure is meant to be permanent and fixed.

#### (iii). **Post-Implementation Services:**

The operation and maintenance services are bundled with the supply of the service. Hence, they qualify as a composite supply of services with the principal component being the works contract.

(iv). Regarding the applicable rate of GSTL: It is observed that after amendment and omission of Sl. No. 3 (vi) of Notification No. 11/2017-CT (Rate) dated 28.06.2017 via Notification No. 22/2021-CT (Rate) dated 31.12.2021 and Notification No. 03/2022-CT (Rate) 13.07.2022, the concessional GST rate of 12% applicable to Government entities has been withdrawn. **Therefore, the applicable rate of GST on the composite supply of works contract is now 18% (CGST 9% + SGST 9%).**

## 7. Comments of the Jurisdictional Officer (DGST):

(i). As per section 2(119) of CGST Act, 2017 "Works Contract" means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein



transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract.

(ii). Further, as per section 2(30) of CGST Act, 2017 "composite supply" means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

Illustration: where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply;

(iii). Wherein, as per section 2(90) of CGST Act, 2017 the term "principal supply" means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary.

(iv). As per the Annexure 1: Bill of materials, the NEC corporation has submitted the item wise unit rate of each of the major nature of supplies such as:

1. Integrated command, control, communication and compute center at PHQ Delhi (C4i) -A. Hardware Component,
2. Integrated command, control, communication and Compute center at PHQ Delhi (C4i)-B. Software Component,
3. District Command, Control & communication center at 16 district Headquarters (C31),
4. Local Monitoring Center at 182 Police Stations,
5. Mobile Command Control Vehicle (MCCV) - for 02 Vehicles,
6. Data Center-
  - A. Server
  - B. Storage
  - C. Networking
  - D. Security
  - E. NOC
  - F. Non IT Component
7. Near Disaster Recovery Center- Hardware,
8. Field Devices,
9. Operations & Management Indicative Technical Manpower- MSI can give price of manpower in each head as per the requirement in Phase I, Phase II, Phase III, Phase IV and to meet the SLA,
10. Operation power charges,
11. Training and Change Management,
12. Manpower Deployment,
13. Media Campaigning and Citizen awareness,
14. Miscellaneous,
15. C41 Non-IT (details of Non IT Components are given in the RFP and Reference is given in the items below, cumulative price should be mentioned against items),
16. C31 Non-IT,
17. C21 Non IT,
18. DC Non IT,
19. Any additional item, equipment or services not covered above and required to complete the project.

20. AMC charges for two years, starting from approx. March 2023 for following items of 88 no. of Prakhari Vans already supplied to Delhi Police.

- (v). Further, the note provided in the Annexure A contains the following:
1. The prices cover the entire scope of contract on an "Overall responsibility" basis including all obligations mentioned in or to be reasonably inferred from the contract.
  2. The prices quoted are inclusive of all the costs, charges, freight, insurance, handling charges, packing charges, license fees, labour charges, warranty for three years and incidental charges till successful completion of project deliverables.
  3. The prices are including the charges towards testing, Demonstration of POC and completing the quality acceptance criteria, training etc.
- (vi). Based on the perusal of the clauses of the agreement reveals that the applicant supplies more than two taxable supplies of goods or services or combination thereof.
- (vii). The issue involved is to decide whether the supply is treated as "Works Contract" as defined in clause 119 of Section 2 of the CGST Act, 2017. Works contract is essentially a contract of services which may involve supply of goods in the execution of the said contract. However, under GST 'Works Contract' has been restricted to any work undertaken for an immovable property.
- (viii). Thus, it is essential to find out whether the applicant in the case is dealing in any immovable property which is transferred in the execution of the contract.
- (ix). Based on the review of scope of work, it can be said that the contract involve the provisions of services and goods, but it is to analyse whether the supply will qualify as works contract as defined under GST Act.
- (x). Section 3(26) of the General Clauses Act, 1897 defines: Immovable property as follows "Immovable property" shall include land, benefits to arise out of land and things attached to the earth, or permanently fastened to anything attached to the earth"
- (xi). **With respect to second question:** Whether the operation and maintenance services post implementation would qualify as composite supply of works contract?
- (xii). The Taxability of operation and maintenance services post implementation will qualify as composite supply, considering the supplies are naturally bundled and supplied in conjunction with each other in the ordinary course of business and goods being a principal supply.
- (xiii). Further, in following similar matters Government of Maharashtra (in short "GOM") Authority for Advance Ruling has already decided and determined the tax:
- In the application of **Allied Digital Services Ltd** In the application of Allied Digital Services Ltd., GOM has decided vide letter no. GSTARA-90/2018-19/B-159 dated 19.12.2018 that that comprehensive 'CCTV based City Surveillance System' can be termed as immovable property and execution of the contract for the same should be a composite supply of works contract as defined in Section 2(119) of the GST Act. The term "original works" as defined in Notification 12/2017- Central Tax (Rate) dated 28 June 2017 was not discussed in this case to reach at the conclusion regarding rate of tax however, the said aspect was covered by GOM later vide order dated 28.03.2019 in Sterlite Technologies Ltd.
  - In the application of **Sterlite Technologies Ltd.**, GOM has decided vide letter no. GST-ARA-106/2018-19/B-34 dated 28.03.2019, that the supply of Goods or Services for 'setting up of



20. AMC charges for two years, starting from approx. March 2023 for following items of 88 no. of Prakhari Vans already supplied to Delhi Police.

- (v). Further, the note provided in the Annexure A contains the following:
1. The prices cover the entire scope of contract on an "Overall responsibility" basis including all obligations mentioned in or to be reasonably inferred from the contract.
  2. The prices quoted are inclusive of all the costs, charges, freight, insurance, handling charges, packing charges, license fees, labour charges, warranty for three years and incidental charges till successful completion of project deliverables.
  3. The prices are including the charges towards testing, Demonstration of POC and completing the quality acceptance criteria, training etc.
- (vi). Based on the perusal of the clauses of the agreement reveals that the applicant supplies more than two taxable supplies of goods or services or combination thereof.
- (vii). The issue involved is to decide whether the supply is treated as "Works Contract" as defined in clause 119 of Section 2 of the CGST Act, 2017. Works contract is essentially a contract of services which may involve supply of goods in the execution of the said contract. However, under GST 'Works Contract' has been restricted to any work undertaken for an immovable property.
- (viii). Thus, it is essential to find out whether the applicant in the case is dealing in any immovable property which is transferred in the execution of the contract.
- (ix). Based on the review of scope of work, it can be said that the contract involve the provisions of services and goods, but it is to analyse whether the supply will qualify as works contract as defined under GST Act.
- (x). Section 3(26) of the General Clauses Act, 1897 defines: Immovable property as follows "Immovable property" shall include land, benefits to arise out of land and things attached to the earth, or permanently fastened to anything attached to the earth"
- (xi). **With respect to second question:** Whether the operation and maintenance services post implementation would qualify as composite supply of works contract?
- (xii). The Taxability of operation and maintenance services post implementation will qualify as composite supply, considering the supplies are naturally bundled and supplied in conjunction with each other in the ordinary course of business and goods being a principal supply.
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  - In the application of **Sterlite Technologies Ltd.**, GOM has decided vide letter no.GST-ARA-106/2018-19/B-34 dated 28.03.2019, that the supply of Goods or Services for 'setting up of

network' would qualify as 'works contract' as defined in section 2(119) of the CGST/SGST Act and the rate of tax applicable to the supplies will be 18 % (9% each for centre and state).

#### 8. Record of Personal Hearing:

Accordingly, opportunity of personal Hearing was granted to the applicant on 09.07.2025, Shri Abhishek Mishra, Advocate appeared for personal hearing on 09.07.2025 and submitted documents describing therein exact nature of work being undertaken by the applicant. From the side of Revenue (State) Shri Awneesh Kumar, GSTO, Ward-202 was present and submitted their reply dated 09/07/2025.

#### 9. Discussions & Findings:

(a). We have considered the submissions made by the applicant in their application for advance ruling. We have also considered the issues involved on which advance ruling is sought by the applicant and the relevant facts along with the arguments made by their authorized representative and also their submissions made during the time of hearing.

**We have to decide following questions raised by the applicant in their application dated 03.08.2023:**

(i). **Question No. 1 - The subject RFP bid submission last date was 20 August 2021. The contract was awarded on 01 June 2022. Post the bid submission, notification no. 11/2017-Central Tax (Rate) dated 28 June 2017 was amended vide notification no. 22/2021-Central Tax (Rate) dated 31 December 2021 and notification no. 03/2022-Central Tax (Rate) dated 13 July 2022, whereby firstly the term "Government entity" was removed from serial no. 3(vi) of the notification w.e.f. 01 January 2022 and thereafter the serial no. 3(vi) of the notification was omitted w.e.f. 18 July 2022. In view of the abovementioned notifications, what is the rate of GST applicable on the project scope of work before and after the said amendment in the notification?**

(ii). **Question No. 2 - Whether the operation and maintenance services post implementation would qualify as composite supply of works contract?**

(b). In respect of Question No. 1, it is imperative to mention here brief of the issue:

(i). The Applicant, engaged in public safety, private networks, retail, IT, and engineering services, has been appointed as the Master System Integrator (MSI) by CDAC for the supply, implementation, operation, and maintenance of a surveillance system under the Delhi Police's Safe City project. CDAC, an autonomous government entity under the Ministry of Electronics and IT (MeitY), leads R&D and projects in IT and electronics to strengthen national technology.

(ii). The surveillance system includes the supply, installation, and commissioning of hardware and software such as: CCTV cameras, poles with cantilevers for mounting, IP phones, servers, UPS units, ICCV platform with GIS, dashboards, alarm management, big data analytics, Automatic Vehicle Location System, video analytics for 2,500 cameras, face recognition, license plate recognition, and networking equipment. The objective of the project is to enable monitoring of public places, generate real-time alerts on potential threats to women's safety, and provide immediate technology-driven assistance.



(iii). In respect of the said Project, the scope of work of the Applicant is as follows:

- Establish Data Centre serving as Integrated Command, Control, Communication & Compute center.
- Set up Command and Control centres at district and police station levels.
- Install and commission field devices like cameras.
- Maintain a data recovery site for backup and restoration.
- Integrate current government databases into the surveillance system.

(iv). Further, the functional architecture components that would be integrated in unison in the Surveillance system is as follows:

- Approximately 10,000 CCTV cameras fixed on permanently installed poles.
- Field devices including poles, industrial switches, underground optical fiber cables, junction boxes, gunshot detection, and public address systems.
- Data Centers and Command Control Centers at multiple levels for city-wide monitoring.
- Integration of traffic, crime, and vehicle databases for real-time tagging and alerts.
- AI, ML-based video analytics for facial recognition, ANPR, person and vehicle detection.
- Video Management and Facial Recognition systems linked with ICCC.
- Cybersecurity measures for data protection.
- GIS maps for situational awareness.

(v). In precise terms, the Contractual Deliverables of the Applicant under the Contract with CDAC involves the following:

- (a) Implementation: Project planning, civil and electrical infrastructure setup, network configuration, installation of hardware and software including field devices, SOP preparation and approval, integration with ICCC platform, training, and commissioning.
- (b) Operation and Maintenance (3 years): Regular preventive and corrective maintenance, helpdesk and incident support, network monitoring as per SLAs, refresher training, and quarterly reporting.

(c). The subject RFP bid submission last date was 20 August 2021. The contract was awarded on 01 June 2022. At the time of RFP Bid submission, the Contract was awarded to the Applicant by CDAC on the basis of GST rate being interpreted by the Applicant to be 12% in terms of Serial No. 3(vi) of notification number 11/2017- Central Tax (Rate). Thereafter, notification no. 11/2017-Central Tax (Rate) dated 28 June 2017 was amended vide notification no. 22/2021-Central Tax (Rate) dated 31 December 2021 whereby firstly the term for the words "Union territory, a local authority, a Governmental Authority or a Government Entity" the words "Union territory or a local authority" was substituted; and further notification no. 03/2022-Central Tax (Rate) dated 13 July 2022 "Union territory or a local authority" word was omitted;

(d). After the aforesaid amendments in Serial No. 3(vi) of notification number 11/2017- Central Tax (Rate), the rate of GST applicable on the Implementation as well as operation and maintenance works under the project would have necessarily changed and that changed rate of GST applicable on Implementation as well as operation and maintenance works is being sought to be clarified through this Advance Ruling application.

(e). In this instant context, GST is levied as per charging Section 9 of the CGST / DGST Act, 2017 on supply of goods or services or both. The term "Supply" is defined under Section 7 of the CGST / DGST Act, 2017 and its ambit is further explained by Section 7(1A) of the CGST / DGST



Act, 2017 read with Schedule II to the CGST / DGST Act, 2017 wherein specific activities are either classified as supply of goods or services. In the Schedule II, Entry No. 6(a) hold relevance which provides that composite supplies of works contracts shall be treated as supply of services. The term "works contract" is defined under Section 2(119) of the CGST / DGST Act, 2017 to mean a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract.

(f). **Prior to 01 January 2022**, Composite supply of works contract provided to the Central Government, State Government, Union Territory, a local authority, a Governmental Authority or a Government Entity by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession, was subject to GST @ 12% in terms of Serial no. 3(vi) of the notification no. 11/2017 – Central Tax (Rate).

(g). **With effect from 01.01.2022**, Serial no. 3(vi) of the notification no. 11/2017 – Central Tax (Rate) dated 28.06.2017 was amended vide Notification No. 22/2021- Central Tax (Rate) New Delhi, 31st December, 2021 wherein it is mentioned that:

*"In the said notification, in the TABLE, against serial number 3,*

*(1) in column (3), in the heading "Description of Service", in items (iii), (vi), (ix) and (x), for the words "Union territory, a local authority, a Governmental Authority or a Government Entity" the words "Union territory or a local authority" shall be substituted;*

*(2) in column (3), in the heading "Description of Service", in item (vii), for the words "Union territory, local authority, a Governmental Authority or a Government Entity" the words "Union territory or a local authority" shall be substituted;*

*(3) in column (5), in the heading "Condition", the entries against items (iii), (vi), (vii), (ix) and (x), shall be omitted.*

*2. This notification shall come into force with effect from the 1st day of January, 2022.*

With the substitution of the words "Union territory, a local authority, a Governmental Authority or a Government Entity" with the words "Union territory or a local authority" from the said Entry with effect from 01 January 2022, Composite supply of works contract provided to the Union territory or a local authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession, was subject to GST @ 12%. Thereafter, with effect from 18 July 2022, Serial no. 3(vi) was deleted, thus raising the question that what would be the rate of GST applicable on Composite supply of works contract provided to such specified bodies by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works with effect from 01 January 2022 and subsequently from 18 July 2022.

(h). Accordingly, the issues for discussion in the present case are as follows:

(i). Whether operation and maintenance services post implementation would qualify as composite supply of works contract and what would be applicable rate of GST on activities undertaken by the Applicant in respect of Operation and Maintenance of the surveillance system for Delhi Police under a Contract with CDAC, in light of the amendments in Serial



No. 3 (vi) of the notification 11 / 2017 – Central Tax (Rate) dated 28 June 2017 with effect from 01 January 2022 and subsequently with effect from 18 July 2022.

- (ii). Whether the promisee of the Applicant i.e. Delhi Police and CDAC fall under the definition of the Union territory or a local authority under the GST Act, 2017.
- (iii). What would be the applicable rate of GST on activities undertaken by the Applicant in respect of implementation (i.e. Project planning, civil and electrical infrastructure setup, network configuration, installation of hardware and software including field devices, SOP preparation and approval, integration with ICCC platform, training, and commissioning) for the purpose of setting up a surveillance system for Delhi Police under a Contract with CDAC in light of the amendments in Serial No. 3 (vi) of the notification 11 / 2017 – Central Tax (Rate) dated 28 June 2017 with effect from 01 January 2022 and subsequently with effect from 18 July 2022.

- (j). In this regard, the nature of activity of the applicant has to be determined whether the contract involves composite supply as defined Under the SGST/CGST Act and further whether such supplies constitute a Works Contract as defined in clause (119) of section 2 of the GST Act.

We would now look at relevant clauses of the agreement to understand the exact nature of the transaction envisaged by the said agreement which we have already reproduced in para 2 pertaining to the facts and contention of the applicant. The perusal of clauses of the agreement leads us to the following inferences:

The service of setting up of surveillance system which involves installation of poles with cantilevers/ arms, junction boxes and other structures to install video and networking equipment, commissioning and transfer of property of goods. Surveillance system includes setting up of data centres, ICCC, installation of server racks, raised flooring, poles/ posts on which cameras and other equipment are installed and firmly attached to the ground and attains a level of permanency. As mentioned above, permanent facilities will be established for long term use to command and control at Police Station (C21), District Offices (C31) and Police Headquarter (C41) will be used for monitoring and surveillance throughout the city.

A sum of above inferences would mean that applicant supplies more than two taxable supplies of goods or services or combination thereof and the provision consists of different supplies such as design, development, implementation and maintenance of CCTV based surveillance system and are integrated in such way that all of them constitute, on the over all, a supply to set up a comprehensive CCTV based city surveillance system. In this view of the matter, we are convinced that various supplies as contemplated by the contract constitute composite supply as defined under section 2 (30) of the CGST/DGST Act, 2017.

2. Definitions.— In this Act, unless the context otherwise requires,—

(30) —composite supply means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

Illustration.— Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply;





(k). As a corollary of above finding, the next issue to be decided by us is whether this composite supply is 'Works Contract' as defined in clause (119) of section 2 of the SGST/CGST Act.

**Section 2(119) reads: "works contract means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract;"**

Works contract is essentially a contract of service which may involve supply of goods in the execution of the said contract. **However, under the GST Act 'Works Contract' has been restricted to any work undertaken for an immovable property.**

(i). In this context, it is observed that the Applicant is engaged in delivering surveillance systems comprising installation of poles with cantilevers or arms, junction boxes, and other structural elements that support video and networking equipment. These efforts also include the installation and commissioning of data centres, Integrated Command and Control Centres (ICCC), server racks, raised flooring, field equipment, and related infrastructure components. Such assets—being fixed, embedded, or permanently attached to the ground—demonstrate a high degree of permanence. They are designed to support long-term public safety objectives by enabling citywide surveillance and monitoring functions, coordinated through permanent control centres established at various administrative levels: Police Stations (C21), District Offices (C31), and the Police Headquarters (C41).

(ii). It is clear that Applicant is undertaking an extensive set of activities, involving supply of goods as well as supply of services, for the purpose of setting a complete end to end system which would be instrumental in surveillance of Delhi. Such system is meant to enable Delhi Police for a long term for better and efficient surveillance of Delhi which would result in better law and order situation. It is a settled principle that for qualifying as "immovable property", permanence in terms of affixation / attachment to earth is to ascertain whether the item is permanently attached to earth. Courts have consistently used two determinative factors i.e. (i) the extent of annexation and (ii) the object of annexation. In the case of Municipal Corporation of Greater Bombay & Ors. Vs. Indian Oil Corporation Ltd. (1991 Suppl. (2) SCC 18), it was held that huge petrol tanks placed on earth, on their own weight scientifically, qualify as "immovable property". The Supreme Court gave more weightage to the "object of annexation" over the "extent of annexation", by determining the degree or mode of annexation and object of annexation while seeing the permanency of annexation as the assaying factor.

(iii). Analysing the facts of the present case along with the aforesaid judgments, it emerges that the purpose of setting up a surveillance system, is long term and the intention is not to dismantle it after use and set it up elsewhere. In other words, the object of annexation is to render permanence to the structure. The cantilever poles and all the electronic devices / hardware act in unison and the whole system is set up for a long term or indefinite usage (unless it becomes dysfunctional or obsolete). Applying ratio of Indian Oil and Duncan's case wherein great emphasis was placed on object of annexation and intention of parties, **it would emerge that the surveillance system should qualify as "immovable property".**

(l). From the above discussion, it emerges that the setting up or implementation of the surveillance system should qualify as a **"works contract"** under Section 2(119) of the CGST / DGST Act, 2017. Secondly, such setting up or implementation of the surveillance system falls



within the ambit of "original works", as defined in Clause 2(zs) of Notification No. 12/2017-Central Tax (Rate). This includes erection, commissioning, or installation of plant, machinery, equipment, or structures—whether prefabricated or not.

**2(zs) "original works" means- all new constructions;**

- (i). all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable;
- (ii). erection, commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise;

(m). In light of the amendments in Serial No. 3 (vi) of the notification 11 / 2017 – Central Tax (Rate) dated 28 June 2017 with effect from 01 January 2022 it is to relevant to decide Whether the Applicant, Delhi Police and CDAC fall under the definition of the Union territory under UTGST Act, 2017 or a local authority under **Section 2(69) of the GST Act, 2017** or not.

Relevant provisions are as below:

**(8) "Union territory" means the territory of,—**

- (i) the Andaman and Nicobar Islands; (ii) Lakshadweep; (iii) Dadra and Nagar Haveli; (iv) Daman and Diu; (v) Chandigarh; or (vi) other territory.

Explanation.—For the purposes of this Act, each of the territories specified in sub-clauses (i) to (vi) shall be considered to be a separate Union territory;

**As per Section 2(69) of GST Act, 2017, 'local authority' means-**

- (i) a "Panchayat" as defined in clause (d) of article 243 of the Constitution;
- (ii) a "Municipality" as defined in clause (e) of article 243P of the Constitution;
- (iii) a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund;
- (iv) a Cantonment Board as defined in section 3 of the Cantonments Act, 2006 (41 of 2006);
- (v) a Regional Council or a District Council constituted under the Sixth Schedule to the Constitution;
- (vi) a Development Board constituted under article 371<sup>8</sup>[and article 371J] of the Constitution; or
- (vii) a Regional Council constituted under article 371A of the Constitution;

(n). Upon a conjoint reading of the above provision, this Authority is of the considered view that the applicant, Delhi Police and CDAC do not qualify as a Union territory under UTGST Act, 2017 or a local authority under **Section 2(69) of the GST Act, 2017** for the purposes of GST law.

(o). Accordingly, such contracts were initially covered under **Clause 3(vi) of Notification No. 11/2017-Central Tax (Rate)** dated 28 June 2017, which prescribed a **concessional GST rate of 12% (6% CGST + 6% SGST)** for works contract services provided to the Central Government, State Government, Union territory, local authority, Governmental Authority, or Government Entity. However, changes were introduced through **Notification No. 22/2021-Central Tax (Rate)**, effective **1 January 2022**, which **removed Governmental Authorities and Government Entities** from the list of eligible recipients under Clause 3(vi). Further, **Notification No. 3/2022-Central Tax (Rate)** dated 13 July 2022 **omitted Clause 3(vi)** entirely from the rate notification with effect from **18 July 2022**, thereby eliminating the concessional tax rate category for such works altogether. As a result of these legislative changes, any works contract services delivered by the Applicant to CDAC shall now fall under **Clause 3(xii)** of the same notification instead of clause 3(vi) under which the rate was 12% prior to aforesaid legislative changes w.e.f. 01<sup>st</sup> January, 2022. Consequently, such services shall





No. 12/2017-  
machinery.

attract GST at the rate of 18% (9% CGST + 9% SGST) with effect from 01 January 2022 in respect of the applicant.

(p). **Question No. 2: - Whether the operation and maintenance services post implementation would qualify as composite supply of works contract?**

(i). Prior to 1 January 2022, as per Clause 3(vi) of Notification No. 11/2017 - Central Tax (Rate), a composite supply in the nature of a works contract—specifically for the maintenance of plant, machinery, equipment, or physical structures—was subject to a concessional rate of GST at 12%. However, with effect from 1 January 2022, a significant amendment was made to this provision, restricting the concessional rate and, on 18 July 2022, Clause 3(vi) was entirely deleted from the Notification. **A central issue in this assessment is whether the ongoing maintenance and operation services qualify as part of a composite supply alongside the core services of erection, installation, and commissioning.** In the context of the present contract, apart from implementing the surveillance system, NEC (the Applicant) is contractually obliged to operate and maintain the said system for a stipulated period of three years(3) post-commissioning (go-live date).

(ii). The scope of these O&M services is apparently comprehensive and includes deployment of skilled manpower for day-to-day management and technical operation of the surveillance setup, facility management services at the central Command & Control Centre to ensure operational readiness and uninterrupted service, upkeep of key infrastructure, which covers the surveillance cameras, optical fibre cable network, permanently installed poles and cantilevers, junction boxes, and all associated devices across the data centres, ICCCs, and police stations, strategic planning and ongoing monitoring for seamless system management and timely response to issues, integration support, facilitating the addition of new functionalities or use-cases as required by the contracting agency, replacement and repair of faulty or defective components using approved spare parts to maintain the desired functionality and performance standards and Service Level Agreement (SLA) monitoring and reporting, ensuring compliance with contractually mandated performance metrics.

(iii). The concept of Composite Supply as defined under GST law refers to a supply made by a taxable person to a recipient which consists of two or more taxable supplies of goods or services or both, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business. In such a scenario, one of the supplies must constitute the principal supply around which the other supplies are ancillary or incidental. In the case of this surveillance system project, Applicant's contractual responsibilities encompass a range of both goods (hardware components) and services (installation, maintenance, management, and integration). All these are supplied under a single, indivisible contract. The principal supply in this arrangement is the setting up of the surveillance system—a works contract service involving erection and commissioning of fixed infrastructure and equipment. The obligation to then operate and maintain the system for a fixed term is intrinsically connected and naturally bundled with the initial installation; it cannot be separated from the principal works contract for practical purposes. **It is also noteworthy that within the industry, it is standard practice—particularly in government and Engineering, Procurement, and Construction (EPC) contracts—to club installation, commissioning, and subsequent operation and maintenance within a unified tender or contractual arrangement.** The absence of operational maintenance would defeat the very objective for which the infrastructure is created. Therefore, both in terms of contract language and industry expectation, the operation and maintenance are inextricably linked to the setting up of the system.

(iv). In view of the above, the services relating to the operation and maintenance of the surveillance system, when provided as part of a package with installation and commissioning, should be treated as a composite supply of works contract under GST law. Following the deletion of the



concessional 12% GST rate due to the deletion of the entry at Sr. No.3 (vi) of the instant notification, provision for such works contract services (specifically via Clause 3(vi)), O&M services rendered by the Applicant under the Contract with CDAC shall attract **GST at the rate of 18% (9% CGST + 9% SGST) with effect from 01 January 2022 and more clearly with effect from 18 July 2022.** This position flows from both the current legal provisions and prevailing industry practice, which sees O&M as an integral element of works contract supply rather than a separable or stand-alone service.

10. In view of the extensive deliberations as held hereinabove, we pass the ruling as follows:

### Ruling

#### On first query/question:

The applicable rate of GST on activities undertaken by the Applicant in respect of implementation for the purpose of setting up a surveillance system for Delhi Police under a Contract with CDAC, in light of the amendments in Serial No. 3 (vi) of the notification 11 / 2017 – Central Tax (Rate) dated 28 June 2017 with effect from 01 January 2022 and subsequently with effect from 18 July 2022, **thereby eliminating the concessional tax rate category of 12% for such works altogether.** As a result of these legislative changes, any works contract services delivered by the Applicant to CDAC, shall now fall under **Clause 3(xii)** of the same notification. Consequently, such services shall attract **GST at the rate of 18% (9% CGST + 9% SGST) with effect from 01 January 2022.**

#### On second query/question:

The operation and maintenance services post implementation of the surveillance system shall qualify as a composite supply of works contract and applicable rate of GST on activities undertaken by the Applicant in respect of Operation and Maintenance of the surveillance system for Delhi Police under a Contract with CDAC and thus shall attract GST at the rate of 18% (9% CGST + 9% SGST).

*Bhavan Meena*  
26.08.25

(MEMBER – CENTRE)

पद्म-मीना / BHAVAN MEENA  
Delhi Authority for Advance Ruling

केन्द्रीय न्याय एवं सेवा केंद्र, दिल्ली उत्तर/CGST, Delhi North  
केन्द्रीय राजस्व भवन, आई.पी. एस्टेट / C. R. Building, I.P. Estate  
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(MEMBER – STATE)

Delhi Authority for Advance Ruling.



To,

M/s NEC CORPORATION INDIA PRIVATE LIMITED,  
A-31, 1<sup>ST</sup> FLOOR, LAJPAT NAGAR, PART-II, NEW DELHI - 110024  
(GSTIN: 07AACCN3496J1Z4.)