No. 2019/RS(POL)/Misc

Dated: 27.11.2019

Principal Chief Materials Manager,
All Zonal Railways

Sub: Reduction in expenditure by negotiating the rate VAT of High Speed Diesel (HSD) and Petrol Motor Spirit with State Government.

Stores Department of NWR has successfully negotiated with Govt. of Rajasthan for concessional VAT on procurement of HSD from 18% to 15%, which has resulted in saving of around Rs. 60 crores per annum with respect to last purchase rate and around Rs. 140 crores per annum with respect to current market rates.

This situation may also prevail in other Zonal Railways, which are serving to multiple states with variable rates of VAT on HSD and Petrol Motor Spirit. Therefore, to ensure reduction in expenditure on account of higher VAT, all the Zonal Railways are advised to undertake similar exercise, as done by NWR, and negotiate the rate of VAT on HSD and Petrol Motor Spirit with concerned State Governments for allowing concessional rate of VAT targeting the lowest prevailing rate of VAT in other states under their jurisdiction.

(Vinod Kumar)
Director RS(M)