

**THE AUTHORITY FOR ADVANCE RULING
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU - 560 009**

Advance Ruling No. KAR ADRG 56/ 2021

Dated : 29.10.2021

Present:

1. Dr. M.P. Ravi Prasad
Additional Commissioner of Commercial Taxes Member (State)
2. Sri. T. Kiran Reddy
Joint Commissioner of Customs & Indirect Taxes Member (Central)

1.	Name and address of the applicant	M/s. Devanahalli and Hosakote Taluks MSPC, Ward No.1, Prasannahalli, Devanahalli Taluk, Bengaluru Rural District
2.	GSTIN or User ID	29AAAAD7719E1ZR
3.	Date of filing of Form GST ARA-01	17.08.2021
4.	Represented by	Sri Nagaraj B Chartered Accountant
5.	Jurisdictional Authority - Centre	The Principal Commissioner of Central Taxes, Bengaluru North GST Commissionerate, Bengaluru North Division 8, Bengaluru (Range -AND8)
6.	Jurisdictional Authority - State	SGSTO-153, Doddaballapur
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000-00 under SGST Act vide CIN ICICI9062900385147 and Rs.5,000-00 under CGST by debit of electronic cash ledger vide Reference No.DC2908210133510, dated 17-08-2021

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017
& UNDER SECTION 98(4) OF THE KGST ACT, 2017**

M/s. Devanahalli and Hosakote Taluks MSPC, Ward No.1, Prasannahalli, Devanahalli, Bengaluru-562110 GSTIN 29AAAAD7719E1ZR have filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read with Rule 104 of CGST Rules, 2017 and Section 97 of KGST Act, 2017 read with Rule 104 of KGST Rules, 2017, in FORM GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act.



Devanahalli & Hosakote Taluks MSPC

2. The Applicant is registered under the provisions of Central Goods and Services Tax Act, 2017 as well as Karnataka Goods and Services Tax Act, 2017 (hereinafter referred to as the CGST Act and KGST/SGST Act respectively). The Applicant is registered as a "Society" under Karnataka Societies Registration Act, 1960.

3. The applicant has sought advance ruling in respect of the following questions:

- i. *Classification of Goods, HSN Code and Rate of Tax on 'Pushti', a mixture of Ragi, Rice, Wheat, Green gram, Fried gram, Moong dal, and Soya in different proportions.*
- ii. *Does Circular No.149/05/2021-GST dated 17.06.2021; apply to MSPC, as MSPC is supplying food to CDPO for which the end user is anganwadi centers.*

4. **Admissibility of the application:** The question is about "classification of any goods or services or both" and "applicability of a notification issued under the provisions of this Act" and hence is admissible under Section 97(2)(a) and (b) of the CGST Act 2017.

5. **BRIEF FACTS OF THE CASE:** The applicant furnishes some facts relevant to the issue:

5.1 The applicant, M/s. Devanahalli and Hosakote Taluks MSPC states that they are registered as a "Society" under Karnataka Societies Registration Act, 1960.

5.2 The applicant states that as per the Integrated Child Development Services (ICDS) Scheme of Government of India, Karnataka State Government has established Mahila Supplementary Production and Training Center (herein after referred as MSPC for brevity) in all the taluks of the State. MSPC supply supplementary food to anganwadi centers through Child Development Project Office (herein after referred as CDPO for brevity) and the activities and operations of MSPC are supervised by the CDPO of the concerned Taluks.

5.3 The applicant states that the society i.e MSPC is all women association with the main objective of member's welfare especially widows, women in reservation cadre, backward communities and SC/ST. Further, the society also aims at providing high nutrition food products to beneficiaries under ICDS Scheme. The applicant states that the Society is formed with the motive of social welfare and not monetary benefits.

6. Applicant's Interpretation of Law:

6.1 The Applicant states that the MSPC is currently supplying below mentioned product as per the requirement of CDPO. Product description and proportions are mentioned below.

Product Name: **Pushti**

Ingredients	Percentage
Ragi	36
Rice	20
Wheat	10
Green gram	13
Fried gram	12
Moong dal	8
Soya	1
TOTAL	100

The applicant purchases the above raw materials/ingredients from the open market and does cleaning, roasting and powdering of above ingredients in the mentioned percentage and pack it as 'Pushti' product and supply to CDPO. On the pack of the Pushti product it's mentioned as "Free supply and not for sale".

This product is exclusively supplied only to CDPO and this product is not available in the open market and the end user of this product are beneficiaries of Anganwadi Centers such as children from 06 months to 3 years, pregnant women and lactating mothers.

6.2 The applicant states that they are supplying below mentioned goods to CDPO and in turn CDPO is supplying them to Anganwadi centers for the benefit of beneficiaries such as pregnant women, Lactating mothers and Children.

Sr. No.	Product List
1	Sugar
2	Jaggery
3	Oil
4	Rice
5	Toor Dhal
6	Sambar Masala
7	Salt
8	Gram Dhal
9	Green Gram
10	Ground Nut

6.3 The applicant states that circular No.149/05/2021-GST dated: 17.06.2021 and Entry 66 clause (b)(ii) of notification No.12/2017-Central Tax (Rate) dated 28.06.2017, exempts services provided to an educational institution by way of catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union Territory. This entry applies to pre-school and schools.

6.4 Accordingly, as per said entry 66, any catering service provided to an educational institution is exempt from GST. The entry further mention that such exempt service includes midday meals service as specified in the entry. The scope of this entry is thus wide enough to cover any serving of any food to

a school, including pre-school. Further, an anganwadi inter alia provides pre-school non-formal education. Hence, anganwadi is covered by the definition of educational institution (as pre-school).

6.5 The applicant states that as per recommendation of the GST Council, it is clarified that services provided to an educational institution by way of serving of food (catering including mid-day meals) is exempt from levy of GST irrespective of its funding from Government grants or corporate donations (under said entry 66(b)(ii). Educational Institutions as defined in the notification include anganwadi. Hence, serving of food to anganwadi shall also be covered by said exemption, whether sponsored by Government or through donation from corporates.

PERSONAL HEARING / PROCEEDINGS HELD ON 08-09-2021

7. Shri Nagaraj B, Chartered Accountant & Authorised Representative of the applicant appeared for personal hearing proceedings held on 08-09-2021 and reiterated the facts narrated in their application.

FINDINGS & DISCUSSION

8. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and the KGST Act, 2017 are in 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 KGST Act.

9. 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 the applicant and also their submissions made by their learned representative during the time of hearing.

10. The applicant is a society which is into supply of 'Pushti', a powdered mixture of Ragi, Rice, Wheat, Green gram, Fried gram, Moong dal, and Soya in different proportions and also into supply of Sugar, Jaggery, Oil, Rice, Toor dal, sambhar masala, salt, gram dal, green gram and ground nut to CDPO and CDPO, in turn supplies the same to Anganwadis which will be distributed to children, pregnant women and lactating mothers.

11. 'Pushti', is a powdered mixture of Ragi, Rice, Wheat, Green gram, Fried gram, Moong dal, and Soya in different proportions as mentioned below.

Ingredients	Percentage
Ragi	36
Rice	20
Wheat	10
Green gram	13
Fried gram	12



Moong dal	8
Soya	1
TOTAL	100

12. On observation of the above ingredients, we observe that the product 'pushti' is a powdered mixture of cereals and pulses. The applicant contends that the product 'pushti' should be classified under HSN 1106 as per serial No. 78 of Notification No.2/2017-Central Tax(Rate) dated 28.06.2017, and the same is reproduced below:

Sl. No	Chapter/Heading /Sub-heading/ Tariff item	Description of Goods	Rate
78	1106	Flour, of the dried leguminous vegetables of heading 0713 (pulses) [other than guar meal 1106 10 10 and guar gum refined split 1106 10 90], of sago or of roots or tubers of heading 0714 or of the products of Chapter 8 i.e. of tamarind, of singoda, mango flour, etc. [other than those put up in unit container and bearing a registered brand name]	NIL

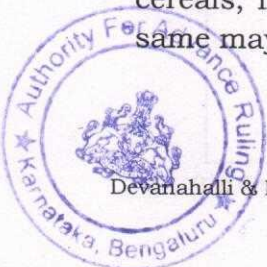
13. Circular No. 80/54/2018-GST dated 31.12.2018 provides clarification in respect of applicable GST rate on 'Chattua' or 'Sattu' as below:

3. Applicability of GST on Chhatua or Sattu:

3.1 Doubts have been raised regarding applicability of GST on Chhatua (Known as "Sattu" in Hindi Belt).

3.2 Chhatua or Sattu is a mixture of flour of ground pulses and cereals. HSN code 1106 includes the flour, meal and powder made from peas, beans or lentils (dried leguminous vegetables falling under 0713). Such flour improved by the addition of very small amounts of additives continues to be classified under HSN code 1106. If unbranded, it attracts Nil GST (S. No. 78 of notification No. 2/2017- Central Tax (Rate) dated 28.06.2017) and if branded and packed it attracts 5% GST (S. No. 59 of schedule I of notification No. 1/2017-Central Taxes (Rate) dated 28.06.2017).

Since the applicant's product 'pushti' is also a powdered mixture of pulses and cereals, in view of the notification and the clarification mentioned supra, the same may be classified under HSN 1106.



14. The applicant states that they are supplying below mentioned goods to the CDPO and CDPO in turn supplies the same to Anganwadis which will be distributed to children, pregnant women and lactating mothers.

Sr. No.	Product List
1	Sugar
2	Jaggery
3	Oil
4	Rice
5	Toor Dhal
6	Sambar Masala
7	Salt
8	Gram Dhal
9	Green Gram
10	Ground Nut

Since the applicant is supplying the above mentioned products to anganwadis, the applicant claims exemption on the supply of the same, on the strength of entry No. 66 of Notification No. 12/2017 Central Tax (Rate), dated 28.06.2017 along with Circular No. 149/05/2021-GST, dated:17.06.2021.

15. Notification No. 12/2017 Central Tax (Rate), dated 28.06.2017 deals with **supply of services** which are exempted. Entry No. 66 of the above said notification is reproduced below:

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
66	Heading 9992	<p>Services provided -</p> <p>(a) by an educational institution to its students, faculty and staff;</p> <p>(b) to an educational institution, by way of,-</p> <p>(i) transportation of students, faculty and staff;</p> <p>(ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory;</p> <p>(iii) security or cleaning or housekeeping services performed in such educational institution;</p> <p>(iv) services relating to admission to, or conduct of examination by, such institution; upto higher secondary:</p>	NIL	NIL



		<i>Provided that nothing contained in entry (b) shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent.</i>	
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16. The applicant also relies on Circular No. 149/05/2021-GST, dated:17.06.2021 to claim exemption on the supplies discussed in para 14 supra. This circular was issued to clarify the applicability of GST on supply of food in Anganwadis and Schools, and the same is reproduced below:

Sub- Clarification regarding applicability of GST on supply of food in Anganwadis and Schools -reg.

Representations have been received seeking clarification regarding applicability of GST on the issues as to whether serving of food in schools under Mid-Day Meals Scheme would be exempt if such supplies are funded by government grants and/or corporate donations. The issue was examined by GST Council in its 43rd meeting held on 28th May, 2021.

2. Entry 66 clause (b)(ii) of notification No. 12/2017-Central Tax (Rate) dated 28th June, 2017, exempts Services provided to an educational institution, by way of catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory. This entry applies to pre-school and schools.

3. Accordingly, as per said entry 66, any catering service provided to an educational institution is exempt from GST. The entry further mention that such exempt service includes mid- day meal service as specified in the entry. The scope of this entry is thus wide enough to cover any serving of any food to a school, including pre-school. Further, an Anganwadi inter alia provides pre-school nonformal education. Hence, anganwadi is covered by the definition of educational institution (as pre-school)

4. Accordingly, as per recommendation of the GST Council, it is clarified that services provided to an educational institution by way of serving of food (catering including mid- day meals) is exempt from levy of GST irrespective of its funding from government grants or corporate donations [under said entry 66 (b)(ii)]. Educational institutions as defined in the notification include anganwadi. Hence, serving of food to anganwadi shall also be covered by said exemption, whether sponsored by government or through donation from corporates.

On careful reading of the above circular, we understand that this clarification is issued with respect to Entry No. 66 Notification No. 12/2017 Central Tax (Rate), dated 28.06.2017.

17. "Goods" is defined under sub-section 52 of section 2 of CGST Act 2017 as below:

"goods" means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply;



“Services” is defined under sub-section 102 of section 2 of CGST Act 2017 as below:

“services” means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;

18. The applicant states that that they are supplying the goods mentioned in para 14 supra to the CDPO and CDPO in turn supplies the same to Anganwadis. As explained in the paras supra, the applicant is purchasing and supplying only goods and not into supply of any service. Since Notification No. 12/2017 Central Tax (Rate), dated 28.06.2017 deals with **supply of services** which are exempted, the same cannot be applied to supply of goods as in the case of the applicant. Since the Notification No. 12/2017 Central Tax (Rate), dated 28.06.2017 is not applicable to the applicant’s case, Circular No. 149/05/2021-GST, dated:17.06.2021 also is not applicable to the applicant’s case.

19. In view of the foregoing, we rule as follows

RULING


- i. *‘Pushti’, which is a powdered mixture of Ragi, Rice, Wheat, Green gram, Fried gram, Moong dal, and Soya in different proportions, is classified under HSN code 1106. If unbranded, it attracts Nil GST as per S. No. 78 of notification No. 2/2017-Central Tax (Rate) dated 28.06.2017 and if branded and packed, it attracts 5% GST as per S. No. 59 of schedule I of notification No. 1/2017-Central Taxes (Rate) dated 28.06.2017.*
- ii. *Circular No.149/05/2021-GST dated 17.06.2021, does not apply to MSPC as the applicant is into supply of goods.*



(Dr. M.P. Ravi Prasad)

Member

Karnataka Advance Ruling Authority
Place: Bengaluru - 560 009
Date : 29.10.2021



(Sri. T. Kiran Reddy)

Member

Karnataka Advance Ruling Authority
Bengaluru - 560 009

To,
The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.

Devanahalli & Hosakote Taluks MSPC

3. The Principal Commissioner of Central Tax, Bangalore North GST Commissionerate, Bengaluru North Division-8, Bengaluru.
4. The Commercial Tax Officer, SGSTO 153, Doddaballapur.
5. Office Folder.

