

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

Advance Ruling No. KAR ADRG 28/2022

Date : 12-08-2022

Present:

1. Dr. M.P. Ravi Prasad

Additional Commissioner of Commercial Taxes Member (State)

2. Sri. T. Kiran Reddy

Additional Commissioner of Customs & Indirect TaxesMember (Central)

1.	Name and address of the applicant	M/s. AVANI INFOSOFT PRIVATE LIMITED, #1, I Floor, Avani Nilaya, NHBCS Layout, Near Kamakshipalya Police Station, Basaveshwaranagar, Bengaluru – 560 079.
2.	GSTIN or User ID	29AAMCA5195P2ZO
3.	Date of filing of Form GST ARA-01	04-06-2022
4.	Represented by	Sri. Mallikarjun Patil, Director & Authorised Representative
5.	Jurisdictional Authority – Centre	The Principal Commissioner of Central Tax, Bangalore West Commissionerate, Bengaluru. (Range-AWD3)
6.	Jurisdictional Authority – State	ACCT, LGSTO-71, Bengaluru.
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act & Rs.5,000/- under KGST Act through debit from Electronic Cash Ledger vide reference No.DC2905220263275 dated 24.05.2022.

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

M/s. Avani Infosoft Private Limited (herein after referred to as 'Applicant'), #1, 1st Floor, Avani Nilaya, NHBCS Layout, Near Kamakshipalya Police Station, Basaveshwaranagar, Bengaluru – 560 079, having GSTIN 29AAMCA5195P2ZO, 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, KGST Act.

2. The applicant, a registered person under GST Law, entered into a service contract, on 01.08.2021, with M/s Isha Outreach, a public charitable trust, Coimbatore to provide agricultural extension services for tree based agriculture to the farmers of Cauvery River Basin.

3. In view of the above, the applicant has sought advance ruling in respect of the following questions:

a. Whether the services being provided by the applicant as contained in annexure 1 to the service contract between the applicant and M/s Isha Outreach is exempt under entry no.57 of Notification No.9/2017-Integrated Tax (Rate) dated 28.06.2017 ?

b. If no for point (1), whether such service is exempt under any other notification?

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

4.1 The applicant, under the service contract supra, will appoint **Mara Mitras** who are Agriculture Extension Workers (AEW) for providing agricultural extension services, including but not limited to farmers education and training with regard to agro forestry by applying scientific research and knowledge. Isha Outreach trains mara mitras, who use a specially curated state of the art Information Technology platform through which they disseminate technical and scientific information on how to grow timber, horticulture and sericulture trees on their land.

4.2 Mara mitras also collect farmer information including land details and species-wise details of trees that farmers wish to plant. Handholding of farmers is done for pickup of saplings from the nursery. After plantation, proof of plantation and survival of trees is collected through geo-tagged photographs and geo-locations of every tree planted. The applicant also appoints Taluk Managers, District Managers and the Project Managers for the State for the project.

4.3 Isha Outreach has conducted / collected research on scientific ways of conducting agro forestry to effectively plant / cultivate and to reap maximum benefits from the same. The said scientific information and research is being passed on to the farmers through the Mara Mitras, under the aforesaid service contract.



4.4 The entire activity of agriculture extension services for agro forestry is being carried out by Isha Outreach in collaboration with the Forest Department, Horticulture Department, Rural Development & Panchayati Raj Department and Sericulture Department of Government of Karnataka. Mara Mitras actively enroll farmers to take benefit of various schemes of the Central & State Government which promote agro-forestry like Krishi Aranaya Protsaha Yojane (KAPY), Raising of Seedlings for Public Distribution (RSPD), Farm Forestry under National Rural Employment Guarantee Scheme (NREGA), National Bamboo Mission (NBM) etc.

4.5 The scope of work, commercials and payment details are contained, in Annexure-I to the service contract, under "Village Agriculture Extension Workers – Scope and Commercials" and hence the applicant furnished the copy of service contract.

5. **Applicant's Interpretation of Law:**

The applicant, quoting the definition of "agriculture extension" under para 2(C) of the Notification No.9/2017-Integrated Tax(Rate), contends that the services being / to be provided by them, to M/s Isha Outreach, under the service contract are covered under the "agriculture extension services", under SAC 9986 and hence the said services are exempted in terms of entry No.57 of the Notification No.9/2017-Integrated Tax(Rate) dated 28.06.2017.

PERSONAL HEARING PROCEEDINGS HELD ON 07.07.2022

6. Shri Mallikarjun Patil, Director & Authorised Representative of the applicant appeared for personal hearing proceedings and reiterated the facts narrated in their application.

FINDINGS & DISCUSSION

7. 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 matters 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.

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



9. The applicant entered into a service contract with M/s Isha Outreach, Coimbatore to provide services for promoting tree based agriculture by educating and training farmers of Cauvery River Basin and sought advance ruling whether the said services are exempted, in terms of entry No.57 of the Notification No.9/2017-Integrated Tax(Rate) dated 28.06.2017, as Agriculture Extension Services.

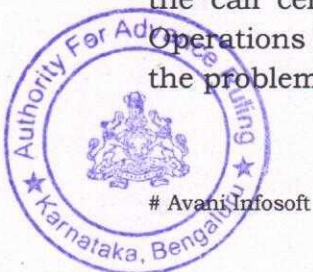
10. The applicant furnished a copy of service contract with M/s Isha Outreach, Coimbatore, from which it is observed that the applicant appoints **Mara Mitras** who are Agriculture Extension Workers (AEW), to educate & train farmers with regard to agro forestry by applying scientific research and knowledge. They also appoint Taluka Managers, District Managers and the Project Managers for coordinating and supervising the works under the project.

11. The Mara Mitras, appointed by the applicant are initially trained by M/s Isha Outreach on all domain related aspects including Agro forestry / Tree Based Agriculture. They are also trained in farmer outreach, farmer engagement and are equipped with scheme details. Thereafter, the applicant trains the *mara mitras* on the technical aspects including IT systems. Mara Mitras use a specially curated state of the art Information Technology platform through which they disseminate technical and scientific information to farmers on how to grow timber, horticulture and sericulture trees on the their land.

12. The scope of work (clause 1.1 of Annexure I to the Service Contract) in the service contract reveals that the applicant's activity include, but not limited to, the following aspects.

- Promote Tree Based Agriculture as guided by Cauvery Calling
- Farmer enrolment and Demand collection
- Support farmers with sapling pickup from nurseries
- Conducting proof of planting surveys
- Conducting proof of survival surveys
- Inventory tracking at nurseries

13. In terms of service contract the applicant allocates the Mara Mitras to the taluka or gram panchayat on need basis. Mara Mitras, then visit the farmers in their allocated jurisdiction to enroll them into CC promoted agroforestry schemes, register demand for saplings and document the data. They also coordinate with nursery to obtain information with regard to availability of saplings; work with the farmers to ensure pick up of the saplings; make follow up visits to the planting location; gathers required details and documents about the status of saplings after planting; addresses or escalates the problems, if any, that the farmer may face, to the call center; verify the saplings and document the surviving plants etc. The Operations Manager, District Managers and Taluk Managers supervise and address the problems escalated to their level.



14. Thus from the scope of work it is seen that the applicant through their mara mitras not only educate and train farmers with regard to agro forestry through scientific research and knowledge, but are also involved in hand holding the farmers from recording demand for saplings, picking up the samplings from nurseries to their plantation and also monitoring post plantation survival.

15. Now we proceed to examine whether the activities of the applicant are covered under Agriculture Extension services. We invite reference to Explanation 2(C) appended to the Notification No.9/2017-Integrated Tax (Rate) dated 28.06.2017, wherein the term "agricultural extension" is defined to mean application of scientific research and knowledge to agricultural practices through farmer education or training. In the instant case, the applicant, through mara mitras, provides education and training to the farmers for cultivation of plants / trees, by applying scientific research and knowledge. All the other activities of the applicant carried out through mara mitras from selection of saplings to assisting in transportation & planting, to monitoring the survival of plants are related to agricultural extension activity. Thus the services of the applicant are covered under agricultural extension services.

16. Notification No.9/2017-Integrated Tax (Rate) dated 28.06.2017 exempts inter-state supply of certain services, whose description is specified under column 3 of the table. Entry No.57 of the said table exempts the services covered under SAC 9986 whose description at column 3 is as under:

Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of-

(a)..

(b)..

(f) *agricultural extension services*

In the instant case the farmers are into cultivation of various plants for agricultural produce and the services of the applicant are agricultural extension services as discussed at para 15 supra and hence are exempted under entry number 57 of the notification supra.

17. In view of the foregoing, we pass the following

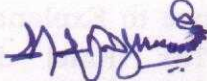
RULING

- a. The services being provided by the applicant as contained in annexure 1 to the service contract between the applicant and M/s Isha Outreach are covered under "agricultural extension services" and



hence are exempted in terms of entry no.57 of Notification No.9/2017-Integrated Tax (Rate) dated 28.06.2017.

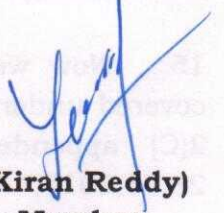
- b. The second question is redundant, as the first question is answered in affirmative.



(Dr. M.P. Ravi Prasad)

Member
MEMBER

Karnataka Advance Ruling Authority
Place : Bengaluru-560 009



(T. Kiran Reddy)
Member

MEMBER
Karnataka Advance Ruling Authority
Bengaluru-560 009

Date : 12-08-2022

To,

The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Principal Commissioner of Central Tax, Bangalore West Commissionerate, Bengaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-71, Bengaluru.
5. Office Folder.

