

AUTHORITY FOR ADVANCE RULING – CHHATTISGARH
3rd & 4th Floor, Vanijvikar GST Bhawan, North Block Sector-19,
Atal Nagar, District-Raipur (C.G.) 492002

Email ID – gst.aar-cg@gov.in

PROCEEDING OF THE AUTHORITY FOR ADVANCE RULING
U/s. 98 OF THE CHHATTISGARH GOODS AND SERVICES TAX ACT, 2017

Members Present are

Smt. Yachana Tambrey
Joint Commissioner
O/o Commissioner, State Tax
(CGGST), Raipur, Chhattisgarh.

Shri Arvind Kumar
Joint Commissioner,
O/o Principal Commissioner,
CGST & Central Excise, Raipur (C.G)

Subject :- Chhattisgarh GST Act, 2017 – Advance Ruling U/s 98 Chhattisgarh GST Act, 2017 – Advance Ruling U/s 98 sought by M/s IIM RAIPUR FOUNDATION FOR ENTREPRENEURSHIP DEVELOPMENT, having its registered office at Atal Nagar, Kurru (Abhanpur), Raipur, Chhattisgarh 93661, India, (hereinafter referred to as “The Applicant”) holding, GSTIN 22AAHCI6499K1Z1, regarding GST liability on the amounts received by them from CGSRLM for the CGSRLM Incubation Project, funded under DAY-NRLM, Ministry of Rural Development, Government of India, are liable to GST; on training and capacity-building services provided under the CGSRLM Incubation Project, funded under DAY-NRLM; on incubation support, mentoring, enterprise handholding, business development support, market linkage support, financial linkage support, and related project implementation services provided under the CGSRLM Incubation Project; on amounts received towards dedicated project human resources, salary, remuneration, and related personnel costs under the approved Incubator Cost component of the CGSRLM Incubation Project; whether challenge fund grants, soft loan amounts, and other enterprise-support funds administered, facilitated, or passed on under the CGSRLM Incubation Project form part of the taxable value of services supplied by them; IIM Raipur Foundation for Entrepreneurship Development; Upon recognition of IIM Raipur Foundation for Entrepreneurship Development as a Technology Business Incubator by NSTEDB, Department of Science and Technology, Government of India, whether the taxable services, if any, provided under the CGSRLM Incubation Project would be exempt from GST under Serial No. 48 of Notification No. 12/2017-Central Tax (Rate), from the effective date of such recognition -reg.

Read :- ARA-01 application 25.05.2026 r/w complete application dated-24-06-2026 from M/s IIM RAIPUR FOUNDATION FOR ENTREPRENEURSHIP DEVELOPMENT having its registered office at Atal Nagar, Kurru (Abhanpur), Raipur, Chhattisgarh-493661, India, (hereinafter referred to as “The Applicant”), registered under GSTIN as 22AAHCI6499K1Z1.

PROCEEDINGS

[U/s 98 of the Chhattisgarh Goods & Services Tax Act, 2017 (herein- after referred to as CGGST Act, 2017)]

NO/STC/AAR/3/2026

Raipur Dated 18/09/2026

In the present case applicant, under their ARA-01 application, has sought advance ruling as to –



Question 1: GST Applicability:-

Whether the amounts received by IIM Raipur Foundation for Entrepreneurship Development from CGSRLM for the CGSRLM Incubation Project, funded under DAY-NRLM, Ministry of Rural Development, Government of India, are liable to GST. If yes, which specific components are taxable, exempt, nil-rated, or not liable to GST?

Question 2: Training and Capacity-Building Services:-

Whether training and capacity-building services provided under the CGSRLM Incubation Project, funded under DAY-NRLM, are exempt from GST under Serial No. 72 of Notification No. 12/2017- Central Tax (Rate), dated 28 June 2017, or any other applicable provision.

Question 3: Incubation, Mentoring and Enterprise Development Services:-

Whether incubation support, mentoring, enterprise handholding, business development support, market linkage support, financial linkage support, and related project implementation services provided under the CGSRLM Incubation Project are exempt from GST under Notification No. 12/2017-Central Tax (Rate), including Serial No. 72 wherever applicable.

Question 4: Human Resource and Personnel Costs :-

Whether amounts received towards dedicated project human resources, salary, remuneration, and related personnel costs under the approved Incubator Cost component of the CGSRLM Incubation Project are liable to GST.

Question 5: Challenge Fund, Grants and Soft Loans:-

Whether challenge fund grants, soft loan amounts, and other enterprise-support funds administered, facilitated, or passed on under the CGSRLM Incubation Project form part of the taxable value of services supplied by IIM Raipur Foundation for Entrepreneurship Development.

Question 6: NSTEDB Recognition:-

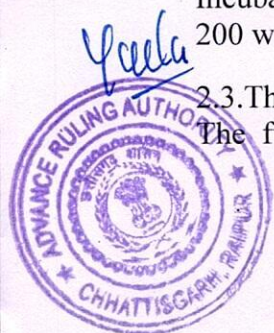
Upon recognition of IIM Raipur Foundation for Entrepreneurship Development as a Technology Business Incubator by NSTEDB, Department of Science and Technology, Government of India, whether the taxable services, if any, provided under the CGSRLM Incubation Project would be exempt from GST under Serial No. 48 of Notification No. 12/2017-Central Tax (Rate), from the effective date of such recognition.

2.Facts of the case: - It has been informed by the applicant in their ARA-01 application that:

2.1. The applicant, IIM-RAIPUR Foundation for Entrepreneurship Development (IIM Raipur - FED), has entered into a service contract dated March 7, 2026, with Chhattisgarh Grameen Aajeevika Samvardhan Samiti (CGSRLM - Bihan), an apex community-driven livelihoods promotion society under the Department of Rural Development, Government of Chhattisgarh.

2.2. Under this contract, the applicant has been appointed as a Technical Support Services Agency (TSA) to conceptualize, establish, and execute the National Rural Livelihoods Mission (NRLM) Incubator Program across all districts of Chhattisgarh. The multi-faceted program aims to scale up 200 women owned/led growth micro-enterprises in the rural manufacturing and services sectors.

2.3. The total contract price is fixed at Rs. 10.70 Crores (Lump-Sum) for a duration of 36 months. The funds provided by the Client cover various sub-components, including pure incubation



services, capacity building/entrepreneur training, equity investments, and the onward deployment of grants/soft loans(Challenge Fund) directly to selected rural entrepreneurs.

2.4. Given that CGSRLM receives funding through credits from the Ministry of Rural Development, Government of India, and operates strictly as a state government-backed implementing agency to alleviate rural poverty, the applicant seeks a ruling on whether the services rendered under this agreement qualify for GST exemption.

2.5. Status of the Parties:

The Client, CGSRLM (Bihan), is a society registered by the Government of Chhattisgarh to execute state and centrally sponsored rural development schemes. The funding for this contract is explicitly tied to approvals from the Ministry of Rural Development, Government of India, under the Start-up Village Entrepreneurship Program (SVEP/NRLM).

2.6. Nature of Activities (Scope of Work):

The applicant's obligations include mapping rural enterprises, executing pitch training, administering a transparent "Challenge Fund" competition, setting up hub-and-spoke incubation centers, delivering business baseline training, providing technology aids/handheld devices to rural women, and executing market linkages.

2.7. Anatomy of the Contract Price:

Out of the total Rs. 10.70 Crores contract value, the bulk of the allocation is mandated for direct financial translation to the rural businesses:

Component Breakdown	Total Budget Allocation	Nature of Component
Incubator Cost & Capacity Building	Rs. 3.57 Crores (267 + 90)	Core Operational Fees & Training
Challenge Fund (Soft Loans & Grants)	Rs. 6.33 Crores (528 + 45 + 60)	Direct disbursement to rural enterprises
Equity Investment for Partnerships	Rs. 50 Lakhs	Investment
Selection & Event Expenses	Rs. 30 Lakhs	Administrative outlays
Total Project Value	Rs. 10.70 Crores	Lump-Sum Figure

Mode of Disbursement: Payments are released to the applicant in advance at the start of each milestone and are strictly bound to the submission of Utilization Certificates (UCs) confirming correct financial deployment.

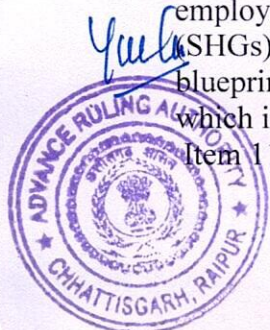
3. APPLICANT'S INTERPRETATION OF LAW AND/OR FACTS:-

3(a) Primacy of Exemption as a Functionary Service to Government:-

The applicant submits that CGSRLM satisfies the criteria of a "Governmental Authority" or "State Government agency" since it is entirely controlled and funded by government mechanisms to fulfill central/state livelihood schemes.

The primary target of the incubator program is to build capability, financial self-sustainability, and employment generation for rural home-grown women entrepreneurs linked to Self-Help Groups (SHGs). This mapping directly matches the socio-economic welfare and poverty alleviation blueprints mandated under **Article 243G of the Constitution of India (Eleventh Schedule)**, which includes:

Item 11: Poverty alleviation programme.



Item 27: Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.

Item 28: Public distribution system.

Under **Entry 3 or Entry 3A of Notification No. 12/2017- Central Tax (Rate)**, pure services (or composite supplies where the value of goods does not exceed 25%) provided to Central, State, or Local Governments by way of any activity in relation to any function entrusted to a Panchayat under Article 243G are exempt from GST. Since the applicant's service is targeted entirely at rural poverty alleviation via women micro-enterprises under DAY-NRLM, the entire contract value should conceptually be exempt.

B. Exclusion of Pass-Through "Challenge Funds" and Equity from Valuation:-

Alternatively, if the service component is deemed taxable, the applicant contends that GST cannot be levied on the absolute lump-sum value of Rs. 10.70 Crores.

Pursuant to **Rule 33 of the CGST Rules, 2017**, expenditures incurred as a "pure agent" are excludable from the value of supply. The applicant acts strictly as a programmatic conduit/pure agent for the Rs. 6.33 Crores Challenge Fund (grants and 0% soft loans) and Rs. 50 Lakhs Equity Investment, which are transferred directly to the bank accounts of community institutions or selected enterprises.

The applicant derives no commercial profit, markup, or title over these sums; they are tracked via distinct utilization certificates. In terms of **Section 15 of the CGST Act, 2017**, the transaction value cannot include monies that are statutory pass-through grants meant for onward deployment. Levy of GST on loan distribution and grant values would directly violate the spirit of public funding.

C. Classification of Core Incubator Fees:-

For the residual operational fees of Rs. 2.67 Crores (Incubator Cost) and Rs. 90 Lakhs (Capacity Building), if held taxable, the applicant submits that the services are distinct:

The training modules represent vocational training given to underprivileged rural populations, potentially covered under commercial training exemptions.

The incubation program operations fall under **SAC 9983 (Other professional, technical, and business services)**, attractable to a standard GST rate of 18%, applicable strictly on the actual administrative retainer fees earned by IIM Raipur-FED, rather than the consolidated cross-state budgetary volume.

4. Personal Hearing: -

Prof. Satyasiba Das (Dean External Relations, IIM Raipur), Prof. Sumeet Gupta (Program Director CGSRLM Incubation Project) and authorized representative of the applicant M/s IIM RAIPUR FOUNDATION FOR ENTREPRENEURSHIP DEVELOPMENT, Chhattisgarh, attended the personal hearing before us, in the matter on 24.06.2026

and reiterated their point of view in the matter as made in their ARA-01 and thus requested for a ruling in the matter.

5. The legal position, analysis, and discussion: -

At the very outset, we would like to make it clear that the provisions for implementing the CGST Act and the Chhattisgarh GST Act, 2017 [hereinafter referred to as "the CGST Act and the CCGST Act"] are similar and thus, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions



under the CGGST Act, 2017. Now we sequentially proceed to discuss the issues involved in the ruling so sought by the applicant and the law as applicable in the present case.

5.1 Section 96 of CGST Act, 2017, Authority for advance ruling, stipulates as under: -

Subject to the provisions of this Chapter, for the purposes of this Act, the Authority for advance ruling constituted under the provisions of a State Goods and Services Tax Act or Union Territory Goods and Services Tax Act shall be deemed to be the Authority for advance ruling in respect of that State or Union territory.

Section 97(2) of CGST Act, 2017 stipulates that: -

The question, on which the advance ruling is sought under this Act, shall be in respect of—

- (a) classification of any goods or services or both;
- (b) applicability of a notification issued under the provisions of this Act;
- (c) determination of time and value of supply of goods or services or both;
- (d) admissibility of input tax credit of tax paid or deemed to have been paid;
- (e) determination of the liability to pay tax on any goods or services or both;
- (f) whether applicant is required to be registered;
- (g) whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.

Further 103 of CGST Act, 2017 stipulates about the ruling pronounced as under: –
The advance ruling pronounced by the Authority or the Appellate Authority under this Chapter shall be binding only –

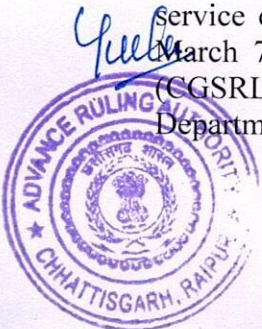
- a. On the applicant who had sought it in respect of any matter referred to in sub-section (2) of section 97 for advance ruling;
- b. On the concerned officer or the jurisdictional officer in respect of the applicant.

Thus, in view of the above section 103 of CGST Act, 2017, the ruling so sought by the Applicant would be binding only on the Applicant and on the concerned officer or the jurisdictional officer as stipulated above.

5.2 We have gone through the submissions made by the applicant and have examined the views expressed by them in this regard. At the outset, we find that the issue raised under Question no. 1 in the ARA-01 application filed by the applicant gets squarely covered under Section 97(2) (b) and 97(2) (e) of the CGST Act 2017 being a matter relating to applicability of a notification issued under the provisions of this Act and determination of the liability to pay tax on any goods or services or both. We, therefore, admit the issues raised by the applicant in their ARA-01 for consideration on merits.

5.3 The comments on the issues raised by the Applicant in their ARA-01 application for Advance Ruling was sought for from the jurisdictional Central and State formations, however no replies in this regard have been received.

5.4 It is seen that the present matter arises out of a work order awarded to the Applicant IIM-RAIPUR Foundation for Entrepreneurship Development (IIM Raipur - FED), consequent to the service contract for consultancy services under CGSRLM/ DDU-GKY/STSA/2025-26/01 dated March 7, 2026, which they had with Chhattisgarh Grameen Aajeevika Samvardhan Samiti (CGSRLM - Bihan), an apex community-driven livelihoods promotion society under the Department of Rural Development, Government of Chhattisgarh.



5.5 We have gone through the aforesaid contract dated 7.3.2026 and find that the applicant has been appointed as a consultant to provide consultancy services consequent upon the representation by M/s IIM Raipur Foundation for Entrepreneurship Development, the applicant that they possess the required professional skills, expertise and technical resources required for offering such consultancy. It is further seen from Appendix-A to the aforesaid contract dated 7.3.2026, that the terms of reference have been categorically stipulated to be that of hiring technical support services for establishment of Incubators under Chhattisgarh Grameen Aajeevika Samvardhan Samiti (CGSRLM - Bihan). We also find that Sr. no. 5 and Sr. no. 6 to the aforementioned Appendix-A to the impugned contract dated 7.3.2026 specifies the "scope of work" and the "roles and responsibilities of the incubator", under the broad heading that the incubator shall be appointed in all Districts of the State and that the incubator is mandated to perform the activities as specified therein. In this context, for the sake of lucidity, the relevant text, as appearing in the said Service Contract, thereby entrusting the applicant with the work of a consultant, is reproduced hereunder:

जा. क्र. / 1885 / NRLM
दिनांक 09/03/2026

CONTRACT FOR CONSULTANT'S SERVICES

Contract No. CGSRLM/DDU-GKY/STSA/2025-26/01

Assignment Title: Hiring Technical Support Services Agency (TSA) for Establishment of Incubators under Chhattisgarh Grameen Aajeevika Samvardhan Samiti (CGSRLM - Bihan)

between

**Chhattisgarh Gramin Aajeevika Samvardhan Samiti
(CGSRLM-Bihan)
(Client)**

and

**IIM-RAIPUR Foundation for Entrepreneurship Development
(IIM Raipur - FED)
(Consultant)**

Dated: 7th March 2026

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WHEREAS

- (a) the Client has requested the Consultant to provide certain consulting services as defined in this Contract (hereinafter called the "Services");
- (b) The Consultant, having represented to the Client that it has the required professional skills, expertise and technical resources, has agreed to provide the Services on the terms and conditions set forth in this Contract;
- (c) the Client has received credit from the Ministry of Rural Development, Government of India toward the cost of the Services and intends to apply a portion of the proceeds of this credit to eligible payments under this Contract.
- (d) that payments by the Bank [or Association] will be made only at the request of the Client and upon approval by the Bank [or Association];
- (e) that the payments under this contract will be subject, in all respects, to the terms and conditions of the agreement providing for the loan [or credit], and
- (f) that no party other than the Client shall derive any rights from the agreement providing for the loan [or credit] or have any claim to the loan [or credit] proceeds;

NOW THEREFORE the parties hereto hereby agree as follows:

1. The following documents attached hereto shall be deemed to form an integral part of this Contract:

- a. The General Conditions of Contract;
- b. The Special Conditions of Contract;
- c. The following Appendices

Appendix A: Terms of Reference

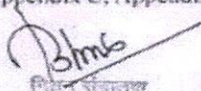
Appendix B: Details of Key Experts/ Personnel (including Annexure-I CVs of all resources)

Appendix C: Details of Contract Price

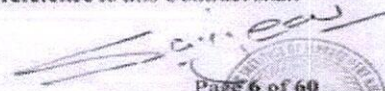
Appendix D: Advance Guarantee Form - *Not Used*

Appendix E: Proposal of IIM-Raipur

In the event of any inconsistency between the documents, the following order of precedence shall prevail: the Special Conditions of Contract; the General Conditions of Contract, including Attachment 1; Appendix A; Appendix B; Appendix C; Appendix D and Appendix E. Any reference to this Contract shall


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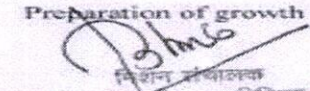
उ.प्र. राज्य ग्रामीण आजीविका निगम
द्वितीय तल, विकास भवन, सेक्टर-19
नया रायपुर जिला नगर

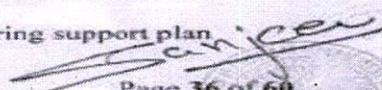

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5. Scope of Work

5.1 The incubator will be engaged to render services in all districts of a State. The incubator will provide the following services to the enterprise (indicative):

- a. Preparation of growth plan with financials and mentoring support plan


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द्वितीय तल, विकास भवन, सेक्टर-19
नया रायपुर जिला नगर


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- b. Professional mentoring support to formulate strategy for growth and guide business operations to achieve growth targets
- c. Identify training gaps and provide training and capacity building to the entrepreneur
- d. Assisting with input need assessment
- e. Developing strategy for quality control, warehousing, and supply chain for supported enterprises
- f. Developing strategy for branding, packaging and marketing of the products by these enterprises.
- g. Facilitating market linkages (forward and backward linkages), providing market information and intelligence
- h. Facilitate raising finance from commercial sources (debt or equity)
- i. Facilitate registrations, certifications, and licences Formalizing Group enterprises under Co-operative Society, Pvt Ltd and Limited Liability companies will be advisable depending upon willingness and feasibility
- j. Handholding support to grow the business
- k. Develop partnerships with organisations with technologies / innovations to benefit the rural enterprises
- l. Products developed under these enterprises should be preferably promoted under by CGSRLM's brand Chhattiskala.

6. Roles and Responsibilities of the Incubator

Following are the roles and responsibilities of the Incubator:

6.1. Scrutinize and identify Growth-Micro enterprises for support

6.2 Support to identified enterprises

6.2.1 Baseline information for selected enterprises, including enterprise details and financial performance.

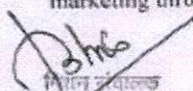
6.2.2 Engage with the selected enterprises to prepare a growth plan (to increase revenue, employment, profits) and delineate the need for specific interventions – and make a mentoring support plan

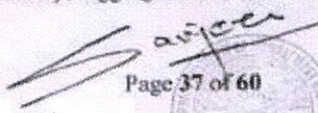
6.2.3 Assist enterprises in accessing finance, ensuring necessary backward and forward market linkages, supporting with obtaining licenses and certifications, and providing regular mentoring and handholding.

6.2.4 Facilitating registration of as many enterprises as possible who are not registered at the time of lending support. Formalizing Group enterprises under Co-operative Society, Pvt Ltd and Limited Liability companies will be advisable depending upon willingness and feasibility

6.2.5 Provide market information / intelligence, conduct input needs assessments and quality control checks at various stages.

6.2.6 Identify products with potential for scale-up, aggregation, and marketing through higher-order institutions.


प्रतिनिधि संयोजक
कृषि, संसाधन प्रबंधन, जलसिंचन विभाग
मिर्जापुर जिला, मिर्जापुर, सेक्टर-19
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- 6.2.7 Professional mentoring support to formulate a strategy for growth and guide business operations to achieve growth targets.
- 6.2.8 Facilitate raising finance from commercial sources (debt or equity).
- 6.2.9 Develop a strategy for quality control, warehousing, and supply chain for supported enterprises.
- 6.2.10 Developing strategy for branding, packaging and marketing of the products by these enterprise.
- 6.2.11 Provide technical assistance for product refinement and design and development as per market need.
- 6.2.12 Assist enterprises in filing nominations for grant awards under the Challenge Fund administered by the project with support from SRLM.
- 6.2.13 Mentor and handhold the enterprises for an 18-month period on the journey to achieve 15% year on year growth in revenue/ Turnover in the period and to be financially sustainable.
- 6.2.14 Identify skills gaps and address the same either through mentoring or through formal training.
- 6.2.15 Develop a mentor pool of industry experts and conduct regular round tables of industry leaders.

5.6 Thus, under the impugned service contract, the Applicant is delegated under the aforementioned "Contract for services" to function as a consultant and to render certain consultancy services as stipulated in the contract. Further, it would not be out of place to mention here that the said service contract, CGSRLM/ DDU-GKY/STSA/2025-26/01 dated March 7, 2026, thereby assigning the applicant with the work of a consultant, categorically specifies the Assignment title of this contract as "*Hiring Technical Support Service Agency (TSA) for establishment of Incubators under Chhattisgarh Grameen Aajeevika Samvardhan Samiti (CGSRLM - Bihan)*". From the above, it gets amply clear that the applicant is not rendering any services directly which can be termed as mandated under Article 243G of the Constitution of India (Eleventh Schedule). It appears that the applicant, have misconstrued the aspects involved, and have incorrectly interpreted that their activity of rendering services as a consultant, is equivalent to rendering services as stipulated under Article 243G of the Constitution of India. Thus the applicant's view as brought about in the instant ARA-01, that as their service is targeted entirely at rural poverty alleviation via women micro-enterprises under DAY-NRLM, their entire contract value should conceptually be exempt, is out of place.

6. In the above backdrop, we would now like to delve up on the issues which the applicant has raised under the instant ARA-01, thereby seeking advance ruling.

6.1 The following provisions of GST law relevant to the issue in hand is also reproduced hereunder, for the sake of clarity.

a. Section 7. Scope of supply -

(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, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

¹[(aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.

Explanation -For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or



order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another;]

(b) import of services for a consideration whether or not in the course or furtherance of business; ²[and]

(c) the activities specified in Schedule I, made or agreed to be made without a consideration; ³[****]

(d) ⁴[****].

b. Section 9. Levy and collection -

(1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

c. Section 15. Value of Taxable Supply

(1) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

(2) The value of supply shall include-

(a) any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than this Act, the State Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier;

(b)

(c)

(3)

6.2 Thus, as per the charging section of GST Act, GST shall be levied on supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption. Supply defined in Section 7 of CGST, briefly states that "Supply includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business".

6.3 As already discussed, in the preceding paras, from the contents emanating from theinafore mentioned "Contract for Services" to function as a consultant to render certain consultancy services as stipulated in the contract. Also, the said service contract, CGSRLM/ DDU-GKY/STSA/2025-26/01 dated March 7, 2026, in very unambiguous terms assigns the applicant the work as a consultant, categorically assigning the title of the contract as "Hiring Technical



Support Service Agency (TSA) for establishment of Incubators under Chhattisgarh Grameen Aajeevika Samvardhan Samiti (CGSRLM - Bihan).

7. Before addressing the issues raised by the applicant, we would for ease of reference, first like to go through the relevant portion of GST Notification No. 12/2017- Central Tax (Rate) dated 28 June 2017 as amended by Notification No. 16/2021 -Central Tax (Rate) New Delhi, 18th November 2021 effective from 1st of January 2022, which reads as under: -

Government of India

Ministry of Finance (Department of Revenue)

Notification No. 12/2017- Central Tax (Rate) New Delhi, the 28th June, 2017

In exercise of the powers conferred by sub-section (1) of section 11 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby exempts the intra-State supply of services of description as specified in column (3) of the Table below from so much of the central tax leviable thereon under sub-section (1) of section 9 of the said Act, as is in excess of the said tax calculated at the rate as specified in the corresponding entry in column (4) of the said Table, unless specified otherwise, subject to the relevant conditions as specified in the corresponding entry in column (5) of the said Table, namely:-

TABLE

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
1				
2				
3	Chapter 99	Pure services (excluding works contract service or other composite supplies involving supply of any goods) provided to the Central Government, State Government or Union territory or local authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.	Nil	Nil



3A	Chapter 99	Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.	Nil	Nil
...				
....				
48.	Heading 9983 or any other Heading of Chapter 99	Taxable services, provided or to be provided, by a Technology Business Incubator or a Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or bio-incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.	Nil	Nil
				
				
72	Heading 9992	Services provided to the Central Government, State Government, Union territory administration under any training programme for	Nil	Nil



		which total expenditure is borne by the Central Government, State Government, Union territory administration.		
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Question 1: GST Applicability:-

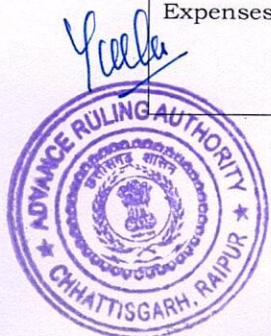
Whether the amounts received by IIM Raipur Foundation for Entrepreneurship Development from CGSRLM for the CGSRLM Incubation Project, funded under DAY-NRLM, Ministry of Rural Development, Government of India, are liable to GST. If yes, which specific components are taxable, exempt, nil-rated, or not liable to GST?

7.1 For availing the benefit of Nil rate of tax, as provided under Sr. no. 3A of 3 above of Notification no. 12/2017-Central Tax (Rate) dated 28.6.2017 as amended from time to time, the specified conditions needs to be fulfilled.

In the instant case, the exemption requires that services to be provided to Government itself. However in current case, the recipient is not Central or state government rather its government entity, thus heading under serial no. 3A, 3 or 72 is not applicable.

For the sake of clarity, the relevant provisions of law along with corresponding Tax implications in general, along with the decisions by various forums are summarized as under:

Cost Component (Rs.)	GST Determination\	Legal Basis
Incubator Cost & Capacity Building Rs. 3.57 Cr (Rs. 2.67 Cr operational fee + Rs. 0.90 Cr training)	Taxable @ 18% (composite supply; principal supply = incubation/enterprise-development service). Personnel/salary costs within this cannot be excluded.	Sections 7, 8, 15 CGST Act; Sr. No. 72 inapplicable (ICTAK, (2025) 37 Centax 95, AAR Kerala); Sr. No. 3/3A inapplicable (recipient ineligible post-1.1.2022 per NN 16/2021-CT(R)); FCI, WBAAR 32/2025-26; Prodip Nandi & AAI (salary reimbursement taxable)
Challenge Fund (soft loans & grants) Rs. 6.33 Cr.	Potentially excluded from taxable value as pure-agent disbursement ONLY if all Rule 33 conditions strictly met, authorized and separately invoiced at actuals; otherwise taxable @ 18%.	Rule 33 CGST Rules; Section 15; grant/subsidy principles (Section 15(2)(e))
Equity Investment for Partnerships Rs. 0.50 Cr.	Likely outside scope of supply (capital/investment flow, not consideration for a service) provided it is a genuine equity investment, not a disguised fee; else taxable.	Section 7 read with Section 2(52)/(102); Schedule III principles; fact-dependent
Selection & Event Expenses Rs. 0.30 Cr.	Taxable @ 18% (administrative outlays of the supplier forming part of composite-supply consideration).	Sections 7, 15 CGST Act



Thus, in view of the above discussion we come to the considered conclusion that the amounts received by IIM Raipur Foundation for Entrepreneurship Development, the applicant from CGSRLM for the CGSRLM Incubation Project for consultancy services provided by the applicant, attract GST at the applicable rate of 18% [9% CGST + 9% CCGST].

7.2 The second issue raised by the Applicant is as to *Whether training and capacity-building services provided under the CGSRLM Incubation Project, funded under DAY-NRLM, are exempt from GST under Serial No. 72 of Notification No. 12/2017- Central Tax (Rate), dated 28 June 2017, or any other applicable provision.*

Serial no 72 stipulates that the Services provided to the Central Government, State Government, Union territory administration under any training programme for which total expenditure is borne by the Central Government, State Government, Union territory administration. The exemption requires the recipient to be the Government itself. CGSRLM (Bihan), being a government entity/society rather than the Government, does not qualify. This was similarly held in In re: ICT Academy of Kerala (ICTAK), (2025) 37 Centax 95 (A.A.R.-GST-Ker.).

7.3 The third issue raised by the Applicant is as to *Whether incubation support, mentoring, enterprise handholding, business development support, market linkage support, financial linkage support, and related project implementation services provided under the CGSRLM Incubation Project are exempt from GST under Notification No. 12/2017-Central Tax (Rate), including Serial No. 72 wherever applicable.*

As already explained in para 7.1. and 7.2. ,Sr. no. 72 of Notification No. 12/2017- Central Tax (Rate), dated 28 June 2017, provides for Nil rate of GST on Services provided to the Central Government, State Government, Union territory administration under any training programme for which total expenditure is borne by the Central Government, State Government, Union territory administration.

In the instant issue, as discussed in the preceding paras, The exemption requires the recipient to be the Government itself. CGSRLM (Bihan), being a government entity/society rather than the Government, does not qualify. This was similarly held in In re: ICT Academy of Kerala (ICTAK), (2025) 37 Centax 95 (A.A.R.-GST-Ker.).

7.4 The fourth issue raised by the Applicant is as to *Whether amounts received towards dedicated project human resources, salary, remuneration, and related personnel costs under the approved Incubator Cost component of the CGSRLM Incubation Project are liable to GST.*

On this issue, we find that no specific details have been furnished by the applicant, making it extremely difficult for this authority to arrive at a conclusive decision. However, this authority would like to mention here that generally, the amounts received strictly towards salary, remuneration, and direct personnel costs for dedicated project human resources do not attract Goods and Services Tax (GST). Under Schedule III of the Central Goods and Services Tax Act, services provided by an employee to an employer in relation to employment are outside the scope of supply.



Also, under Section 15(1) of the CGST Act, the entire consideration for a composite supply is taxable at the rate applicable to the principal supply. Salaries of the TSA's own project staff form part of the supplier's service cost and are not separately excludable. Rule 33's pure-agent exclusion is unavailable where the supplier is the employer, as held in *Prodip Nandi* (AAR WB, 2022) and *Airports Authority of India* (AAR UP, 2022), making such employee-cost reimbursements a taxable consideration.

7.5 The fifth issue raised by the applicant is whether challenge fund grants, soft loan amounts, and other enterprise-support funds administered, facilitated, or passed on under the CGSRLM Incubation Project form part of the taxable value of services supplied by IIM Raipur Foundation for Entrepreneurship Development.

In this context, we find that the said "Contract for Services", under CGSRLM/DDU-GKY/STSA/2025-26/01 dated March 7, 2026 enables the applicant IIM Raipur to function as a consultant to render consultancy services as discussed herein above. Further, the same also appears to indicate that the said consultancy services are composite supply of goods and services. The Applicant is functional as a Technical Consultant for providing Technical Support Service Agency (TSA) for establishment of Incubators under Chhattisgarh Grameen Aajeevika Samvardhan Samiti (CGSRLM - Bihan), and accordingly on the basis of evidences available before us, we hold that the said challenge fund grants, soft loan amounts, and other enterprise-support funds administered, facilitated, or passed on under the CGSRLM Incubation Project will form part of the taxable value of services supplied by IIM Raipur Foundation for Entrepreneurship Development.

Also, Rule 33 permits exclusion of Challenge Fund disbursements from taxable value if IIM Raipur-FED acts strictly as Bihan's pure agent, with written authorization, actual-cost recovery, separate invoicing, and no ownership or benefit. Without proper documentation, the entire receipt may be treated as consideration.

7.6 The sixth and the final issue before us for ruling is as to whether upon recognition of IIM Raipur Foundation for Entrepreneurship Development as a Technology Business Incubator by NSTEDB, Department of Science and Technology, Government of India, whether the taxable services, if any, provided under the CGSRLM Incubation Project would be exempt from GST under Serial No. 48 of Notification No. 12/2017-Central Tax (Rate), from the effective date of such recognition.

In this context, it is seen that Sr. no. 48 of Notification No. 12/2017- Central Tax (Rate), dated 28 June 2017, provides for Nil rate of GST on Taxable services classifiable under *Heading 9983 or any other Heading of Chapter 99, of Service Accounting Code, only if the services provided or to be provided are by a Technology Business Incubator or a Science and Technology Entrepreneurship Park* recognized by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or bio-incubators recognized by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.



Thus, from the above it follows that, for availing the benefit of NIL rate of GST as provided under Sr. no. 48 of Notification no. 12/2017- Central Tax (Rate), dated 28 June 2017 for the services falling under *Heading 9983 or any other Heading of Chapter 99 of Service Accounting Code, the services must necessarily be provided or to be provided by a Technology Business Incubator or a Science and Technology Entrepreneurship Park* recognized by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or bio-incubators recognized by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.

We find that, as on date, there is nothing on record to hold that IIM Raipur Foundation for Entrepreneurship Development is a Technology Business Incubator, duly recognized by National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India.

Accordingly, we come to the considered view that, upon recognition of IIM Raipur Foundation for Entrepreneurship Development as a Technology Business Incubator by National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India, the taxable services, if any, rendered under the CGSRLM Incubation Project would qualify for NIL rate of GST as provided under Sr. no. 48 of Notification No. 12/2017-Central Tax (Rate) as effective on that date, from the date of such recognition, subject to the adherence of all the conditions mandated therein.

We would also like to mention here that even with an unconditional entry, the exemption claimed, if eligible, operates only prospectively, from the effective date of recognition and that supplies before recognition remains unaffected.

8. Having regard to the facts and circumstances of the case and discussions as above, we pass the following order: -

ORDER

(Under section 98 of the Chhattisgarh Goods and Services Tax Act, 2017)

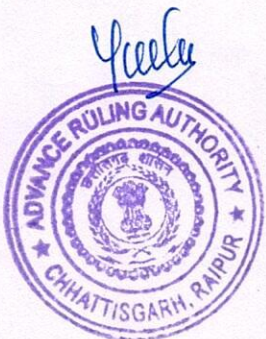
NO/STC/AAR/03/2026

Raipur Dated 18/09/2026

The ruling so sought by the Applicant, M/s IIM RAIPUR FOUNDATION FOR ENTREPRENEURSHIP DEVELOPMENT, Atal Nagar, Kurru (Abhanpur), Raipur, Chhattisgarh 93661, India, the Applicant, holding, GSTIN 22AAHCI6499K1Z1, is accordingly answered as under

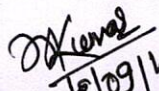
RULING

- i. The amounts received by IIM Raipur Foundation for Entrepreneurship Development, the applicant, from CGSRLM for the CGSRLM Incubation Project for consultancy services provided by the applicant, attract GST at the applicable rate of 18% [9% CGST + 9% CGGST]. All considerations received against such supply of services attract GST at the applicable rate.

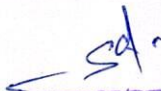


- ii. The claimed benefit of Nil rate of tax as provided under Sr. no. 72 of Notification no. 12/2017- Central Tax (Rate), dated 28 June 2017 as amended, is not available to the applicant for the referred training and capacity-building services being provided.
- iii. The claimed benefit of Nil rate of tax as provided under Sr. no. 72 of Notification no. 12/2017- Central Tax (Rate), dated 28 June 2017 as amended, is not available to the applicant for such incubation support, mentoring, enterprise handholding, business development support, market linkage support, financial linkage support, and related project implementation services being provided.
- iv. No specific details have been furnished by the applicant regarding the amounts received towards dedicated project human resources, salary, remuneration, and related personnel costs under the approved Incubator Cost component making it difficult for this authority to arrive at a conclusive decision. However, generally amounts received strictly towards salary, remuneration, and direct personnel costs for dedicated project human resources do not attract Goods and Services Tax (GST). Under Schedule III of the Central Goods and Services Tax Act, services provided by an employee to an employer in relation to employment are outside the scope of supply.
- v. On the basis of evidences available, it is held that the said challenge fund grants, soft loan amounts, and other enterprise-support funds administered, facilitated, or passed on under the CGSRLM Incubation Project will form part of the taxable value of services supplied by IIM Raipur Foundation for Entrepreneurship Development.
- vi. Upon recognition of IIM Raipur Foundation for Entrepreneurship Development as a Technology Business Incubator by National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India, the taxable services, if any, rendered under the CGSRLM Incubation Project would qualify for NIL rate of GST as provided under Sr. no. 48 of Notification No. 12/2017-Central Tax (Rate) as effective on that date, from the date of such recognition, subject to the adherence of all the conditions mandated therein.

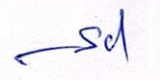

18/09/26
Yachana Tambrey
MEMBER


18/09/26
Arvind Kumar
MEMBER

TRUE COPY


MEMBER
ADVANCE RULING AUTHORITY
CHHATTISGARH, RAIPUR

TRUE COPY


MEMBER
ADVANCE RULING AUTHORITY
CHHATTISGARH, RAIPUR

Place: - Raipur
Date: - 18/09/2026
Seal: -

