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

F. No. KAR.AAR 45/2026
Order No. KAR.ADRG 45/2026 **Date: 08.09.2026**

Present:

1. **Shri. Kalyanam Rajesh Rama Rao**
Additional Commissioner of Customs & Indirect Taxes .... Member (**Central**)

2. **Shri. Sivakumar S Itagi**
Additional Commissioner of Commercial Taxes .... Member (**State**)

1	Name and address of the applicant	M/s Karnataka State Agriculture Marketing Board, #16, Karnataka State Agricultural Marketing Board, RajBhavan Road, Bengaluru- 560001
2	GSTIN or User ID	29AAATK7992F3Z2
3	Date of filing of Form GST ARA-01 (ARN date)	28.07.2025
4	Represented by	--Not Applicable--
5.	Jurisdictional Authority – Centre	The Commissioner of Central Tax, Bengaluru North Commissionerate, ND-1.
6	Jurisdictional Authority – State	ACCT, LGSTO 020 - Bengaluru
7	Whether the payment of fees discharged and if yes, the amount and CIN	No, the Applicant has discharged the prescribed application fee only of ₹5,000/- under an incorrect debit head.

ORDER UNDER SECTION 98(2) OF THE CGST ACT, 2017 & UNDER SECTION 98(2) OF THE KGST ACT, 2017

M/s Karnataka State Agriculture Marketing Board (hereinafter referred to as the "Applicant"), having GSTIN 29AAATK7992F3Z2 and principal place of business at #16, Karnataka State Agricultural Marketing Board, RajBhavan Road, Bengaluru- 560001, filed an application for Advance Ruling under Section 97 of the Central Goods and Services Tax Act, 2017 read with Rule 104 of the Central Goods and Services Tax Rules, 2017 and the corresponding provisions of the Karnataka Goods and Services Tax Act, 2017, in FORM GST ARA-01.

2.1 The Applicant is constituted under the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 and functions in accordance with the provisions of the said Act and the Karnataka Agricultural Produce Marketing (Regulation and Development) Rules, 1968. The Applicant has submitted that, in terms of Section 100 of the Act, the Karnataka State

Agricultural Marketing Board (KSAMB) has been established to coordinate, supervise and promote the regulated marketing of agricultural produce across the State of Karnataka. Its functions, inter alia, include supervision of Agricultural Produce Market Committees (APMCs), development of market infrastructure, implementation of various reforms and welfare schemes for farmers and market functionaries, and ensuring transparency and efficiency in agricultural marketing.

2.2 The Applicant further submits that, pursuant to the announcement made by the Government of Karnataka in the State Budget for the Financial Year 2025–26 (Paragraph 83) and in accordance with Government Order No. CO 129 MRE 2025 dated 21.06.2025, the death benefit payable under the welfare scheme for registered Shramiks (workers) has been enhanced from ₹1,00,000 (Rupees One Lakh only) to ₹5,00,000 (Rupees Five Lakhs only).

2.3 The Applicant further submits that, with a view to ensuring the timely and efficient settlement of death claims, a Corpus Fund has been constituted at the Karnataka State Agricultural Marketing Board (KSAMB). The Corpus Fund is proposed to be financed through contributions collected from the respective Agricultural Produce Market Committees (APMCs) across the State. The Applicant submits that all eligible death claim payments under the welfare scheme shall be disbursed from the said Corpus Fund. The Applicant has also furnished the implementation framework, APMC-wise contribution mechanism and the guidelines governing the operation and utilisation of the Corpus Fund.

2.4 The Applicant further submits that the Karnataka State Agricultural Marketing Board (KSAMB) has been designated as the Nodal Agency for the formulation, coordination and implementation of welfare schemes introduced by the Government of Karnataka in association with the Agricultural Produce Market Committees (APMCs). In this capacity, the Applicant acts as the central coordinating authority for the implementation of various welfare schemes intended for market functionaries, including farmers, hamalas (market labourers), weighmen, loaders, unloaders and other stakeholders engaged in the functioning of Agricultural Produce Market Committees.

2.5 The Applicant submits that the aforesaid institutional framework is intended to ensure the effective implementation of welfare and developmental schemes and the timely delivery of benefits to eligible beneficiaries through the coordinated involvement of the Agricultural Produce Market Committees (APMCs) under the supervision and guidance of the Karnataka State Agricultural Marketing Board (KSAMB).

2.6 The Applicant further submits that, in terms of the relevant Government Order, the funds required for the implementation of the aforesaid welfare scheme are collected from the Agricultural Produce Market Committees (APMCs) and maintained by the Karnataka State Agricultural Marketing Board (KSAMB) as a Corpus Fund, from which the eligible death claim amounts are disbursed in accordance with the prescribed guidelines.

2.7 The Applicant further submits that disbursements from the Corpus Fund are made as and when eligible claims arise under the welfare scheme. Any unutilised balance remaining in the Corpus Fund at the end of a financial year is carried forward to the subsequent financial year and utilised exclusively for the continued implementation of the same welfare scheme, thereby ensuring the operation of a revolving fund for the sustained welfare of market functionaries, including registered Shramikas.

2.8 The Applicant submits that the Karnataka State Agricultural Marketing Board (KSAMB) functions solely as the Nodal Agency for the implementation and administration of the welfare scheme. It neither derives any financial benefit from the scheme nor makes any contribution to the Corpus Fund from its own resources. In the event of any shortfall in the Corpus Fund, the requisite amount is proposed to be met out of the market fee collected from the Agricultural Produce Market Committees (APMCs), and the eligible claim amount is thereafter disbursed to the beneficiary in accordance with the provisions of the scheme and the relevant Government Order.

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

a) *Does the maintenance and operations of corpus funds for Sharamiks by KSAMB as a nodal agency on behalf of the Government of Karnataka amount to a "service" under the Goods and Service Tax Act, 2017?*

b) *Do the contributions collected from Agricultural Produce Market Committees (APMCs) - which are borne on behalf of farmers, hamalas (market labourers), weighmen, loaders, unloaders, and other stakeholders- attract Goods and Services Tax (GST)?*

4. <u>Admissibility of the Application:</u> - The Applicant **has not indicated**, under Column 13 of Form GST ARA-01, the category of issue(s) in respect of which the present application for Advance Ruling has been filed. Consequently, the application **does not satisfy** the requirements prescribed under **Section 97(1)** of the CGST/ KGST Act, 2017.

5. <u>Applicant's Interpretation of Law: -</u> The Applicant has neither furnished its views or interpretation of law in Form GST ARA-01 nor submitted the same by way of any annexure or supporting document along with the application.

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6.1 **PERSONAL HEARING PROCEEDINGS:** - The Applicant was provided with enough opportunities to rectify the defects in the application and to remit the prescribed balance application fee in terms of Section 97(1) of the CGST/KGST Act, 2017 read with Rule 104 of the CGST/KGST Rules, 2017, an application for Advance Ruling is required to be accompanied by a fee of ₹5,000/- each under the CGST Act and the KGST Act, vide this office letters dated 06.03.2026, 25.05.2026, 08.06.2026 and 17.06.2026. However, no reply or clarification has been received from the Applicant till date, nor has the requisite balance fee been remitted.

6.2 The details of the opportunities provided to the Applicant for compliance are as follows:

SL. No.	Letter F. No. & date	Tracking ID	Tracking ID status	Communication on Email id & date
1	KAR/AAR/OTH/2025-06 06-03-2026	-	-	dgmfinanceksamb@gmail.com
2	KAR/AAR/OTH/2025-06 25-05-2026	EK508427535IN	Delivered on 27-05-2026	dgmfinanceksamb@gmail.com 26-05-2026
3	KAR/AAR/OTH/2025-06 08-06-2026	EK860781685IN	Delivered on 15-06-2026	dgmfinanceksamb@gmail.com 09-06-2026
4	KAR/AAR/OTH/2025-06 17-06-2026	EK860785577IN	Delivered on 20-06-2026	dgmfinanceksamb@gmail.com 17-06-2026

6.3 Apart from the communications issued through Registered Speed Post and e-mail, this office made repeated attempts to contact the Applicant telephonically on the contact number furnished in Form GST ARA-01. However, no response has been received till date, as the said contact number was consistently found to be either switched off or out of service.

FINDINGS & DISCUSSION

7. *At the outset, we would like to make it clear that the provisions of the Central Goods and Services Tax Act, 2017 and the Karnataka Goods and Services Tax Act, 2017 are pari materia and contain identical provisions on all material aspects, differing only in respect of certain specific provisions. Accordingly, unless a particular reference is made to such dissimilar provisions, any reference to the CGST Act, 2017 shall also be construed as a reference to the corresponding provisions of the KGST Act, 2017.*

8. *We have carefully examined the application, the documents placed on record and the relevant provisions of the CGST Act, 2017 and the KGST Act, 2017. It is observed that, in terms of Section 97(1) of the CGST/KGST Act, 2017 read with*

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Rule 104 of the CGST/KGST Rules, 2017, an application for Advance Ruling is required to be accompanied by the prescribed fee of ₹5,000/- each under the CGST Act and the KGST Act.

9. Further, it is observed that the Applicant had not remitted the prescribed application fee in full at the time of filing the application. Accordingly, this Authority, through communications issued from time to time, called upon the Applicant to rectify the defect by remitting the requisite balance fee. The Applicant was also afforded sufficient opportunities of personal hearing vide this office letters, as referred to in paragraph 6.1 supra. However, the Applicant neither appeared before this Authority on the scheduled dates nor complied with the requirement of remitting the prescribed balance application fee, despite the opportunities so provided.

10. The requirement of payment of the prescribed fee under Section 97(1) of the CGST/KGST Act, 2017 is mandatory for entertaining an application for Advance Ruling. In the present case, despite being afforded sufficient opportunities, the Applicant has failed to remit the prescribed application fee in full. Accordingly, the application is liable to be rejected as not maintainable for non-compliance with the mandatory statutory requirement.

Further, it is also observed that the Applicant has not indicated, in Form GST ARA-01, the category of question(s) on which the Advance Ruling is sought, as required under Section 97(2) of the CGST/KGST Act, 2017. Consequently, the application suffers from a fundamental defects and does not satisfy the statutory requirements prescribed for seeking an Advance Ruling.

11. In view of the foregoing, we pass the following:

R U L I N G

The application for Advance Ruling filed by the applicant is hereby rejected as not maintainable for non-compliance with the mandatory requirement prescribed under Section 97(1) of the CGST/KGST Act, 2017 read with Rule 104 of the CGST/KGST Rules, 2017.

(**Kalyanam Rajesh Rama Rao**)
Member
MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009

(**Sivakumar S Itagi**)
Member
MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009

Place: Bengaluru,
Date: 08.09.2026

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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 Commissioner of Central Tax, Bengaluru North Commissionerate, ND-1.
4. The Assistant Commissioner, LGSTO 020 - Bengaluru.
5. Officer Folder.

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