Dipeet Agarwal, carrying on business under the trade name M/s Soorya Narayan Agency

Authority for Advance Ruling — West Bengal

31/WBAAR/2019-20 Dated **11.11.2019**

Q Questions Before the Authority

- Whether the Applicant is liable to pay GST on supplies of consumer goods (such as biscuits and soaps) earmarked 'FOR PDS SUPPLY ONLY' and supplied to fair price shops or PDS distributors.

F Facts

The Applicant supplies consumer goods earmarked 'FOR PDS SUPPLY ONLY' to fair price shops and PDS distributors. He acts as an associate of the West Bengal Essential Commodities Supply Corporation Ltd (WBECSC Ltd) for a monthly administrative charge fixed by the State Government. He bears packaging, freight, transport, warehousing and quality risk, but the price and recipients are fixed by the Government, and he argues he is merely a canalising agency with no control over pricing or market share.

H Ruling

Liability to GST on supplies of goods earmarked 'FOR PDS SUPPLY ONLY' to fair price shops and PDS distributors	**Liable to pay GST at the applicable rate**	No exemption under Notification No. 2/2017-CT (Rate) dated 28/06/2017 (as amended), the State notification No. 1126-FT dated 28/06/2017, or any other notification. Not within Schedule III. The rate is not specified in the order.

The Authority ruled that the Applicant is **liable to pay GST at the applicable rate** on his supplies of goods through PDS. Supply of goods through PDS is not exempt under Notification No. 2/2017-CT (Rate) dated 28/06/2017, as amended, or under the corresponding State notification, and the Applicant's activities are not covered by Schedule III.

R Reasoning

The Authority examined whether any exemption notification covered supplies through PDS and found none, noting that the Applicant himself cited no notification or legal provision in support of exemption. It also held that the Applicant's activities do not fall under Schedule III, which deals with activities neither treated as supply nor taxable. The Revenue offered no comment on the merits. The Authority therefore held that the government-fixed pricing and the canalising role did not remove the supplies from the charge to GST.

P Provisions Relied On

Section 97(e) of the CGST Act, 2017 (admissibility of question)

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

Section 99 of the WBGST Act, 2017 (appellate authority)	Section 100(1), (2) and (3) of the CGST Act, 2017 (appeal)
Section 103 of the CGST Act, 2017 (binding effect of ruling)	Section 104(1) of the CGST Act, 2017 (ruling declared void)
Notification No. 2/2017-CT (Rate) dated 28/06/2017, as amended	
State Notification No. 1126-FT dated 28/06/2017	Schedule III of the CGST Act, 2017

! For the Practitioner

This ruling tells a practitioner that PDS-earmarked supplies made by a distributor acting for a state supply corporation are taxable absent a specific exemption, and that the applicant's canalising-agent argument did not succeed without a notification. It is useful for clients in similar government-channel arrangements who assume PDS supply is exempt. It does not decide the applicable rate or HSN classification, nor does it analyse whether the arrangement is an agency relationship under the GST law, and it does not consider exemptions for particular commodities. Its effect is limited to the applicant and the State.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> wb_aar_31_2019_11.11.2019_da.pdf

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