

M/s. National Dairy Development Board

Authority for Advance Ruling — Gujarat

ADVANCE RULING NO. GUJ/GAAR/RULING/2018/11

Dated **08.05.2018**

Q Questions Before the Authority

- (i) By virtue of tripartite agreement between NDDB, State Government & Unions, whether the arrangement between NDDB and Unions would be considered as supply between 'related persons' in accordance with Schedule 1 of the Central Goods & Service Tax Act, 2017?
- (ii) Assuming answer to above point is affirmative, whether the applicant would be required to determine value of activities undertaken by them in accordance with Section 15(5) of CGST Act, 2017 read with Rule 28 of the CGST Rules, 2017?

F Facts

The applicant, National Dairy Development Board (NDDB), entered into agreements with the State Governments of Assam and Jharkhand to revive and manage milk producers' cooperative unions (WAMUL and JMU). Under these agreements, NDDB manages operations, deploys key personnel, and provides end-to-end management support without charging any fee or consideration. The issue arose whether NDDB and the milk unions are 'related persons' under GST, making free management services taxable under Schedule I at open market value.

H Ruling

Whether management arrangement between NDDB and Unions constitutes supply between 'related persons' under Schedule I

Not to be considered as supply between 'related persons'

Agreements are between NDDB and State Governments; Unions are merely beneficiaries.

The Authority ruled that the managerial services provided by NDDB to the milk unions pursuant to agreements with the State Governments are **not supply between related persons** under Schedule I read with Section 15 of the CGST Act, 2017. Since the first question was answered in the negative, the Authority held that there was no need to evaluate the second question regarding valuation under Rule 28.

R Reasoning

The Authority observed that actual services are provided at the instance of and received by the respective State Governments, while the Unions are merely beneficiaries of the arrangement. NDDB manages the Unions as an Administrator pursuant to statutory obligations and agreements with State Governments without any commercial motive or control of a related party nature under Section 15(5) of the CGST Act. The situation specified in clause 5 of Section 15(5) (one directly or indirectly controlling the other) does not exist between NDDB and the Unions. Consequently, the arrangement does not constitute a supply between related persons without consideration under Schedule I.

P Provisions Relied On

Section 7 of CGST Act, 2017

Section 15(5) of CGST Act, 2017

Schedule I of CGST Act, 2017

Rule 28 of CGST Rules, 2017

Gujarat Goods and Services Tax Act, 2017

! For the Practitioner

This ruling establishes that statutory or public bodies deputed by State Governments to manage sick or developing cooperative entities without consideration do not become **related persons** under GST merely due to operational control. It protects non-profit administrative interventions from being subjected to deemed supply tax on open market value under Schedule I. However, it does not apply where commercial management fees or consideration are charged.

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 -> guj.gaar.r.2018-11dt.8.5.18.nddb-gujarat.pdf

Prepared 17-10-2026.

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