NATIONAL INSTITUTE OF BANK MANAGEMENT

Authority for Advance Ruling — Maharashtra

NO.GST-ARA-139/2018-19/B-75, Mumbai, dt. 25.06.2019 Dated **25.06.2019**

Q Questions Before the Authority

- Whether consideration paid as subscription or contribution towards recurring or capital expenses or reimbursement or by whatever name called to National Institute of Bank Management (NIBM), a society registered under Societies Registration Act, 1860, by its members (being Banks) for its recurring and non-recurring expenses is leviable to GST?

F Facts

NIBM, a society registered under the Indian Societies Registration Act, 1860, was set up by RBI in 1969 as an academic cum training institute. RBI, SBI and other public sector banks, as promoters, contribute an annual subscription of Rs. 100 lakh towards recurring expenses, plus capital and other non-recurring expenditure in fixed ratios (RBI 40%, SBI 20%, other PSBs 40%). NIBM argued these contributions were not consideration for any supply, since members received no services in return, and it also invoked the principle of mutuality. The jurisdictional officer contended that the contributions are consideration for services performed under the MoA objects.

H Ruling

Whether subscription or contribution by member banks towards recurring and non-recurring (including capital) expenses paid to NIBM is leviable to GST	**Answered in the affirmative: leviable to GST**	Based on the view that the contributions are consideration for services NIBM renders under its MoA objects, in the course or furtherance of business. The order states no rate or HSN.

The authority held that the member contributions are **leviable to GST** . It found that NIBM supplies taxable services under its MoA objects, that the contributions are consideration for those services, and that the supply is made in the course or furtherance of business under the club-and-association limb of the definition of business. It rejected the mutuality argument because NIBM and its member banks are distinct persons.

R Reasoning

The authority read the MoA objects (training, research, assistance to banks, faculty development, liaison) as activities NIBM performs in return for the contributions, so the contributions are consideration under section 2(31). It treated NIBM as a person under section 2(84) and found its provision of facilities or benefits to members for a subscription falls within section 2(17)(e), which makes it business. It held that the two conditions of section 7 were met, so there is a supply. It rejected the characterisation of the payments as aid or grant, and rejected the principle of mutuality because the society and its member banks are distinct persons. It distinguished Cultural Society of Angamally on the ground that there the donations had no nexus with services.

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

P Provisions Relied On

CGST Act, 2017 section 2(17), including clause (e) (business includes provision by a club, association, society or similar bod…

CGST Act, 2017 section 2(31) (consideration)

CGST Act, 2017 section 2(84) (person)

CGST Act, 2017 section 7 (scope of supply)

CGST Act and MGST Act, 2017 section 98 (order of the Authority)

! For the Practitioner

The order is useful for PSU-backed or member-funded institutions that charge members a fixed annual contribution, because it applies the section 2(17)(e) club-and-association limb to such funding. It indicates that a contribution-funded society may be taxed even without a per-service fee, and that the mutuality argument will not normally succeed. It does not decide the rate or the classification of any particular service. It also does not settle the position where a contribution is genuinely unrelated to any facility or benefit, and the order relies on a ruling for a similar body (BCSBI) that the reader should check.

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 -> maharashtra aar 139 2018-19 nibm 25.06.19.pdf

Prepared 05-11-2026.

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