M/s N M D C Limited, Admin Building, Donimalai Township, Donimalai, Sandur, Ballari District (GSTIN 29AAACN7325A1ZR)

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ROM 1/2020, Date: 23-03-2020 Dated **23.03.2020**

Q Questions Before the Authority

- Whether the statutory contributions made to the District Mineral Foundation (DMF) and the National Mineral Exploration Trust (NMET) under the MMDR Act, 1957 amount to 'supply', and whether they are liable to GST under reverse charge (original application, as recorded in the AAR order KAR ADRG 69/2019 dated 21/09/2019).
- Rectification ground: the authority did not rule whether the DMF and NMET contributions amount to supply under Section 7 of the CGST Act, 2017.
- Rectification ground: the authority erred in treating the DMF and NMET payments as a single payment when they are two different transactions.

F Facts

The applicant, a mining company in Ballari District, makes statutory contributions to the DMF and NMET under the MMDR Act, 1957. In its original application it asked whether these contributions are 'supply' and liable to GST under reverse charge. The earlier advance ruling (KAR ADRG 69/2019) treated them as part of the consideration for licensing services for the right to use minerals, including exploration and evaluation. The applicant then sought rectification of that order.

H Ruling

The Authority rejected the rectification application. It held that the earlier order had considered all submissions and dealt with the DMF and NMET contributions as part of the consideration for licensing services, so there was **no error apparent on the face of the record** . The application was therefore not valid under Section 98(2) of the CGST Act, 2017.

R Reasoning

The Authority treated the rectification application as a request to revisit a reasoned ruling rather than to correct an obvious error. It noted that the earlier order had recorded that the DMF and NMET contributions were not separate transactions, were linked to the royalty payable, and were computed as a fixed percentage of royalty. On that basis the Authority found no mistake apparent on the record and relied on Section 98(2) of the CGST Act, 2017 to reject the application. The order does not reach the merits of whether the contributions are a supply under Section 7.

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

P Provisions Relied On

Section 102 of the CGST Act, 2017 (advance ruling; rectification proceedings)

Section 102 of the KGST Act, 2017

Section 98(2) of the CGST Act, 2017 (rejection of rectification application)

Section 7 of the CGST Act, 2017 (referred to in the rectification grounds, not decided)

MMDR Act, 1957 (source of the DMF and NMET contributions)

! For the Practitioner

This order is useful mainly as a procedural decision: a rectification application will be rejected if it asks the Authority to reconsider a reasoned ruling without pointing to an error apparent on the face of the record. It leaves the earlier ruling in KAR ADRG 69/2019 in place, which treats DMF and NMET contributions as part of the consideration for licensing services. It does not decide whether those contributions are a supply under Section 7 or how the two payments should be characterised.

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 -> kar_aar_rom_01_2020_nmdcltd.pdf

Prepared 20-11-2026.

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