MAHARASHTRA AUTHORITY FOR ADVANCE RULING

GST Bhavan, Room No.107, 1st floor, B-Wing, Old Building, Mazgaon, Mumbai – 400010.

(Constituted under Section 96 of the Maharashtra Goods and Services Tax Act, 2017)

BEFORE THE BENCH OF

(1) Shri. D. P. Gojamgunde, Joint Commissioner of State Tax, (Member)

(2) Ms. Himani Dhamija, Joint Commissioner of Central Tax, (Member)

GSTIN Number, if any/ User-id		**27AAAGM0131R1Z7**
Legal Name of Applicant		**M/s. MAHATMA PHULE KRISHI VIDYAPEETH, RAHURI**
Registered Address/Address provided while obtaining user id		Agriculture College of Pune, Shivajinagar, Pune, Maharashtra, 411005
Details of application		GST-ARA, Application No. 01 Dated 01.04.2021
Concerned officer		**PUN-VAT-C-311, PUNE**
Nature of activity(s) (proposed/present) in respect of which advance ruling sought		
A	Category	**Other**
B	Description (in brief)	The applicant is the State Agricultural University in Maharashtra that serves to the students and farmers through Education, Research and Extension Education since 1968.
Issue/s on which advance ruling required		➢ Determination of the liability to pay tax on any goods or services or both
Question(s) on which advance ruling is required		As reproduced in para 01 of the Proceedings below.

PROCEEDINGS

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

The present application has been filed under Section 97 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017 [hereinafter referred to as "the CGST Act and MGST Act" respectively] by **M/s. MAHATMA PHULE KRISHI VIDYAPEETH, RAHURI,** the applicant, seeking an advance ruling in respect of the following questions.

Q 1: Whether laboratory testing charges collected by Mahatma Phule Krishi Vidyapeeth from students, research scholars, and faculty members as part of academic curriculum and research activities are exempt from GST under Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017?

Q 2: Whether laboratory testing charges collected by MPKV from farmers, other government departments, and the public for agricultural extension services (such as soil testing, seed testing, plant disease diagnosis, water testing, feed testing) are exempt from GST as:

(a) Services by a governmental authority in relation to functions entrusted to Panchayats/Municipalities; and/or

(b) Agricultural operations including testing services directly related to production of agricultural produce?

Q 3: In light of the above, whether MPKV is liable to charge and collect GST on the laboratory testing charges collected in the ordinary course of its educational and extension activities?

At the outset, we would like to make it clear that the provisions of both the CGST Act and the MGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to any dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the MGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, the expression 'GST Act' would mean CGST Act and MGST Act.

1**. FACTS AND CONTENTION – AS PER THE APPLICANT:**

1.1 The University has been established in 1968 mainly with the purpose of Agricultural Education, Research & Extension relating to Agriculture, as State Government entity.

1.2 The university regularly conducts experimental test of the Agricultural Produce manufactured by the Private, Government and semi government companies.

1.3 During activities mandated in Research & Education, the products like seeds, planting materials, bio-fertilizers, bio-pesticides, farms implements, bakery products, Phule drink & drinking water, post-harvest technology products etc. are produced and sold at reasonable price.

1.4 Nominal fees are collected from such companies towards reimbursement of such test experiments conducted by the University. And the producers of mandated Education & Research Activities are sold at reasonable prices near to 'no loss no profit'.

1.5 Since 1997, the Applicant University conducts the test research on experimental basis of the product produced by the Private Companies as the University is having proper infrastructure for the same. For such service only nominal fees are being charged by the University. The produce of Private, Government, Semi Government entities has to tested at University before getting registration and if quality, and other criteria's found satisfactory, then same are verified by the University and result data is given to the applicant. On the basis of that, these products are approved & licensed by the competent authority. Then they are made available in the market for farmers, resulting in high quality products being available to the farmers. Since there is no furtherance of business in this activity and neither any services are rendered nor any goods are being traded, goods produced by the various departments as bi-product of Education or Research related mandated activities e.g. seeds, planting materials, bio-fertilizers, bio pesticides, farms implements, bakery.

2. STATEMENT CONTAINING APPLICANT'S INTERPRETATION

2.1 The University is exempt under Income tax act, 1961 vide section 10(23) (iiiab) as it is substantially financed by the government. As per section 7(1) (a) of the GST Act 2017, to constitute a Supply, two conditions subject to exceptions stated under the Act must be fulfilled simultaneously.

1. Supply shall have been made for a consideration and
2. Supply shall have been made in the course or furtherance of business.

2.2 On the fact and circumstances of the case, there is no furtherance of business and therefore no GST is attracted on the Nominal fees charged by the University towards Experimental test carried out on Agricultural produce.

During the course of proceedings, applicant has submitted additional submissions as under;

2.3 This application is filed under Section 97 of the Central Goods and Services Tax Act, 2017 ("CGST Act") read with Rule 104 of the Central Goods and Services Tax Rules, 2017, seeking an advance ruling on the applicability of Goods and Services Tax (GST) on laboratory testing charges collected by Mahatma Phule Krishi Vidyapeeth ("MPKV" or "the Applicant" or "the University"

2.4 Mahatma Phule Krishi Vidyapeeth is a statutory agricultural university established under the Maharashtra Agricultural Universities (Krishi Vidyapeeths) Act, 1983. It is a government-funded institution dedicated to education, research, and extension in agriculture and allied sciences, functioning for public benefit. The State Government substantially funds and controls MPKV, and the university's mandate includes teaching (formal degree programs), research for improving agricultural practices, and extension services for farmers' welfare.

2.5 The issue before this Hon'ble Authority concerns laboratory testing charges collected by MPKV in the course of its activities. These laboratory charges typically arise from services such as:.

- Soil testing, water testing, seed testing
- Plant pathology lab analyses
- Animal feed testing and other analytical services.

Such services are rendered either: (a) to students and researchers of the university as part of the academic curriculum or research projects; or (b) to farmers, other government departments, or the public as part of MPKV's statutory extension and research mandate.

Core Question.

2.6 The Applicant seeks an Advance Ruling on whether such laboratory testing charges collected by a government-funded university like MPKV are subject to Goods and Services Tax. It is the respectful submission of the Applicant that no GST is leviable on these lab charges.

RELEVANT STATUTORY PROVISIONS.

Educational Institution & Exempt Services.

2.8 MPKV, being a university awarding degree recognized by law, squarely falls within the definition of an "educational institution" under GST (providing education as part of a curriculum for obtaining a qualification recognized by law). Under Notification No. 12/2017-Central Tax (Rate) dated 28-06-2017 ("Exemption Notification") services provided by an educational institution to its

students, faculty and staff are exempt from GST (Entry 66(a)). In other words, the GST law explicitly keeps core educational services outside the tax net.

Governmental Authority/Public Institution.

2.9 MPKV is not a private commercial entity; it is a statutory body with more than 90% Government control and funding, performing functions entrusted by law. It therefore qualifies as a "Governmental Authority" under the Exemption Notification (defined in para 2(zf) thereof).

Entry 5 of the Exemption Notification states:.

"*Services by a governmental authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution or to a Municipality under Article 243W of the Constitution.*"

2.10 Education is a listed function in the Constitution's Twelfth Schedule (Municipal functions) and Eleventh Schedule (Panchayat functions). Likewise, "agricultural extension" and allied support to agriculture are Eleventh Schedule functions.

MPKV's services thus fall within the exemption for activities in furtherance of these constitutional functions of the State.

Agriculture-Related Testing Services.

Even apart from MPKV's status as an educational or governmental authority, the nature of the laboratory services in question often independently qualifies for GST exemption under specific entries.

Entry 54(a) of Notification 12/2017-CT(R) exempts various support services relating to agriculture. It covers "services relating to cultivation of plants and rearing of all life forms of animals... by way of (a) agricultural operations directly related to production of any agricultural produce including... testing".

In essence, testing services that are directly related to the production of agricultural produce are exempt from GST. Many of the lab tests conducted by MPKV (soil nutrient analysis, crop disease diagnostics, seed testing, animal feed analysis for dairy/poultry farmers, etc.) squarely fit this description - they

are aimed at improving cultivation outcomes or livestock rearing, and thus relate directly to agricultural production.

Financial Data Demonstrating Public Welfare Character and Minimal Commercial Element.

2.11 The financial records of Mahatma Phule Krishi Vidyapeeth for the three fiscal years 2022-23, 2023-24, and 2024-25 (referred to as Years 2023-2024, 2024-2025, and 2025-2066 respectively in the financial statements) conclusively establish the non-commercial, public welfare character of the institution's operations. During this period, the University received Government grants totalling Rs. 2,430.00 lakhs, Rs. 2,428.10 lakhs, and Rs. 2,634.24 lakhs respectively across various heads including Crop Research Main Fund, Pig Rearing Salary Fund, P.I.P.T.S. Crop Improvement Fund, Dairy Development Fund, Horticulture Department Grant, and Agricultural Organization grants. The total university budget for these years stood at Rs.2,482.49 lakhs, Rs. 2,481.68 lakhs, and Rs. 2,659.44 lakhs respectively. In stark contrast, the receipts generated through laboratory testing and product testing services were merely Rs. 9.15 lakhs, Rs.9.19 lakhs, and Rs. 3.26 lakhs for the three years respectively. This financial analysis unequivocally demonstrates that: (a) Government grants constitute 97.84% to 99.05% of the total university budget, establishing overwhelming government control and funding; (b) laboratory testing charges constitute a minuscule 0.12% to 0.37% of the total budget, being negligible and insignificant in absolute terms; (c) total own receipts (including all laboratory charges and other income) constitute merely 0.95% to 2.16% of the total budget, demonstrating that the University is almost entirely dependent on government funding; (d) there is absolutely no profit motive, as the charges barely cover a fraction of operational costs; and (e) the University functions primarily as a public welfare institution fulfilling its statutory mandate of agricultural education and extension, with laboratory services being merely incidental to these core sovereign functions. Imposing GST on such minimal cost-recovery charges would be economically absurd and legally unjustified, serving only to burden the beneficiaries (students and farmers) without any meaningful

revenue gain to the exchequer, while creating the perverse situation of the government effectively taxing its own grants.

FINANCIAL HIGHLIGHTS TABLE:

Financial Year	Govt Grants (Rs. Lakhs)	Lab Testing Receipts (Rs. Lakhs)	Total Budget (Rs. Lakhs)	Govt. Grants (as % Budget	Lab Charges of as of % Budget
2022-23 (2023-24)	2,430.00	9.15	2,482.49	97.89%	0.37%
2023-24 (2024-25)	2,428.10	9.19	2,481.68	97.84%	0.37%
2024-25 (2025-26)	2,634.24	3.26	2,659.44	99.05%	0.12%

Key Observations:

- Government grants constitute over 97-99% of total university budget.
- Laboratory charges are less than 0.4% of total budget (effectively negligible)
- Lab charges decreased from Rs. 9.19 lakhs to Rs.3.26 lakhs in 2024-25, showing no commercial growth intent.
- Total own receipts (all sources) are barely 1-2% of budget.
- Demonstrates pure cost-recovery, non-profit, government-funded character.
- Over 97% government control through funding establishes MPKV as "Governmental Authority".

2.12 JUDICIAL PRECEDENTS AND ADVANCE RULINGS.

The applicant relied on following Advance Rulings, which are discussed in observation and discussion part.

1. University of Calicut - AAR, Kerala (2023)
   Citation: 2023 (7) TMI 809 - AAR KERALA.
2. The AAR Kerala decision is In Re: University of Calicut - KER/17/2023 (AAR)-dated 25 May 2023.
3. Kasturba Health Society - AAR, Maharashtra (2021).
   Citation: Order No. GST-ARA-120/2018-19/B-90 dated 10.11.2021.
4. A.B. Vajpayee Institute - AAR, Madhya Pradesh (2020)

2.13 Summary of Precedents.

The consistent principle from all these rulings is:

Government-funded universities and educational institutions, when carrying out their educational or public welfare functions, are not liable to GST. The

policy of tax law is to exempt core education and related activities as well as public interest agricultural services.

2.14 PUBLIC WELFARE CHARACTER OF MPKV'S SERVICES.

Types of Laboratory Services.

MPKV operates several specialized laboratories providing testing and analytical services:

- Soil Testing Laboratory: Soil nutrient analysis, pH testing, soil health card services
- Seed Testing Laboratory: Seed germination, purity, viability, and health testing
- Plant Pathology Laboratory: Plant disease diagnosis, pest identification
- Water Testing Laboratory: Irrigation water quality, contamination testing.
- Animal Feed Testing Laboratory: Feed nutritional analysis, quality assessment

2.15 Categories of Beneficiaries.

Laboratory services are provided to the following categories:

Category A: Students and Research Scholars

Services for course practical, thesis work, and research projects. No separate charge or nominal charge as part of course fees.

Category B: Farmers and Rural Public

Individual farmers, cooperatives, self-help groups. Nominal charges for cost recovery only.

Category C: Government Departments

State Agriculture Department, other government universities. Subsidized Rates as per government norms.

Category D: Industries (Limited).

Private seed companies, fertilizer companies. Commercial rates applicable.

2.16 Pricing and Financial Character.

Key facts demonstrating public welfare nature:

- No profit motive - charges are for cost recovery only
- Charges are highly subsidized for farmers (often below actual cost)
- Many tests conducted free of charge under government schemes
- Revenue from lab charges is negligible (less than 2% of total university budget)

- Over 90% of university budget comes from government grants
- All revenue ploughed back for maintenance and public service

Imposing GST on such charges would effectively amount to the government taxing its own educational/grant funds and the meagre contributions of farmers/students towards research costs - an outcome both illogical and unjust.

2.17 DISTINCTION FROM COMMERCIAL LABORATORIES.

It is important to distinguish MPKV's laboratory services from private commercial testing labs:

MPKV: Statutory university Government funded Non-profit Services to students as education Services to farmers as extension Charges nominal, below cost. Part of sovereign function.

Commercial Lab: Private entity Self-funded Profit motive Services to paying customers Commercial transactions Market-driven pricing. Private business activity.

The Applicant does not dispute that private commercial testing laboratories providing services on a purely commercial basis should pay GST. However, MPKV's services are fundamentally different in nature, purpose, and legal character.

I**f MPKV were treated as a commercial entity, absurd results would follow:**

- Government would pay GST to itself (when departments send samples)
- Students would pay GST on laboratory education
- Extension services mandated by law would be taxed
- Defeats the exemption for educational institutions and government services.

2.18 IMPACT OF GST LEVY

If GST is levied on MPKV's laboratory charges, the following adverse consequences would result:

2.19 Impact on Students.

Laboratory fee of Rs. 1,000 becomes Rs. 1,180 (with 18% GST). This increases the cost of education, contrary to the policy of keeping education affordable and exempt from tax. It creates an anomaly where tuition fees are exempt but laboratory fees (which are integral to education) are taxed.

2.20 Impact on Farmers.

Soil test costing Rs. 100 becomes Rs.118 (with 18% GST). This burdens economically stressed farmers and discourages the adoption of scientific farming practices. It defeats the purpose of farm welfare schemes and contradicts the national policy of doubling farmers' income.

2.21 Impact on University.

The university would face:

- Requirement to collect GST from exempted categories (students)
- Administrative burden of tax compliance on small transactions
- Perverse result of government taxing its own grants.

2.21 Policy Implications.

Taxation would:

- Contradict national policy of promoting education and agriculture
- Discourage use of scientific agricultural services
- Create inconsistency with exemptions provided by law
- Set adverse precedent for other agricultural universities.

2.22 SUMMARY OF SUBMISSIONS.

In light of the statutory provisions, judicial precedents, and the factual matrix presented, the Applicant submits:

1. MPKV is a statutory agricultural university established by Maharashtra law, substantially funded and controlled by the State Government, performing the sovereign functions of agricultural education, research, and extension.
2. Laboratory testing charges from students/faculty/staff as part of educational activities are clearly exempt under Entry 66 of Notification 12/2017 (services by educational institutions to students).
3. Laboratory testing charges from farmers and government departments are exempt under Entry 5 (governmental authority services) and/or Entry 54 agricultural services including testing.
4. MPKV qualifies as an "educational institution" and a "Governmental Authority" as defined in GST law.
5. The services are integral to education and agricultural extension, provided at nominal charges for public welfare, with no profit motive.

6. Legislative intent and policy favor exemption for educational and agricultural welfare services.
7. Judicial precedents consistently uphold exemptions for services by educational institutions and governmental authorities.
8. Taxation would burden students and farmers, create anomalies, and defeat the purpose of statutory exemptions.

2.23 **Conclusion**

In light of the foregoing legal provisions and authoritative rulings, the Applicant submits that the laboratory charges collected by MPKV fall outside the scope of GST levy. They are either exempt supplies under the CGST Act (by virtue of Notification 12/2017) or are non-taxable activities altogether (being part of sovereign functions/education not amounting to "business" commerce)

2.24 **Prayer**

In view of the above facts, circumstances, legal provisions, and judicial precedents, it is most humbly prayed that this Hon'ble Authority for Advance Ruling may be pleased to:

2.24.1 Hold and declare that laboratory testing charges collected by Mahatma Phule Krishi Vidyapeeth from students, research scholars, faculty members, farmers, government departments, and the public in the course of its educational and agricultural extension activities are EXEMPT from Goods and Services Tax.

2.24.2 Hold and declare that MPKV is NOT liable to charge and collect GST on such laboratory testing charge.

2.24.2 Hold and declare that MPKV qualifies as an "educational institution" and a "Governmental Authority" for purposes of GST exemptions.

2.24.3 Pass such other and further orders as this Hon'ble Authority may deem fit and proper in the interest of justice, equity, and good conscience.

3. CONTENTION – AS PER THE JURISDICTIONAL OFFICER:

3.1 Taxpayer has stated that the university provides services at the concessional rates. Various products manufactured by university are the results of research carried out by the students and departments. But the definition of business

includes "whether or not it is for a pecuniary benefit" and "any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities;" so, the activity performed by the university is a business.

3.2 University charges consideration for its products and services at concessional rate. Definition of consideration states that "any payment made or to be made, whether in money or otherwise". Consideration shall not include any subsidy given by the Central Government or a State Government. In this case subsidy is not received. So, university supplies the services against consideration.

3.3 As per Section 7(2), 'Notwithstanding anything contained in Sec 7(1), the following shall be treated neither as a supply of goods nor a supply of services'. Sec 7(2)(a) activities or transactions specified in Schedule III and Sec 7(2)(b) mentions activities /transactions undertaken by the Central Government, any State Government, or any local authority (engaged as public Authorities) an may be notified. University is not covered under the above heads.

3.4 As per Section 7(3), 'Subject to the provisions of sub-sections (1), (1A) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as- (a) a supply of goods and not as a supply of services; or (b) a supply of services and not as a supply of goods.

There is no such notification for exemption.

Say-

University performs its services as a business entity and receives consideration. So, the tax rate which is applicable to corresponding goods and services should be applicable to university.

4. HEARING

Preliminary hearing in the matter was held on 23.11.2021. Mr. Abhay Shastri (CA) appeared and requested for admission of the application. The Jurisdictional Officer Mr. Sachin Gaikwad, STO, Pune-VAT-C-311 was Present.

The application was admitted and called for final hearing on 10.09.2025. Mr. Abhay Shastri (CA)., authorized representative, appeared made oral and

written submissions. The Jurisdictional Officer Mr. Sachin Gaikwad, STO, Pune-VAT-C-311 was present. Both the parties are heard.

5. OBSERVATION AND FINDINGS

5.1 We have gone through the facts of the case, documents on record, oral and written submissions made by the applicant as well as the written submissions made by the jurisdictional officer.

5.2 The applicant is registered under Goods and Services Tax ('GST') Act with GSTIN- 27AAAGM0131R1Z7. The applicant has sought ruling with respect to GST applicability on laboratory testing charges received by them from various parties.

5.3 The applicant has submitted as below**.**

5.3.1 The Mahatma Phule Krishi Vidyapeeth (MPKV), Rahuri is an Agricultural University established in Maharashtra in pursuance of the Maharashtra Agricultural University (Krishi Vidyapeeth) Act 1967, initially, which was later repealed. The University is now governed by the Maharashtra Agricultural Universities (Krishi Vidyapeeths) Act, 1983.

5.3.2 Apart from agricultural education, university undertakes various research activities related to agriculture and also undertakes various tests related to soil, seeds, plants etc.

5.3.3 During the activities of in Research & Education, the products like seeds, planting materials, bio-fertilizers, bio-pesticides, farm implements, bakery products, Phule drink & drinking water, post-harvest technology products etc are produced. These products produced during Education & Research activities are sold at reasonable prices near to 'no loss no profit' basis.

5.3.4 The applicant has submitted that, since 1997, the Applicant University conducts research on experimental basis on the products produced by the private companies as the University is having proper infrastructure for the same. For such services, only nominal fees are being charged by the University.

5.3.5 The produce of private companies, Government and semi-Government entities have to be tested at University before getting registration and if quality and other criteria are found satisfactory, then same are verified by the University and result data is given to the customers. On the basis of the report, these products are approved & licensed by the competent authority. Then, they are made available in the market for farmers, resulting in high quality products being available to the farmers.

5.3.6 Nominal fees are collected from such companies towards reimbursement of expenses of such tests conducted by the University.

5.4 The applicant has made additional submission on 19.09.2025. The extract of this submission is as follows,

1. The applicant conducts following various types of tests,
   i. Soil testing
   ii. Water testing
   iii. Seed testing
   iv. Plant pathology lab analysis
   v. Other analytical services
2. Service Recipients
   i. Internal:- Students and researchers as part of academic curriculum or research project.
   ii. External:- Farmers, government department, and public as part of MPKV's statutory extension and research mandate
3. Example of External Services
   i. Testing soil health for farmers
   ii. Analyzing crop samples for disease
   iii. Conducting research studies for government policy.

5.5 We have considered original as well additional submission of the applicant. The applicant is seeking a ruling as to whether laboratory testing charges collected by them from various external entities and from students, research scholars, faculty members as part of academic curriculum and research activities are exempt from GST under Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, as amended from time to time.

5.5.1 As per section 7(1) (a) of the GST Act 2017, to constitute a supply, two conditions must be fulfilled simultaneously.

1. Supply is made for a consideration unless covered by activities mentioned in Schedule I.
2. Supply is made in the course or furtherance of business unless it is import of services.

The applicant has contended that on the facts and circumstances of the case, the services provided are not in the course or furtherance of business and therefore there is no supply and no GST is attracted on the nominal fees charged by the University towards laboratory tests carried out by them.

5.5.2 The term "business" is defined in section 2(17) of the CGST Act 2017 as follows.

"(17) "business" includes –

(a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;

(b) any activity or transaction in connection with or incidental or ancillary to (a) above;

(c) any activity or transaction in the nature of(a) above, whether or not there is volume, frequency, continuity or regularity of such transaction;

(d) ……

The definition of "business" under CGST Act 2017 is an inclusive definition and it not only covers all activities mentioned at (a) but also any activity in connection with it. The functions undertaken by Central Government, State Government or Local Authorities are also covered in the said clause. The activity undertaken may not be of much volume or frequency or there may not be any continuity or regularity of such activity. The said activity even need not be for any pecuniary benefit. Therefore, the services of testing and providing reports of test results are covered by the activities mentioned at (a) above. Thus, services provided by the applicant are covered by the definition of 'business' under the CGST Act.

5.5.3 The next issue to be decided is whether "supply" has been made for "consideration". The applicant is supplying services for which he is charging

fees. The fees charged is a monetary consideration for the services rendered by the applicant. Hence, the criteria of 'business' and 'consideration' are met in the transactions of supply of lab testing services by applicant. Thus, there is supply of services from the applicant u/s. 7 (1) of CGST Act, 2017.

5.6 The applicant has contended that his supplies are mainly effected to private companies, students, research scholars, faculty members, farmers, government departments and public and are exempted from payment of GST vide entry no 4, 5, 54(a) and (f), and 66 of the Notification No. 12/2017 dated 28.06.2017 as amended. Let's now discuss each of the entries under which the applicant has claimed exemption.

5.7 The applicant has contended that their services are covered by Entry 4 and 5 of the Notification No. 12/2017 dated 28.06.2017. It reads as follows.

Sl. No.	*Chapter, Section, Heading, Group or Service Code (Tariff)*	*Description of Services*	*Rate (per cent.)*	*Condition*
(1)	*(2)*	*(3)*	*(4)*	*(5)*
4	*Chapter 99*	*Services by governmental authority by way of any activity in relation to any function entrusted to municipality under article 243 W of Constitution*	*Nil*	*Nil*
5	*Chapter 99*	*Services by a governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution.*	*Nil*	*Nil*

5.7.1 For claiming exemption under the Entry No. 4 and 5 of Notification No. 12/2017 Central Tax (Rate), following conditions are required to be satisfied.

a. The services are required to be provided by the governmental authority.

b. It should be provided in relation to any function entrusted to a municipality or panchayat under article 243W or 243G of the Constitution.

5.7.2 Let's first discuss whether the services provided by applicant are in relation to any function entrusted to panchayat or municipality under Article 243W or 243G of the Constitution. In the instant case, the applicant has submitted that, they carry out various tests in the laboratory such as soil testing, water testing, seed testing, plant pathology analysis and animal feed testing and test results are given to the recipients. The applicant has submitted the copies of communication made with different private companies regarding various testing carried out by them. They are tabulated as below.

Table-A

Date of Communication	**Name of Company**	**Product**	**Crop**	**Study (Test)**	**Charges**
16.12.2020	Farmsons Agri Solutions Pvt. ltd	1) Amino Sil	Onion	Yield Plant analysis	75000/- 10000/-
		2) Drip K	Onion	Yield Plant analysis	75000/- 10000/-
02.12.2020	BASF Ltd	Afidopyropene 5% DC	Wheat	Bioefficacy Phytotoxicity	60000/- 20000/-
27.11.2020	Tessenderio Kerley International Pvt. Ltd.	1)Potassium thiosulphate	Cauliflower	Yield Plant analysis	75000/- 10000/-
		2)Calcium thiosulphate	Cauliflower	Yield Plant analysis	75000/- 10000/-
03.12.2020	Biostadt India Pvt. Ltd	1) Biozyme Grain +Granuels	Wheat	Yield	60000/-
		2) Biozyme + Liquid	Wheat	Yield	60000/-
27.11.2020	Sri Krishna Pharmacy & Stores	1) Radient	Bengal Gram	Bioefficacy	60000/-
		2) Agri King	Bengal Gram	Bioefficacy	60000/-

Let us discuss the above tests. Each test is explained in brief as below;-

i. Bioefficacy:- This test is part of pre-production in season production phase to evaluate effectiveness of a treatment, such as herbicide or fungicide on

growing crops. The purpose is to assess how well the treatment controls pests or weeds and improves crop yield before wheat is harvested.

ii. Phytotoxicity: - This test is a bioassay used to assess the toxicity of a substance by observing its effect on seed germination and plant growth. This test can be performed in both pre-production and post-production stages depending upon purpose. The pre-production test assess as the impact of substances on seed germination and early growth, while post-production test are used to evaluate the long term effects on mature plants and succeeding crops.

iii. Yield: - A yield test is primarily pre-production and during the growing season., not a post -production activity, although some final yield analysis may be done after harvest. Testing is a continuous process involving the monitoring of factors like fertilization, weather and plant health to predicate and influence the final yield, with harvest data used for post-harvest analysis.

iv. Plant analysis test:- It is a laboratory test that determine the nutrient levels in a plant's tissue to assess its nutritional status, diagnose deficiencies and guide fertiliser decisions. This test can be both a pre-production and post-production tool, but it is more commonly used for post-production decision making. Pre-production typically relies on soil testing to determine the initial conditions before planting, while post-production (or during the growing season) uses plant tissue analysis to fine-tune fertilization and diagnose issue that have arisen after planting.

5.7.3 Now, let us discuss whether the activity of laboratory testing is covered by the Article 243W and 243G of the Constitution. As per Article 243W of the Constitution there are 18 items in twelfth schedule of the Constitution which are as below;

1. *Urban planning including town planning*
2. *Regulation of land use and construction of buildings.*
3. *Planning for economic and Social development.*
4. *Road and bridges*
5. *Water supply for domestic, industrial and commercial purposes.*
6. *Public health and sanitation conservancy and solid waste management.*

7. *Fire services*
8. *Urban forestry, protection of environment and promotion of ecological aspects.*
9. *Safeguarding the interest of weaker sections of society, including the handicapped and mentally retarded.*
10. *Slump improvement and upgradation.*
11. *Urban poverty alleviation.*
12. *Provision of urban amenities and facilities such as parks, gardens, playgrounds.*
13. *Promotion of cultural, educational, and aesthetic aspects.*
14. *Burials and burial grounds; cremations, cremation grounds and electric crematoriums.*
15. *Cattle pounds; prevention of cruelty to animals.*
16. *Vital statistics including registration of birth and deaths.*
17. *Public amenities including street lighting, parking lots, bus stops, and public conveniences.*
18. *Regulation of slaughter houses and tanneries.*

Similarly, the functions entrusted to a Panchayat under the Eleventh Schedule of the Constitution as per Article 243 G are as below.

1. *Agriculture, including agricultural extension.*
2. *Land improvement, implementation of land reforms, land consolidation and soil conservation.*
3. *Minor irrigation, water management and watershed development.*
4. *Animal husbandry, dairying and poultry.*
5. *Fisheries.*
6. *Social forestry and farm forestry.*
7. *Minor forest produce.*
8. *Small scale industries, including food processing industries.*
9. *Khadi, village and cottage industries.*
10. *Rural housing.*
11. *Drinking water.*
12. *Fuel and fodder.*
13. *Roads, culverts, bridges, ferries, waterways and other means of communication.*
14. *Rural electrification, including distribution of electricity.*
15. *Non-conventional energy sources.*
16. *Poverty alleviation programme.*
17. *Education, including primary and secondary schools.*
18. *Technical training and vocational education.*
19. *Adult and non-formal education.*
20. *Libraries.*
21. *Cultural activities.*

22. Markets and fairs.

23. Health and sanitation, including hospitals, primary health centres and dispensaries.

24. Family welfare.

25. Women and child development.

26. Social welfare, including welfare of the handicapped and mentally retarded.

27. Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.

28. Public distribution system.

29. Maintenance of community assets.]

5.7.4 From the above schedules, it is seen that, the Sr no. 1 of Eleventh Schedule of Article 243G of the Constitution is 'Agriculture including agricultural extension'. Scope of this entry is discussed as below.

1) 'Agriculture' covers activities related to cultivation. Lab testing services given to private companies or other recipients for fees would not be covered by the same.
2) Services related to agricultural extension are in the nature of training and education to the farmers. Clearly, lab testing services cannot be categorized as agricultural extension.

5.7.5 Thus, the applicant's lab testing services are not covered by the functions entrusted to a panchayat or municipality under article 243 G or 243 W of the constitution. For claiming the exemption under entry 4 or 5 of the Notification No. 12/2017 both the conditions viz., service provider needs to be 'governmental authority' and the services provided need to be 'in relation to functions entrusted to a Panchayat or Municipality under article 243 G or 243W of the constitution' need to be satisfied. As discussed above, the services provided by the applicant do not meet second condition. Thus, their services are not covered by entry 4 or 5 of the Notification No. 12/2017. Hence, it is needless to discuss whether the applicant is covered as 'government authority' as both the conditions need to be simultaneously satisfied for their activity to be covered under entry 4 or 5 of the said notification.

5.8 Now we proceed to examine whether the activities of the applicant are covered under on Entry 54(a) or (f) of the Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017 which reads as follows.

S.No.	Chapter, Section or Heading	Description of Service	Rate (Percent)	Condition
54	9986	Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material, or other similar products or agricultural produce by way of- (a)agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing; . . . . (f) agricultural extension services;	NIL	NIL

5.8.1 For any services to be covered by entry 54 (a), following conditions need to be satisfied.

i. Services need to be related to cultivation of plants for production of agricultural produce.

ii. These services should be by way of agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing plant protection or testing.

Agricultural produce' is defined under Para 2(d) of Notification No. 12 / 2017 -C.T.(Rate) as under:

2(d) "agricultural produce" means any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market;

From the above, it is seen that the supply of services classifiable under SAC 9986 are covered under this entry. These services are relating to cultivation by way of agricultural operations directly related to production of any agricultural produce. SAC 9986 is for agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing. The lab testing carried out by the applicant is mainly on the products of the private firms. The test results are used by them for registration of their products. These firms are not carrying out cultivation for agricultural produce. Similarly, laboratory testing charges collected from students, research scholars, and faculty members are as part of academic curriculum and research activities and are not directly related to the production of any agricultural produce.

Further, it can be said that lab testing carried out by the applicant on the products mentioned in the table A above do not lead to production of agricultural produce, directly. The products tested are not directly for cultivation of plants, but for commercial purpose.

For the services to be classified under SAC 9986, they need to be related to crop production. In the case at hand, the applicant does not undertake the said services. He undertakes the activity of laboratory testing of the products of the private firms, students and research scholars, and faculty members. The said activity is not classifiable under SAC 9986.

5.8.2 Now, we will discuss whether the lab testing services can be classified under 'agricultural extension' services. The term "agricultural extension" is defined in Para 2 (c) of Notification No. 12/2017 dated 28.06.2017 as follows.

(c) *"agricultural extension" means application of scientific research and knowledge to agricultural practices through farmer education or training;"*

Thus, for any service to be classified as "agricultural extension", it should fulfill the following conditions.

1. There should be application of scientific research and knowledge to agricultural practices
2. It should be given through the farmer education and training.

In the instant case, the applicant, by way of lab test is not providing education and training to the farmers for cultivation of plants by applying scientific research and knowledge. Thus, the services of lab testing provided by the applicant are not classifiable as "agricultural extension" services. Hence, lab testing services are not covered by SAC 9986 and are not covered by entry 54 (a) or (f) of the Notification No. 12/2017.

5.8.3 Now, let us discuss, whether laboratory testing can be classified under 998346 "Technical Testing and Analysis Services"

This code includes testing and analysis of the chemical and biological properties of materials such as air, water, waste (municipal and industrial), fuels, metal, soil, minerals, food and chemicals;"

The lab testing services on agricultural produce are in the following nature:

- Quality testing (moisture, purity, grade)
- Residue analysis (pesticides, chemicals)
- Nutritional or compositional analysis
- Soil or crop sample testing

The services provided by the applicant are more akin to technical testing and analysis services provided by them from their laboratory. Therefore, we find that, the said services are appropriately classifiable under 998346. Since the services are appropriately classifiable under 998346, the benefit of exemption under Sr. no. 54 of the Notification No. 12/2017 dated 28.06.2017 Central Tax (Rate) dated 28.06.2017, which is available only to services classified under Heading 9986 would not be available to applicant. Therefore, services of applicant are more appropriately classified under 998346 "Technical Testing and Analysis Services" liable to be taxed at the rate of 18% (CGST9% and SGST 9%).

5.9 Further the applicant has claimed that laboratory testing charges collected by them from students, research scholars, and faculty members as part of academic curriculum and research activities and s are exempt from GST under Entry No 66 (a) of the Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, as amended by Notification no. 02/2018 dated 25.01.2018. Said entry is reproduced as below.

66. Services provided-

(a) by an educational institution to its students, faculty and staff;

(aa) by an educational institution by way of conduct of entrance examination against consideration in the form of entrance fee;

(b) by an educational institution by way of,-

i. transportation of students, faculty and staff;

ii. catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory;

iii. security or cleaning or housekeeping services performed in such educational institution;

iv. services relating to admission to, or conduct of examination by, such institution; upto higher secondary:

v. Supply of online education journals or periodicals.

Provided that nothing contained in sub-items (i)(ii) and (iii) of item (b) shall apply to an educational institution other than the institution providing services by way of preschool education and education upto higher secondary school or equivalent. Provided further that nothing contained in sub-items (v) of item (b) shall apply to an institution providing services by way of-

i. Pre-school education or education up to Higher secondary school or equivalent or

ii. Education as an part of an approved vocational education course

Now the question arises, whether applicant falls under the definition of "educational institution". As per definition at para 2(y) of the said notification,

"educational institution" means institution providing services by way of,-

(i) pre-school education and education up to higher secondary school or equivalent;

(ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;

(iii) education as a part of an approved vocational education course;

As per the facts submitted by the applicant,

1. The University has been established in 1968 mainly with the purpose of agricultural education, research & extension relating to Agriculture.
2. The University conducts courses and grants Bachelor's & Master's degrees in Agriculture, Horticulture and related disciplines. The university is recognized as a state university by UGC and included under section 12(B) of UGC Act 1956.

Thus, the applicant satisfies the condition viz., 'education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force', as it offers the programs recognised by law i.e. undergraduate, post-graduate and Doctorate (Ph. D.) degrees. It is a public University with UGC recognition. As a premier Agricultural University, its degrees are valid across India for job and further studies. Therefore, it qualifies as an 'Educational Institution' under Entry No. 66 of Notification No. 12/2017 dated 28.06.2017. Entry at 66 (a) provides that services provided by an educational institution to its students, faculty and staff are exempt. Hence, services of laboratory testing provided by the applicant to students, research scholars, and faculty members are exempt under Entry No. 66 (a) of Notification No. 12/2017 dated 28.06.2017 as amended.

6. In view of the extensive deliberations as held hereinabove, we pass an order as follows:

ORDER

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

NO.GST-ARA- 01/2021-22/B-155 Mumbai, dt. 28.09.2026

For reasons as discussed in the body of the order, the questions are answered thus –

Q 1: Whether laboratory testing charges collected by Mahatma Phule Krishi Vidyapeeth from students, research scholars, and faculty members as part of academic curriculum and research activities are exempt from GST under Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017?

Answer 1: As discussed in para 5.9, laboratory testing charges collected by Mahatma Phule Krishi Vidyapeeth from students, research scholars, and faculty members as part of academic curriculum and research activities are exempt from GST under entry no 66 (a) of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017.

Q 2: Whether laboratory testing charges collected by MPKV from government departments, private companies and the public for agricultural extension services such as soil testing, seed testing, plant disease diagnosis, water testing, feed testing are exempt from GST as:

(a) Services by a governmental authority in relation to functions entrusted to Panchayats/Municipalities; and/or

(b) Agricultural operations including testing services directly related to production of agricultural produce?

Answer 2: (a) The services of laboratory testing provided by the applicant are not covered by entry 4 & 5 of Notification No. 12/2017 and hence not exempt.

(b) The services of laboratory testing provided by the applicant are not classifiable under SAC 9986 and hence not covered by entry 54(a) or 54 (f) of Notification No. 12/2017 and hence not exempt.

Q 3: In light of the above, whether MPKV is liable to charge and collect GST on the laboratory testing charges collected in the ordinary course of its educational and extension activities?

Answer 3: The laboratory testing services of applicant are more appropriately classifiable under SAC 998346 "Technical Testing and Analysis Services" and are liable to GST at the rate of 18% (CGST @9% and SGST @9%). However, such services provided to students, research scholars and faculty member are exempt by virtue of entry 66(a) of the Notification No. 12/2017 of CGST Act.

D.P. GOJAMGUNDE
(MEMBER)

HIMANI DHAMIJA
(MEMBER)

PLACE - Mumbai

Copy to:-

1. The applicant
2. The concerned Central / State officer
3. The Commissioner of State Tax, Maharashtra State, Mumbai
4. The Pr. Chief Commissioner of Central Tax, Churchgate, Mumbai
5. The Joint commissioner of State Tax, Mahavikas for Website.

Note:-An Appeal against this advance ruling order shall be made before The Maharashtra Appellate Authority for Advance Ruling for Goods and Services Tax, 15th floor, Air India Building, Nariman Point, Mumbai – 400021. Online facility is available on **gst.gov.in** for online appeal application against order passed by Advance Ruling Authority.