

**AUTHORITY FOR ADVANCE RULING – CHHATTISGARH**  
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**Raipur (C.G.) 492002**

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**PROCEEDING OF THE AUTHORITY FOR ADVANCE RULING**  
**U/s. 98 OF THE CHHATTISGARH GOODS AND SERVICES TAX ACT, 2017**

Members Present are

Shri S.K.Buxy  
Joint Commissioner  
O/o Commissioner, State Tax  
Chhattisgarh, Raipur

Shri Rajesh Kumar Singh,  
Additional Commissioner,  
O/o Principal Commissioner,  
CGST & Central Excise,  
Raipur

**Sub:-** Chhattisgarh GST Act, 2017 – Advance Ruling U/s 98 – Regarding the GST rates applicable on supply of books as per instructions of School Education Department CG [Loksikshan Sanchnalay] after printing the Syllabus decided by the SCERT would tantamount to supply of goods or supply of service

**Read:-** Application dated 27-09-2018 from Shri Ashok Chaturvedi, General Manager, Chhattisgarh Text Book Corporation, Pension Bada, Raipur Chhattisgarh 492001.

**PROCEEDINGS**

[U/s 98 of the Chhattisgarh Goods & Services Tax Act, 2017 (herein- after referred to as CGGST Act, 2017)]

No.STC/AAR/08/2018

Raipur, Dated .24../12/2018

The applicant M/s Shri Ashok Chaturvedi, General Manager, Chhattisgarh Text Book Corporation, Pension Bada, Raipur Chhattisgarh, holding GSTIN 22AAAJC0421F1Z8 has filed the application U/s 97 of the Chhattisgarh Goods & Services Tax Act, 2017 requesting advance ruling as regards :-

1. Whether the books which the CHHATTISGARH TEXT BOOK CORPORATION is supplying as per instruction of School Education Department CG [Loksikshan Sanchnalay] after printing the Syllabus decided by the SCERT would tantamount to supply of goods or supply of Service and fall under HSN Code 4901 zero rated goods
2. Whether the books which the CHHATTISGARH TEXT BOOK CORPORATION is supplying as per instruction of School Education Department



[Loksikshan Sanchnalay] after printing the Syllabus decided by the SCERT would tantamount to supply of service and will fall under Services Accounting Code 9989 accordingly amenable to tax @12%?

3. Whether the books which the CHHATTISGARH TEXT BOOK CORPORATION is supplying as per instruction of various agencies of school Education Department CG such as Rajiv Gandhi Siksha Mission/SCERT/ office of District education officer etc. would tantamount to supply of goods and will fall under the zero rated goods.
4. Whether the books which the CHHATTISGARH TEXT BOOK CORPORATION is supplying as per instruction of various agencies of school Education Department CG such as Rajiv Gandhi Siksha Mission/ SCERT/office of District education officer etc. would tantamount to supply of service and will fall under Services Accounting Code 9989 accordingly amenable to tax @12%

## **2. Facts of the case:-**

CHHATTISGARH TEXT BOOK CORPORATION is a registered society under Chhattisgarh society registration Act, 1973 which is run by Government and Non-Government officers. CHHATTISGARH TEXT BOOK CORPORATION has been provided with the work of publishing and distribution of books for Chhattisgarh State by the order No. F 10-12/2004/20 dated 13-04-2005 of School Education Department, Chhattisgarh. The aims of CHHATTISGARH TEXT BOOK CORPORATION as per the byelaws of Government society is as under:-

1. To improve and promote all types of education especially primary, middle, high school and higher secondary education and to complete all related works.
2. To develop, print, publish and distribute all types of books for school and colleges, books for the teachers, training materials and undertake all related works.
3. To undertake all tasks related to improve academics, valuation issues in educational institutes.
4. To prepare useful literature for educational institutes and its printing, publishing and distribution.





5. To manufacture books approved by Chhattisgarh Government and related works of printing, publishing and distribution.

Thus, to undertake all the above works CHHATTISGARH TEXT BOOK CORPORATION calls for Annual Board meeting of executive consisting of Government and Non-Government members in which the council/Board decides for curriculum of various classes of new academics, printing of books, distribution-transportation etc. and price fixation of books including all expenses. On above basis the annual invoices are dispatched to the State Government for payment. With regard to above works, the applicant wants clarification regarding tax rate liability on such supply as per the GST Act.

1. that, CG Text book Corporation (hereinafter referred as TBC or CGTBC) i.e. an extended arm of School Education department of Chhattisgarh is registered with Chhattisgarh Society Registration Act 1973 on 05/08/2004 as Society. The Government has also formulated the byelaws which also contain the details in respect of members of the TBC and the member includes the Minister of Education Chhattisgarh Government, Secretary to education department Chhattisgarh (IAS) etc.
2. that, Department of Education gives instructions to CHHATTISGARH TEXT BOOK CORPORATION to publish and provide books in various governmental schools and further the Text book corporation is even formed to publish the books. Further, while giving the order, the cost of each book is also decided by the Board members in Board meeting which is headed by the Minister (Education) who is also Chairman of CG Text Book Corporation.
3. that, SCERT which is a specific wing of the government; prescribes the syllabus and the content of the book. The Text Book Corporation gets the syllabus from the SCERT for which it pays royalty to SCERT in lieu of consideration. Thus, the content is owned by the SCERT. Further, in every book being supplied they are duly mentioning the publisher's name i.e. CG Text Book, Content Owner as SCERT and the printer's name who has actually printed the books.
4. that, to carry such printing and publishing work, CHHATTISGARH TEXT BOOK CORPORATION purchase papers from paper manufacturers and provide such papers to job workers for printing the content as provided by



SCERT along with the patterns/layout of the books which TBC specifically decides.

5. that, then TBC circulates such books in different areas as directed by the Government, further to enhance its circulation of Book, CHHATTISGARH TEXT BOOK CORPORATION has opened various depots and has also given online facility to purchase from their site.
6. that, in case any book is left with the CHHATTISGARH TEXT BOOK CORPORATION after distribution or damage of book or in case the content provided by the SCERT is incorrect, only TBC is responsible for such losses incurred. Therefore, TBC has to write-off such losses in its books of Accounts.
7. that, CHHATTISGARH TEXT BOOK CORPORATION takes syllabus and content from the Author i.e. SCERT and get it printed from printing agency and publishes such books for the purpose of distribution in market, and that, the whole process is related to supply of goods and thus falls under the HSN Code [4901] i.e. printed books, wherein the rate of tax is NIL, meaning therein that the supply of printed books is not subject to tax.
8. that, therefore at the cost of repetition, CHHATTISGARH TEXT BOOK CORPORATION submits that the whole process of CGTBC can be understood through an example where a very renowned author Mr. J.K. Mittal gets its Hand Book of GST published:

Mr. J.K. Mittal is a well-known author who wrote the Hand Book on GST Law under his own copyright. The content as given by Mr. J.K. Mittal is then given to Oakbridge publishing Pvt. Ltd. (herein referred as publishing company) for the purpose of publishing who in consideration pays royalty to Mr. J.K. Mittal. After that, publishing company approaches Saurabh printers Pvt. Ltd. For printing of such hand book, Saurabh printers Pvt. Ltd. Charges GST on invoice raised for providing service of printing to the publishing company. Afterwards, the publishing company publishes such books and sell such handbook in the open market in lieu of consideration for which no GST is charged from the ultimate consumer/purchasers as supply of books is Exempted under entry no. 119 of Notification No. 2/2017-Central Tax (Rates) dated 28<sup>th</sup> June, 2017;





9. that, similarly, CHHATTISGARH TEXT BOOK CORPORATION is working as Oakbridge publishing private limited which merely get the books printed from printing agency i.e. M/s. Shriram printers and stationeries and is engaged in publishing of books and sell such books to government schools. Hence, such supply of books is covered under HSN 4901 and hence GST Rate will be NIL on such work done by the CHHATTISGARH TEXT BOOK CORPORATION.

Thus, in the above context, TBC has submitted the application seeking advance ruling on four grounds as mentioned in the application, however, as question 3 and question 4 is related to question 1 and question 2 only, therefore, their main concern is for the 1<sup>st</sup> two question only (i.e. question 1 and question 2). Thus the applicant has sought advance ruling only for the 1<sup>st</sup> two questions.

#### **4. Personal Hearing:-**

In keeping with the established principles of natural justice, personal hearing in the matter was extended to the authorized representative of the applicant and accordingly, Mr. J.K. Gupta (CA) and Miss. Deepti Agrawal, Senior Manager (Finance) appeared before us for hearing on 29.11.2018 and reiterated their contention. They also furnished a written submission dated 29.11.2018, which has been taken on record.

The applicant has submitted its registration certificate as approved by Chhattisgarh Society Act, 1973 w.e.f. 11-08-2004. The applicant has submitted society registration certificate, copy of byelaws of society, copy of minutes of Board meeting, copy of sale invoices submitted to the State Government and copy of audit report of its C.A. (Chartered Accountant) of the 2016-17. The applicant narrated the task of CHHATTISGARH TEXT BOOK CORPORATION as under:-

Department of Education gives instructions to CHHATTISGARH TEXT BOOK CORPORATION to provide books in various schools. On receipt of such instructions from SCERT regarding contents, CHHATTISGARH TEXT BOOK CORPORATION, it purchases paper from paper manufactures for the purpose of printing of books. Then it provides such paper to job workers for printing the content as provided by SCERT along with the patterns/layout of the books which it specifically decides. CHHATTISGARH TEXT BOOK CORPORATION also circulates



such books to its various depots which it has opened in many areas for distribution purpose. It also provides online facilities to purchasers to purchase books online from their website. Finally it distributes such books of different literature at economical prices or free of cost to all the Government, private, subsidized and non-subsidized schools. In case any book is left with the CHHATTISGARH TEXT BOOK CORPORATION after distribution, such loss is bearable by CHHATTISGARH TEXT BOOK CORPORATION. In case of loss, damage of book, or in case the content provided by the SCERT is incorrect, only CHHATTISGARH TEXT BOOK CORPORATION is responsible for such incurred losses.

Thus, in above context, CHHATTISGARH TEXT BOOK CORPORATION, the applicant has submitted the application seeking advance ruling on four grounds as mentioned in the application. However as question 3 and question 4 is related to question 1 and question 2 only, therefore, their main concern is for the 1<sup>st</sup> two questions only (i.e. question 1 and question 2) and have accordingly sought advance ruling only for the 1<sup>st</sup> two questions.

## **5. The legal position, Analysis and Discussion:-**

**5.1** The provisions for implementing the CGST Act and CGGST Act, 2017 are similar. Now we sequentially discuss the provisions that are applicable in the present case:-

### **Nature of work undertaken:-**

**5.2** The applicant M/s CHHATTISGARH TEXT BOOK CORPORATION, Pension Bada, Raipur (C.G.) is a society registered under Chhattisgarh Society Registration Act, 1973 w.e.f. 11-08-2004. It undertakes the works allotted by the Chhattisgarh Education Department. On the basis of documents submitted by the CHHATTISGARH TEXT BOOK CORPORATION during the course of personal hearing it gets amply clear that it is engaged in betterment and promotion of all education in the State specially primary, middle, high and higher education; manufacture, print, publish, distribute books as per approved syllabus of the State Government and all other related works.





As per the byelaws, CHHATTISGARH TEXT BOOK CORPORATION comprises of the following Board members:-

- i. Chairman - Minister, School Education Department, Chhattisgarh.
- ii. Member Secretary - Secretary, School Education Department, Chhattisgarh.
- iii. Secretary Finance Department, Chhattisgarh or its representative not below the rank of Deputy Secretary.
- iv. Director Public Education, Chhattisgarh.
- v. Chairman, Chhattisgarh Board of Secondary Education.
- vi. Controller, Government Press, Chhattisgarh.
- vii. Director, State Council of Education, Research and Training.
- viii. Commissioner/Director, Department of Welfare of Schedule Caste, Schedule Tribe and Other Backward classes.
- ix. A representative as nominated by NCERT.
- x. A Principal nominated by Chhattisgarh School Education Department.
- xi. Three Teachers/Head Masters/DIET Principals as nominated by Chhattisgarh School Education Department having knowledge of primary/middle/higher education.
- xii. Two renowned people in the field of Education as nominated by the Chhattisgarh Government.

**5.3** The above members of the council holds time to time Board meetings for rarifying the price of printed books of various academic classes. For price fixation of the books other expenses like paper and printing cost are also included apart from other miscellaneous expenses. For academic year 2018-19 to 2020-21 following other expenses are included in the price of books as approved in the Board meeting No. 54 held on 31-08-2018 :-

Sr.No.	Details of Item	Percentage
1	Administrative expense	20
2	Transport expense	05
3	Expense on patterns/design/manufacture of books	02
4	Wastage/paper related to books	03
5	Amount of color proof/positive making of books to be published.	Rs. 1/- Per book
6	Amount of royalty	08



*(Handwritten signature)*

Apart from the above, approximately 52% expenses consist of paper purchase cost and publishing cost. As per the minutes of Board meeting, separate tender is being invited for printing of books and for purchase of paper to be given to the printers.

**5.4** It is clear from the information provided by CHHATTISGARH TEXT BOOK CORPORATION that as per standing order issued by the State Government it performs following activities related to various academic classes : -

- i. To prepare syllabus.
- ii. Printing of books.
- iii. Upkeep of books and distribution to schools.
- iv. Under distribution mainly the work of transportation.

As per the applicant under above mentioned works specified books are being supplied mainly to School Education Department and Rajiv Gandhi Shiksha Mission, as per their specification. CHHATTISGARH TEXT BOOK CORPORATION has also stated that the ownership of the books supplied to School Education Department and Rajiv Gandhi Shiksha Mission remains with the applicant only, and it has submitted the following two points to bring home their above contention :-

- i. The annual income of CHHATTISGARH TEXT BOOK CORPORATION as per their C.A. audit report has been shown as under :-

Amount in Lacs

Income Source	Year 2013-14	Year 2014-15	Year 2015-16	Year 2016-17
Sale of books	13439.52	11827.00	13019.96	16966.64
Receipts from publishing work	379.20	-	31.44	235.62
Sale of waste paper	-	-	-	6.33
Other sales	-	4.49	3.87	6.32
<b>Total</b>	<b>13818.72</b>	<b>11831.49</b>	<b>13055.27</b>	<b>17214.91</b>
Income from other sources	174.68	174.68	-	527.52

As per the above information the major source of income of CHHATTISGARH TEXT BOOK CORPORATION is from sale of specified books.





No income receipts are there from preparation of syllabus from State Government or Rajiv Gandhi Shiksha Mission, publishing works, transportation works.

- ii. The applicant also undertakes the work of writing off the books remaining after its distribution to the School Education Department and Rajiv Gandhi Shiksha Mission for every academic and class as per their demand. CHHATTISGARH TEXT BOOK CORPORATION incurs losses on account of write off, of books, which is shown in its books of account. In the Board meeting No. 41 date 15-09-2015 for the year 2015-16, the decision to write off 166 tons of books by means of open tender, of all the unused books of all 14 depots, has been taken.

From the above facts it is clear that the State Government has constituted the CHHATTISGARH TEXT BOOK CORPORATION for the above mentioned task in a continuous manner according to which CHHATTISGARH TEXT BOOK CORPORATION supplies the books owned and printed by it to School Education Department and Rajiv Gandhi Shiksha Mission every year whose syllabus is being approved by the experts.

**Section 2(30) of GST Act defines composite supply as under:-**

“Composite supply” means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

**Illustration** : Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply;

Thus from the above it gets clear that CHHATTISGARH TEXT BOOK CORPORATION performs the works of publishing and distribution of books, consequent to getting it printed, as per order No. F-10-12/2014/20, dated 13-04-2005 of School Education Department. The CHHATTISGARH TEXT BOOK CORPORATION has been registered on 11-08-2004 as per Chhattisgarh Society Registration Act, 1973. It is the permanent job of CHHATTISGARH TEXT BOOK CORPORATION to prepare specified educational books every year as per the syllabus as approved by the experts, get the books printed class-wise and to transport the same to specified schools. Separate amount is being determined



for every work according to which the sale price of specified educational books is fixed. In the instant case in hand, ownership of printed books is never transferred to the School Education Department and Rajiv Gandhi Shiksha Mission etc. i.e. here the ownership of printed books at all times, lies with the CHHATTISGARH TEXT BOOK CORPORATION and more-over the sale price is being computed with reference to 'sale of books' in applicant's books of accounts.

Supply of books, printed with logo, design, name, address or other contents supplied by the recipient of such printed goods, are composite supplies and the question, whether such supplies constitute supply of goods or services would be determined on the basis of what constitutes the principal supply. It is to be noted that in case of composite supplies, taxability is determined by the principal supply. Here from the details put forth by the applicant before us, we observe that had it been the case where the printer of books engaged by Chhattisgarh Text Book Corporation for getting the books printed where only the content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belongs to the printer, supply of printing [of the content supplied by the recipient of supply] would definitely qualify being treated as the principal supply and such supplies would constitute supply of service, which is not the case here. In the instant case the applicant, CHHATTISGARH TEXT BOOK CORPORATION has submitted that it provides such paper to job workers (printers) for getting the content printed as provided by SCERT along with the patterns/layout of the books which it specifically decides.

Therefore in view of the evidences furnished before us and as discussed above, we are inclined to hold that in this case supply of goods is involved i.e. 'supply of specified printed educational books', which is the principal supply and accordingly we come to the considered conclusion that the said supply merits being treated as "printed books" as specified under serial no. 119 ("Printed books, including Braille books") of notification no. 2/2017-State Tax (Rate) No. F-10-43/2017CT/V/70, Dated 28-06-2017.





In view of the aforesaid deliberations and discussions, we pass the following order:-

**ORDER**

**(Under section 98 of the Chhattisgarh Goods and Services Tax Act,2017)**

No.STC/AAR/08/2018

Raipur Dated 24/12/2018

The ruling so sought by the Applicant is accordingly answered as under:-

Supply of specified printed Educational books by CHHATTISGARH TEXT BOOK CORPORATION as per the instructions of School Education Department CG [Loksikshan Sanchnalay] or as per instruction of various agencies of school Education Department CG such as Rajiv Gandhi Siksha Mission/SCERT/ office of District Education officer etc. consequent to printing of the Syllabus as decided by the SCERT, merits consideration as supply of printed books attracting zero rate, under Notification no. 2/2017-State Tax (Rate) No. F-10-43/2017CT/V/70, Dated 28-06-2017, under HSN Code 4901.

Place: - Raipur

Date:- 24-12-2018

Seal:-



S.K.Buxy  
(Member)

Rajesh Kumar Singh  
(Member)

**Copy to:-**

1. Applicant,
2. The Commissioner, (CGGST)
3. The Principal Commissioner, (CGST)
4. The jurisdictional officer, Raipur Circle-3.