

66321 CCT/2026

ODISHA AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICE TAX (GST)

RAJASWA VIHAR, BHUBANESWAR-751007 (ODISHA)

PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING

U/S.98 OF THE GOODS AND SERVICE TAX ACT, 2017

Members Present:

1. Sri Harsh Vardhan, IRS, Additional Commissioner, Office of the Chief Commissioner, GST, Central Excise & Customs, Bhubaneswar.
2. Ms. Pratima Mohanty, OFS (SAG), Additional Commissioner, CT & GST Office of the Commissioner of CT & GST Odisha, Banijyakar Bhawan, Cantonment Road, Cuttack-753001- Odisha.

Name and Address of the Applicant	M/s. TP Paradeep Transmission Limited, Plot No. 191/A, Kharavela Nagar, Bhubaneswar, Odisha-751001,
GSTIN or User ID	21AAOCP2756K1Z5
Date of Filing of Form GST ARA-01/ Date of submission of required documents	12.03.2026
Present for the Applicant in the Personal hearing.	Ms. Arpana Joshi, Group Head, Indirect Tax Sri Niranjana Swain, Advocate/ AR
Date of final Personal Hearing	15.04.2026 & 29.04.2026



ORDER NO.03/ODISHA-AAR/2026-27,

Dated: 11/06/2026

Subject: M/s. TP Paradeep Transmission Limited, (herein after referred to as the 'Applicant') having principal place of business at Plot No. 191/A, Kharavela Nagar, Bhubaneswar, Odisha-751001 bearing GSTIN: 21AAOCP2756K1Z5 has filed an application for Advance Ruling under Section 97 of the CGST Act, 2017 read with Rule 104 of the CGST Rules, 2017 and Section 97 of the OGST Act, 2017 read with Rule 104 of OGST Rules, 2017, in FORM GST ARA-01 discharging the fee of Rs. 5,000/- each under the CGST Act and the OGST Act.

1.0 The Applicant i.e. M/s TP Paradeep Transmission Limited is a wholly-owned subsidiary of Tata Power having its registered office at Plot 181, Ground Floor, Block-K, Mangol Puri, Delhi, 110083, India and registered in the state of Odisha vide GSTIN-21AAOCP2756K1Z5, office at Plot No. 191/A, Kharavela Nagar, Bhubaneswar, Odisha - 751001 and has sought advance ruling in respect of the following question:

Q.1. Whether statutory deposits of Net Present Value (NPV), Compensatory Afforestation, Dwarf Plantation, Site Specific Wildlife Conservation plan, Plantation of Dwarf Species and various other charges as specified in detail at Table- 1 at para 21 of statement of facts with Compensatory Afforestation Fund Management and Planning Authority, Government of Odisha / Govt of India ("CAMP A Fund") for obtaining forest clearance certificate is a "consideration" against "supply of services" under section 7 of the CGST Act and corresponding OGST Act?

Q.2. Alternatively, If the answer to the question (A) is affirmative i.e NPV being of the nature of consideration against supply of service, then whether same is exempted, vide entries at Sl. Nos. 4 & 5 of Notification No.12/2017-CT (Rate) dated.28.06.2017?

Q.3. If the answer to the question (A) is affirmative and (B) is negative, whether such deposits will liable to Goods and Service Tax as forward charges or under reverse charge basis as provided in Section 9(4) CGST & corresponding OGST Act 2017 and rules made thereunder?

1.1 At the outset, we would like to make it clear that the provisions of both the CGST Act and the OGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the OGST Act.



1.2 The Advance Ruling under GST means a decision provided by the authority or the appellate authority to an applicant on matters or on questions specified in sub-section (2) of section 97 or sub section (1) of section 100 in relation to the supply of goods or services or both being undertaken or proposed to be undertaken by the applicant.

1.3 As per the said sub-section (2) of Section 97 of the Act advance ruling can be sought by an applicant in respect of:-

- (a) Classification of any goods or services or both
- (b) Applicability of a notification issued under the provisions of this Act,
- (c) Determination of time and value of supply of goods or services or both,
- (d) Admissibility of input tax credit of tax paid or deemed to have been paid
- (e) Determination of the liability to pay tax on any goods or services or both
- (f) Whether the applicant is required to be registered
- (g) Whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both within the meaning of that term.

1.4 In the present application has been filed under Section 97(1) of the CGST Act, 2017 and OGST Act, 2017 seeking advance ruling on taxability of transactions proposed to be undertaken by the applicant. The questions raised relate to determination of liability to pay tax on a proposed arrangement and fall within the scope of Section 97(2) (e) of the CGST Act, 2017. The application is, therefore, admitted under Section 98 of the CGST Act, 2017.

2.0 The applicant furnishes some facts relevant to the stated activity :

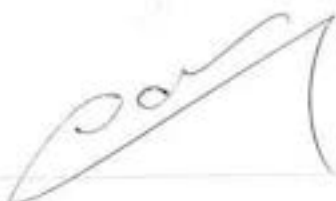
2.1 The applicant, is engaged in activity of transmission of electricity and construction of transmission lines including substations in the state of Odisha. At present TPPTL is in the process of establishing 765 /400kV substation at Paradeep, 190 km of 765kV line to Angul and 12 km of 400kV line to an existing OPTCL substation as a part of Eastern Region Expansion Scheme-XXXIV.

2.2 The Applicant, for purpose of construction of transmission lines and for the purpose of construction of project is required to clear forest



land on which the electrical transmissions lines and electrical sub-stations will fall.

- 2.3 That Forest (Conservation) Act of 1980, stipulates that any diversion of forest land for development projects or other reasons must be approved by the Ministry of Environment, Forest & Climate Change, Govt. Of India (MoEF). Such approvals are known as '**forest clearances**' and are conditionally issued by the MoEF
- 2.4 That as per the Forest (Conservation) Act 1980, whenever forest land is to be diverted for non-forestry purpose, the conditions relating to transfer, mutation and declaration as Reserve Forest / Protected Forest the equivalent non-forest land for compensatory afforestation and funds for raising compensatory afforestation etc. are imposed.
- 2.5 The process involved in the "**forest clearance**" are as follows.
- (a) **Submission of Application:** TPPTL is required to submit an application in the prescribed **Form A** along with Project Report, Map (Geo-referenced / KML), Net Present Value (NPV) calculation, and a Site-Specific Wildlife Conservation Plan (if required) etc in the dedicated portal with supporting details. **[[PARIVESH portal - <https://parivesh.nic.in/>, a single-window system for Environment, Forest, Wildlife, and CRZ clearances]**
- (b) **State Government Review:** The Nodal Officer shall review the proposal for completeness and forwarded to the District Collector for Forest Rights Act (FRA), 2006 compliance and Gram Sabha consent where applicable. The Divisional Forest Officer (DFO) inspects the site, enumerates trees, and assesses feasibility. The State Government recommends the project and forwards it to the MoEF&CC regional or central office.
- (c) **Stage-I Approval (In-Principle):** The Forest Advisory Committee (FAC) or Regional Empowered Committee (REC) shall review the proposal. If approved, Stage-I clearance is granted, which includes conditions for compensatory levies, non-forest land transfer, and other mitigative measures.
- (d) **Compliance of Stage-I Conditions:** TPPTL shall submit compliance, including the payment of Net Present Value (NPV), Compensatory afforestation, Dwarf Plantation, Site Specific Wildlife Conservation plan, Plantation of Dwarf Species and various other charges / fees and transfer of equivalent non-forest land.



- (e) **Stage-II Approval (Final):** Once the State Government verifies compliance with Stage-I conditions, it sends the report to the MoEF&CC. **Final (Stage-II) clearance** is issued, allowing the diversion of land.
- (f) **Payment to CAMPA Fund:** All payments for forest diversion shall be deposited into the **State CAMPA fund** through the dedicated portal. Upon **Stage-I approval**, the DFO issues a demand notice detailing the required payments given as follows. Net Present Value (NPV), Compensatory afforestation, Dwarf Plantation, Site Specific Wildlife Conservation plan, Plantation of Dwarf Species and various other charges in the **Compensatory Afforestation Fund Management and Planning Authority, Govt. of India ("CAMPA Fund")** for obtaining such certificate
- (g) The Central Government (MoEF& CC) is the final authority for granting approvals, but the state government acts as the intermediate processing authority.
- 2.6 Accordingly in the present case of the Applicant, as required under provisions of Forest (Conservation) Act of 1980, a Forest Clearance Certificate was sought from Ministry of Environment, Forest & Climate Change, Government of India. Accordingly, the Applicant have submitted the Application with relevant enclosers for forest clearance in **PARIVESH Portal** - <https://parivesh.nic.in>.

2.7 Further Honourable, Supreme Court in its order in the case of T.N. Godavarman Thirumulpad vs. Union of India and Others [Writ Petition (Civil) No. 202 of 1995], dated the 30th October, 2002, observed certain issue w.r.t compensatory afforestation related issues and NPV.

.... that a Compensatory Afforestation Fund be created in which all the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value of the diverted forest land or catchment area treatment plan shall be deposited;"

2.8 Hon'ble Supreme Court in the said judgement ordered that, apart from compensatory afforestation, the Net Present Value of forest land being diverted for non-forestry purposes should also be recovered from the user agencies. The money so recovered could be utilized for undertaking forest protection, other conservation measures and related activities".

2.9 In consonance to the order of the Supreme Court, a new act is enacted namely "The Compensatory Afforestation Fund Act, 2016". The preamble of said act state that:



An Act to provide for the establishment of funds under the public accounts of India and the public accounts of each State and crediting thereto the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value and all other amounts recovered from such agencies under the Forest (Conservation) Act, 1980; constitution of an authority at national level and at each of the State and Union territory Administration for administration of the funds and to utilise the monies so collected for undertaking artificial regeneration (plantations), assisted natural regeneration, protection of forests, forest related infrastructure development, Green India Programme, wildlife protection and other related activities and for matters connected therewith or incidental thereto.....

- 2.10 The Compensatory Afforestation Fund Act, 2016 was enacted to provide for the establishment of funds under the public accounts of India and the public accounts of each State and crediting thereto the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value and all other amounts recovered from such agencies under the Forest Conservation Act, 1980.
- 2.11 Hon'ble Apex Court in ACIT Circle-5 Kolkata v. M/s. Ghanashyam Misra & Sons (P) Ltd (ITA No.122 & 1521/Kol/2009 A.Ys. 2005-06 & 2006-07) observed that the money so received towards NPV should be used for natural assisted regeneration, forest management, protection, infrastructure development, wildlife protection and management, supply of wood and other forest produce saving devices and other allied activities. In the context, Hon'ble Apex Court observed that NPV will not fall under Article 110 or 199 or 195 of the Constitution. It was observed that such payments were levied for rendering service which the state considers beneficial in public interest. It is a fee which falls in entries 47 of List- III of 7th Schedule of the Constitution. The fund set up is a part of economic and social planning which comes within Entry 23 of List III and the charge which is levied for that purpose would come under Entry 47 of List III. In that context, it was held levy of NPV is a fee that means every mining agency using and converting forest land to non-forest purpose has to pay a fee for continuing carrying on of the business.
- 2.12 It also provides for constitution of an authority at national level and at each of the State and Union territory for administration of the funds and to utilise the monies so collected for undertaking artificial regeneration (plantations),



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assisted natural regeneration, protection of forests, forest related infrastructure development, Green India Programme, wildlife protection and other related activities and for matters connected therewith or incidental thereto.

- 2.13 The State Compensatory Afforestation Fund Management and Planning Authority (CAMPA), Odisha was constituted on 14.08.2009 with the objective of Conservation, Protection, Regeneration & Management of existing natural Forests, Wildlife and their habitats & raising Site Specific Compensatory Afforestation, Penal Compensatory Afforestation, etc. with the utilization of funds deposited in Adhoc CAMPA towards Net Present Value of Diversion of Forest Land for Non-Forestry purposes under Forest Conservation Act, 1980.
- 2.14 The Ministry of Environment and Forests (MoEF) notified the Compensatory Afforestation Management Funds Management and Planning Authority (CAMPA) in April, 2004 for the management of the compensatory afforestation fund. Further, the Central Government formulated guidelines dated the 2nd July, 2009 on the subject of State Authority for utilization of funds lying with the Ad-hoc Authority. The Hon'ble Supreme Court on 10th July 2009 directed that the guidelines and structure of the state authority prepared by the Central Government be notified and implemented.
- 2.15 The Compensatory Afforestation Fund Act 2016 has been enacted by the Hon'ble, President of India on 03rd August, 2016 to provide the establishment of fund under public account for each state. Subsequently, Government of India in MoEF& CC have notified Compensatory Afforestation Rule 2018 on 10.08.2018 to implement the provisions of the said Act from the appointed date i.e., 30.09.2018. Pursuant to the section 10(1) of the Act 2016 and the notification dated 14.09.2018 of GoI, MoEF& CC, the State Government of Odisha through Notification No.21066 dated 29.09.2018 constituted the State Authority CAMPA who shall be responsible for the management of the State Compensatory Afforestation Fund Odisha under Public Account to be constituted under the provisions of the Section 4(1) of the Act 2016 The State Authority shall have a Governing Body and shall be assisted by a Steering Committee and Executive Committee.
- 2.16 Therefore, for carry out the activities as specified in the proposal given for Forest clearance (construction of electrical transmission line and for the said construction projects), the payment required to be made under head - Net Present Value (NPV), Compensatory afforestation, Dwarf Plantation, Site Specific Wildlife Conservation plan, Plantation of Dwarf Species and various other charges in the



Compensatory Afforestation Fund Management and Planning Authority, State Government / Govt of India (hereinafter referred to as "CAMPA Fund") for obtaining such certificate.

- 2.17 In lieu of such forest clearance, the Applicant is required to deposit towards Net Present Value (NPV), Compensatory afforestation, Dwarf Plantation, Site Specific Wildlife Conservation plan, Plantation of Dwarf Species and various other charges toward NPV, Compulsory Forestation etc to CMMPA Fund. (please refer Table at Para -21 below)
- 2.18 *"Net Present Value" has been defined as the quantification of the environmental services provided for the forest area diverted for non-forestry uses, as may be determined by an expert committee appointed by the Central Government from time to time in this regard. NPV is paid by the user agencies for use of forest land for non-forest purpose and in other words, it can be said that NPV is paid for use of land i.e., renting or leasing charge paid for the using the immovable property. NPV is paid by the user agencies to compensate for the loss of tangible as well as intangible benefits flowing from the forest lands and accordingly, it can be said that it is a monetary contribution towards the state by the user agency. NPV is collected by the Government for providing environmental services by way of plantation, preservation of forest, ecology etc.*
- 2.19 The Applicant submits the nature of payment required to be deposited under Odisha CAMPA
- (a) **Compensatory Afforestation Value (CAV):** It is the amount paid to the CAMPA fund to compensate for loss of 'land by land' and 'trees by trees'. This is not a discretionary but a constitutional levy as per norms laid out by the Government agencies. The chargeability of the same is provided for in the Forest (conservation) Act 1980.
- (b) **Net Present Value (NPV):** It is the amount paid to CAMPA fund for future work towards protection of forest, other conservation and related activities for afforestation. This is an extension of the above-mentioned levy in accordance with the Supreme Court order dated 29th October 2002 in Writ Petition (Civil) No. 202/95.
- (c) **Recovery towards dwarf species cost:** Forest (Conservation) Act 1980 provides for recovery of cost towards plantation and



conservation of dwarf species planted in the corridor of the transmission line by forest department.

- (d) **Supervision charges to the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) Fund** against forest clearances is mandated to cover the administrative, technical, and supervisory costs incurred by the State Forest Departments in executing, monitoring, and maintaining afforestation and conservation projects.
- (e) **Other Charges:** In addition to the above, there is also payment of compensation for a period of 30 years, for diversion of forest land for non-forest purposes as per calculation given by the concerned Divisional Forest Officer (DFO)
- 3 The Applicant submits the details of demand raised by the Forest Department in the process of forest clearances and payment to CAMPA Fund are as follows.

Table - 1

Nature of Payment - NPV (Net Present Value)	Act and Rules made there under
NPV and Compensatory Afforestation & plantation	FC Act read with CAF Act
NPV and Renting / leasing charges paid for using the immovable property	FC Act read with CAF Act
NPV and charges for plantation of medicinal plants	FC Act read with CAF Act
NPV and planation of medicinal plants (felling of trees)	FC Act read with CAF Act
NPV and cost towards planation of dwarf species of medicinal plants	FC Act read with CAF Act
NPV, compensatory plantation, cost for planation of dwarf saplings	FC Act read with CAF Act
Compensatory afforestation - construction of chain link fencing and solar powered pumps	FC Act read with CAF Act





Supervision charges to cover the administrative, technical, and supervisory costs incurred by the State Forest Departments in executing, monitoring, and maintaining afforestation and conservation projects.	FC Act read with CAF Act
Evaluation management fee, cost for planting and maintenance of plants for 5 years and felling permission fee	FC Act read with CAF Act

- 4 It is further submitted that the deposit of NPV and above charges / fee with CAMPA Fund are subsequently used by the forest department and other Govt. department for specific purposes under FC Act and CAF Act.

3.0 Submission of jurisdictional tax authority on Advance Ruling Application:

The application was forwarded to the Jurisdictional Officer to submit admissibility of the Application and views on the questions raised by the applicant. The Jurisdictional Tax Authority vide letter dated 01.06.2026 has submitted their comments on the questions/issues raised in the application, which is furnished below:

"CAMPA, which stands for Compensatory Afforestation Management and Planning Authority, has its genesis in the Order of the Hon'ble Supreme Court of India in the case of T N Godavarman vs. Union of India. The Hon'ble Supreme Court in its order dated 30/10/2002 in the case of T.N. Godavarman Thirumulpad vs. Union of India and Others [Writ Petition (Civil) No. 202 of 1995] observed certain issues with respect to compensatory afforestation related issues and NPV. In the said judgment, the apex court ordered that, apart from compensatory afforestation, the Net Present Value (NPV) of forest land being diverted for non-forestry purposes should also be recovered from the user agencies. The money so recovered could be utilized for undertaking forest protection, other conservation measures and related activities.

In consonance to the order of the Supreme Court, a new act is enacted namely the CAMPA Act, 2016 to compensate for the loss of forest area and maintain sustainability. This law establishes the National Compensatory Afforestation Fund under the Public Account of India and a state Compensatory Afforestation Fund under the Public Account of each state. The company should pay to plant new trees in the alternative land provided to the state for Afforestation. According to the CAMPA Act's provision, a company that diverts forest land must provide alternative land to take up Compensatory Afforestation. 90% of the Compensatory Afforestation money will be given to the states, while the center will retain 10%. These CAMPA funds will receive payments for Compensatory Afforestation, the Net present value of forest (NPV), and other project-specific payments.

As per Section 2 (j) of the CAMPA Act:

(j) "net present value" means the quantification of the environmental services provided for the forest area diverted for non-forestry uses, as may be determined by an expert committee appointed by the Central Government from time to time in this regard" (Emphasis Supplied")

Further, "environmental services" is defined under Section 2(e) of the CAMPA Act, 2016, which is as under:-

(e) "environmental services" includes—





- (i) provision of goods such as wood, non-timber forest products, fuel, fodder, water and provision of services such as grazing, tourism, wildlife protection and life support;
- (ii) regulating services such as flood moderation, carbon sequestration and health of soil, air and water regimes;
- (iii) supporting such other services necessary for the production of ecosystem services, biodiversity, nutrient cycling and primary production including pollination and seed dispersal;

From the above mentioned information, the following information can be inferred with respect to NPV.

NPV is paid by the user agencies for use of forest land for non-forest purpose and in other words, it can be said that NPV is paid for use of land i.e. renting or leasing charge paid for the using the immovable property;

NPV is paid by the user agencies to compensate for the loss of tangible as well as intangible benefits flowing from the forest lands and accordingly it can be said that it is a monetary contribution towards the state by the user agency.

NPV is collected by the Government for providing environmental services and accordingly it can be said that Government will provide environmental services by way of plantation, preservation of forest, ecology etc;

From the above discussed provisions, it is apparent that the Government of India is providing services to the Tax Payers and in lieu of providing services; the Government is collecting consideration in the form of NPV, which is deposited by the relevant Tax Payer in the CAMPA Fund. In other words, it can be said that the Government has agreed to supply the service of "toleration of an act or a situation" to the relevant Tax Payer on payment of consideration for "conversion of forest land for use of the same for non-forestry use".

Before dwelling further into the matter, for better perspective, Section 7 of the CGST Act, 2017, which deals with the "Scope of Supply" is reproduced as under:

"Section 7. Scope of supply.-

(1) For the purposes of this Act, the expression - "supply" includes-

- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;
- [(aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.

Explanation.- For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another;]

- (b) import of services for a consideration whether or not in the course or furtherance of business; 2[and]
- (c) the activities specified in Schedule I, made or agreed to be made without a consideration; 3[****]
- (d) 4[****].

[(1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.]

(2) Notwithstanding anything contained in sub-section (1),-

- (a) activities or transactions specified in Schedule III; or
- (b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,

shall be treated neither as a supply of goods nor a supply of services.

(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."

From the above provisions, it can be seen that sub-section-2 of the Section 7 specifies what shall be treated neither as a supply of goods nor as Supply of services, are which as under:

"(a) activities or transactions specified in Schedule III; or

(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council"



In this situation, it is observed that the services rendered by the Government to the Applicant does not fall either under (a) or (b) of the Section 7(2) of the GST Act and also the amount of NPV charged and collected as an obligation is a consideration although mandated by a law, which is administered, managed and regulated by the Forest Department, Government of Odisha. Further, it is also found that the amount of NPV received in the CAMPA Fund is utilized for undertaking compensatory afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure development, wild life conservation and protection and other related activities and for matters connected therewith or incidental thereto and would provide an integrated framework for utilizing multiple sources of funding and activities relating to protection and management of forests and wildlife. It is further observed that CAMPA Fund is being used for regeneration of natural forests and building up the institution engaged in this work in the State Forest Department including training of the forest officials of various levels with an emphasis on training of the staff at cutting edge level (forest range level).

It also finds that the amount of NPV received by the Government in the CAMPA Fund is not limited for undertaking compensatory afforestation only but also for many other activities viz. assisted natural regeneration, conservation and protection of forests, infrastructure development, wild life conservation and protection and other related activities and for matters connected therewith or incidental thereto. The works/activities mandated under the CAMPA Act are not of a philanthropic nature rather the activities have been assigned in the course of furtherance of business. As the activities under the CAMPA Act are not only assigning a value for damages but also for other activities, the Government is charging and collecting NPV from the Noticee. The payment of NPV, being obligatory as per the provisions of the CAMPA Act, does not take away its character of being a consideration under Section 7(1) of the GST Act, 2017. Hence, the amount of NPV collected by the Government from the Applicant qualifies as "consideration for supply" irrespective of whatever nomenclature it may be given for transaction and accounting purpose.

For better perspective definition of "consideration" in relation to the supply of goods and services or both as provided under Section 2(31) of the GST Act, 2017 is reproduced as under:-

(31) "consideration" in relation to the supply of goods or services or both includes-

(a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;

(b) the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;

Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply;

As far as the present case is concerned, the amount of money (NPV) charged and collected by the Forest Department of Odisha is neither a subsidy given by the Central Government or a State Government nor a grant, but it is an consideration in the course of an obligation and in the course of furtherance of business.

It is a settled principle of law that if grants are given freely in which the grantor does not receive any benefit in return, then it cannot be a consideration for any supply under GST law and are therefore outside the scope of GST. But, if the grantor receives a benefit in return, then the grant is treated as a consideration for the supply and in the instant case the applicant, has mentioned that the NPV paid by them is to compensate for loss of forest land, which also includes consideration for various other activities viz. assisted natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation and protection and other related activities and for matters connected therewith or incidental thereto. It is also a fact that there is no provision available in the GST Act, 2017 which excludes, any amount, which has to be paid under any obligation, as not to be considered as "consideration or monetary value" and merely being of obligatory in nature mandated by law or otherwise, does not exclude it from the essence of the consideration.

In view of the above, it concludes that both of the two major elements i.e. "Supply is done for a consideration" and "Supply is done in course of furtherance of business" are fulfilled and thus, the services rendered by the Government to the Applicant by way of granting permission to use forest lands for non-forestry use in lieu of receipt of NPV in the CAMPA Fund, qualifies as a 'supply of services' as per section 7 of CGST Act, 2017.

It also finds that the rate of GST on such services of "toleration of an act as situation" is classifiable under SAC-999794 as classified at SL No. 720 of the Annexure appended to Notification No. 11/2017-CT(Rate) Dated



28/06/2017. Further, the said services is taxable @18% in terms of SL No.35 of the Notification No. 11/2017-CT(Rate) Dated 28/06/2017. The relevant portion of the said Notification is extracted hereunder:-

Notification No. 11/2017-Central Tax (Rate) dated 28/06/2017

G.S.R.....(E).- In exercise of the powers conferred by sub-section (1), [sub-section (3) and subsection (4)]1 of section 9, sub-section (1) of section 11, sub-section (5) of section 15[,2 sub-section (1) of section 16 [and section 148]3 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, and on being satisfied that it is necessary in the public interest so to do, hereby notifies that the central tax, on the intra-State supply of services of description as specified in column (3) of the Table below, falling under Chapter, Section or Heading of scheme of classification of services as specified in column (2), shall be levied at the rate as specified in the corresponding entry in column (4), subject to the conditions as specified in the corresponding entry in column (5) of the said Table:-

Table

Sl No.	Chapter, Section or Heading	Description of Service	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
35	Heading 9997	Other services (washing, cleaning and dyeing services; beauty and physical well-being services; and other miscellaneous services including services nowhere else classified).	9	-

Annexure: Scheme of classification of Service

S.No	Chapter, Section, Heading or Group	Service Code (Tariff)	Service Description
716	Group 99979		Other miscellaneous services
720		999794	Agreeing to tolerate an act

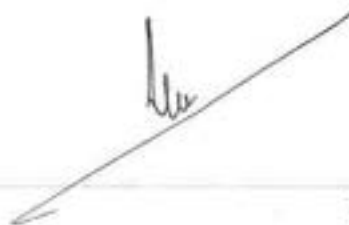
3.10. The liability to pay GST in respect of such services i.e. "toleration of an act" or any other services provided by the Government, except where specifically excluded, has always been on the business entity receiving the service i.e. under Reverse Charge Mechanism, as per Sl No. 5 of the Notification No. 13/2017-CT(Rate) dated 28/06/2017 is on the Service recipient. The relevant portion of the said Notification is as under:-

Notification No-13/2017-CT(Rate)

Dated 28/06/2017

In exercise of the powers conferred by sub-section (3) of section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government on the recommendations of the Council hereby notifies that on categories of supply of services mentioned in column (2) of the Table below, supplied by a person as specified in column (3) of the said Table, the whole of central tax leviable under section 9 of the said Central Goods and Services Tax Act, shall be paid on reverse charge basis by the recipient of the such services as specified in column (4) of the said Table:-





Sl. No	Category of Supply of Services	Supplier of service	Recipient of Service
(1)	(2)	(3)	(4)
5	Services supplied by the Central Government, State Government, Union territory or local authority to a business entity excluding, - (1) renting of immovable property, and (2) services specified below- (i) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Central Government, State Government or Union territory or local authority; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;(iii) transport of goods or passengers.	Central Government, State Government, Union territory or local authority	Any business entity located in the taxable territory

From the above Notification, it can be seen that the service recipients are liable to pay GST under RCM in respect of all the services received from the Central Government, State Government, Union territory or local authority except the services specified at SL No. 5 of the above Notification. In view of the above the applicant is liable to pay GST @18% on the amount of NPV paid to the Government in lieu of getting permission for use of forest land for non-forestry use.

In terms of Section 15 of the CGST Act, 2017, where GST is chargeable on any taxable service with reference to its value, then such value shall be the transaction value, which is the price actually paid or payable for the said supply of services where the supplier and the recipient of the supply are not related persons and the price is the sole consideration for the supply. Accordingly, in the instant case, it is the value of NPV paid by the Applicant to the CAMPA Fund.

So far as the time of supply of such services of toleration of an act supplied by the Government to the applicant is concerned, they are liable to pay GST under RCM and thus the provisions of Section 13(3) of the GST Act is applicable. Section 13(3) of the GST Act is extracted hereunder for ease of reference:-

(3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely:-





(a) the date of payment as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier; or

(b) the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof 2[by the supplier, in cases where invoice is required to be issued by the supplier; or]:

Now coming to the issue raised by the applicant at **Para- 23(A)** and the answer is **affirmative** and it is to state that the services rendered by the Government to the Applicant by way of granting permission to use forest lands for non-forestry use in lieu of receipt of NPV in the CAMPA Fund, qualifies as a 'supply of services' as per section 7 of CGST Act, 2017.

Further question were asked in **Para- 23(B)** whether NPV is exempted vide entries at Sl. No. 4 & 5 of Notification No. 12/2017-CT(Rate) dated 28.06.2017.

In this connection it is to submit that it is not exempted under Sl. No. 4 & 5 of Notification No. 12/2017-CT(rate) dated 28.06.2017? In this connection, it is to submit that, Services provided by Central Government, State Government, Union territory, local authority or governmental authority by way of any activity in relation to any function entrusted to a municipality is exempted under article 243 W of the Constitution, as well as, also Services by a governmental authority by way of any activity in relation to any function entrusted to a Panchayat is exempted under article 243G of the Constitution. But since the applicant is not falling under such category, hence no exemption can be granted to them .

Now coming on final query raised by the applicant in **Para -23(C)** i.e. whether such deposits will liable to Goods and Service Tax as forward charges or under reverse charge basis as provided in section 9(4) CGST & corresponding OGST Act 2017 and rules made thereunder?

In this connection, it is to submit that the liability to pay GST in respect of such services i.e. "toleration of an act" or any other services provided by the Government, except where specifically excluded, **has always been on the business entity receiving the service i.e. under Reverse Charge Mechanism**, as per Sl. No. 5 of the Notification No. 13/2017-CT(Rate) dated 28/06/2017 is on the Service recipient. The relevant portion of the Notification is already produced in at above(Para 3.10). As per the said Notification, it can be seen that the service recipients are liable to pay GST under RCM in respect of all the services received from the Central Government, State Government, Union territory or local authority except the services specified at Sl. No. 5 of the above Notification. In view of the above the applicant M/s. TP Paradeep Transmission Limited (GSTIN-21AAOCP2756K1Z5) are liable to pay GST @18% on the amount of NPV paid to the Government in lieu of getting permission for use of forest land for non-forestry use."

4. Personal Hearing:

The applicant had been given opportunities to hear personally before the Authorities on 15.04.2026 & 29.04.2026. During personal Hearing, Sri Niranjana Swain, Advocate, Authorized Representative & Ms. Aparna Joshi, Group Head, Indirect Tax appeared before the Authorities wherein the Authorized representatives led by Sri Niranjana Swain has reiterated the facts made in their written submission.

5.0 Discussion & findings

This Authority has carefully examined the Advance Ruling application (**GST ARA- 01**), the accompanying statement of facts, applicant's detailed legal submissions, and the written submissions placed on record. The primary dispute before us is whether the compulsory payment of Net Present Value (NPV), Compensatory Afforestation charges, and other associated environmental levies into the State Compensatory Afforestation Fund Management and Planning Authority ("CAMPA Fund") acts as a "consideration" for a "supply of service" rendered by the Government, thereby attracting liability to pay GST under forward charge or under the Reverse Charge Mechanism (RCM).

5.2 In this regard, attention is invited to the provision under Section 7 of CGST / OGST Act, 2017 which reads as followings:

Section 7 of CGST Act, 2017 prescribes Scope of supply:

7. (1) For the purposes of this Act, the expression "supply" includes—

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

¹[(aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.

Explanation. - For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another;]

(b) import of services for a consideration whether or not in the course or furtherance of business ¹[and];

(c) the activities specified in Schedule I, made or agreed to be made without a consideration ²[****];

(d) ³[****]

⁴[(1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.]

(2) Notwithstanding anything contained in sub-section (1),—

(a) activities or transactions specified in Schedule III; or



(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council, shall be treated neither as a supply of goods nor a supply of services.

(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.

From the above statute, for any activities to fall within the net of GST, two criteria must be satisfied simultaneously:

1. An activity amounting to a supply of goods or services must take place.
2. There must be a "consideration".

In the present case, this authority finds that, Diversion of forest land for non-forest purposes is prohibited except with prior approval under Section 2 of the Forest (Conservation) Act, 1980. The state holds natural resources, including forest lands, in public trust. When a business entity requests the diversion of forest land for commercial transmission lines, the state evaluates the application and grants specific permission or a license to use that land for non-forestry purposes. It means without such approval a. the project cannot be executed; b. transmission lines cannot pass through forest land; and c. the applicant cannot legally use the forest area. Therefore, the applicant approaches the Government seeking a statutory permission and approval for use of forest land for a non-forest purpose. The approval granted by Government enables the applicant to undertake an otherwise prohibited activity. Therefore, granting clearance or permission to use forest land is an activity performed in the furtherance of business. As such, the grant of permission is not a passive sovereign act but a specific activity undertaken in favour of an identified applicant. Moreover, the taxability of the transaction is required to be examined on the touchstone of Section 7(1) read with the definition of "consideration" under Section 2(31) and "service" under Section 2(102) of the CGST/OGST Act, 2017. Section 2(102) of the CGST/OGST Act defines "service" very widely as:

"anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged. ."



In the present matter, the Government examines the proposal, processes the application, evaluates environmental impact, imposes conditions and ultimately grants approval permitting diversion of forest land. The grant of such approval confers a legally enforceable benefit upon the applicant. During this, the applicant obtains permission a. to divert forest land; b. to undertake construction or any other allied activities; c. to erect transmission lines and substations; and to carry on commercial operations. Thus, there exists a clear flow of benefit from Government to the applicant. Hence, the activity of granting a right, privilege, or permission to exploit a resource falls squarely within the scope of "service" as per provision under Section 2(102) of the CGST/OGST Act, 2017.

With regards to the applicant contention that, payment of NPV and other compensatory afforestation charges can not be termed as 'consideration' for supply of any service, inasmuch as the amount paid is in the nature of compensation towards a statutory fund, for actual loss done to the forest land by the power transmission activities of the applicant. This Authority finds it prudent to analyze the legal meaning of Consideration as defined under Section 2(31) of CGST/OGST Act, 2017 which is reproduced below:

(31) "consideration" in relation to the supply of goods or services or both includes—

(a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;

(b) the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government:

Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply;

The CAMPA payments made or to be made by the applicant are not voluntary. In fact, those payments are mandatory conditions imposed for obtaining forest clearance. Had the applicant not deposited NPV and other mandatory deposits:

- approval would not be granted; and
- forest land could not be diverted.





Therefore, the payment is intrinsically linked with the grant of approval. The nexus between payment and permission is direct and undeniable. Hence the amounts constitute "consideration" within the meaning of Section 2(31).

This Authority further notes that a substantially similar issue came up before the Uttarakhand Authority for Advance Ruling in the case of **M/s M.D. Power Transmission Corporation of Uttaranchal Limited**, wherein the applicant, a State transmission utility, was required to make payments to Uttarakhand CAMPA in connection with diversion of forest land for transmission infrastructure projects. The Uttarakhand AAR examined the nature of payments made towards NPV and compensatory afforestation and vide Ruling 08/2022-23 dated 26.09.2022 held that the transaction involved a supply of service by Government to a business entity and that GST was payable under reverse charge mechanism.

Though an advance ruling is binding only on the applicant and jurisdictional officers concerned in that case, the reasoning adopted therein possesses persuasive value, particularly where the factual matrix and statutory framework are substantially identical. The present case also concerns a transmission utility obtaining forest clearance upon payment of NPV and allied CAMPA charges. Therefore, the conclusions reached by the Uttarakhand AAR lend support to the view that such payments are liable to GST.

5.3 Evaluation of Exemptions under Notification No. 12/2017-Central Tax (Rate)

The Applicant has alternatively contended that even if the amounts deposited towards NPV and other CAMPA-related charges are held to constitute consideration for a supply of service, the same would be exempt from GST under Entry Nos. 4 and 5 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017.

At the outset, it is pertinent to note that exemption notifications are in the nature of exceptions to the charging provisions of a taxing statute and therefore must be construed strictly. The burden lies upon the person claiming exemption to establish that the transaction squarely falls within the language of the exemption entry.

Entry Nos. 4 and 5 of Notification No. 12/2017-Central Tax (Rate) exempt specified services provided by governmental authorities in relation to functions entrusted to Municipalities under Article 243W and Panchayats under Article 243G of the Constitution. The present transaction concerns diversion of forest land for a commercial transmission project undertaken by the Applicant. The Applicant approaches the Government seeking approval under the Forest (Conservation) Act,



1980 for use of forest land for non-forest purposes. The Government examines the proposal and grants permission subject to fulfilment of prescribed statutory conditions, including payment of NPV and other CAMPA-related charges. Thus, the service under consideration is therefore not a municipal function, nor a panchayat function, but a statutory regulatory function exercised under the Forest (Conservation) Act, 1980 and the Compensatory Afforestation Fund Act, 2016.

The jurisdictional officer has also rightly pointed out that the exemption under Entry Nos. 4 and 5 is confined to activities in relation to constitutional functions under Articles 243G and 243W and that the Applicant does not satisfy the conditions prescribed therein. The Authority finds merit in the said submission. Accordingly, this Authority holds that the services supplied by Government by way of granting permission for diversion of forest land and permitting non-forest use thereof do not fall within the ambit of Entry Nos. 4 or 5 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017.

5.4 Reverse Charge Liability:

Having held that the grant of permission for diversion of forest land constitutes a supply of service by Government and that the amounts deposited towards NPV and other CAMPA charges constitute consideration for such supply, the next issue requiring determination is the manner in which GST is payable.

Section 9(3) of the CGST Act, 2017 empowers the Government, on the recommendations of the GST Council, to notify categories of supply of services on which tax shall be paid by the recipient under reverse charge mechanism. In exercise of the said powers, the Central Government issued Notification No. 13/2017-Central Tax (Rate) dated 28.06.2017. Entry No. 5 of the said notification provides that in respect of services supplied by the Central Government, State Government, Union Territory or local authority to a business entity located in the taxable territory, the liability to pay GST shall be discharged by the recipient of such service under reverse charge mechanism, except in respect of certain specifically excluded services.

For ease of reference, the essential ingredients of Entry No. 5 are:

1. There must be a supply of service;
2. The supplier must be the Central Government, State Government, Union Territory or local authority;
3. The recipient must be a business entity located in the taxable territory; and
4. The service should not fall within the specifically excluded categories.



Firstly, this Authority has already concluded that the grant of approval for diversion of forest land and permission to undertake non-forest activities constitutes a supply of service. Secondly, such permission is granted by the Central Government and the State Forest Authorities acting under the Forest (Conservation) Act, 1980 and the Compensatory Afforestation Fund Act, 2016. Therefore, the supplier is undeniably the Government. In the present case, all the above conditions stand satisfied. Thirdly, the Applicant is engaged in the business of electricity transmission and is registered under the GST law. The Applicant is therefore a "business entity" within the meaning of the GST law. Fourthly, the services in question do not fall under any of the exclusions specified in Entry No. 5 of Notification No. 13/2017-Central Tax (Rate) as the transaction does not relate to services of the Department of Posts, services in relation to an aircraft or vessel, transport of goods or passengers, or any other excluded category.

This Authority further observes that forest land cannot be diverted by the Applicant as a matter of right. The Applicant obtains a valuable and legally enforceable permission from Government enabling it to execute its transmission project over forest land. Such permission directly facilitates the Applicant's commercial operations and business activities. The payment of NPV and other CAMPA charges is the statutory consideration required for obtaining such permission.

The mere fact that the consideration is deposited into the CAMPA Fund rather than directly retained by a particular Government department does not alter the nature of the transaction. Under GST law, taxability is determined by examining the existence of a supply and the consideration paid in relation thereto. The subsequent destination, accounting treatment or utilization of the amount received is not determinative of taxability.

Accordingly, once the transaction is held to be a taxable supply of service by Government to a business entity, the liability to discharge GST squarely falls upon the Applicant under Reverse Charge Mechanism in terms of Section 9(3) of the CGST Act read with Entry No. 5 of Notification No. 13/2017-Central Tax (Rate) dated 28.06.2017. The value on which GST is payable shall be the amount of NPV and other CAMPA-related charges deposited as consideration for obtaining the aforesaid permission. Therefore, this Authority holds that GST on the amounts deposited towards NPV, Compensatory Afforestation Charges, Wildlife Conservation Charges, Dwarf Plantation Charges, Plantation of Dwarf Species Charges and other CAMPA-related deposits is payable by the Applicant under the Reverse Charge Mechanism.

6.0 In view of the above, we pass the following order:



RULING

Q.1 Whether statutory deposits towards Net Present Value (NPV), Compensatory Afforestation, Dwarf Plantation, Site Specific Wildlife Conservation Plan, Plantation of Dwarf Species and other CAMPA-related charges for obtaining forest clearance certificate is a “consideration” and “supply of Services” under Section 7 of the CGST Act, and corresponding OGST Act?

Answer: Yes. The deposits are made as a mandatory condition for obtaining permission for diversion of forest land and constitute consideration for a supply of service by Government within the meaning of Sections 7 and 2(31) of the CGST/OGST Act, 2017.

Q.2 NPV being of the nature of consideration against supply of service, then whether same is exempted, vide entries at Sl. Nos. 4 & 5 of Notification No.12/2017-CT (Rate) dated.28.06.2017?

Ans: Negative.

Q.3 whether such deposits will liable to Goods and Service Tax as forward charges or under reverse charge basis as provided in Section 9(4) CGST & corresponding OGST Act 2017 and rules made thereunder?

Ans: GST is payable by the Applicant under Reverse Charge Mechanism (RCM) in terms of Entry No. 5 of Notification No. 13/2017-Central Tax (Rate) dated 28.06.2017 as discussed above.



(Harsh Vardhan)
Member, CGST





(Pratima Mohanty)
Member, SGST

C. No. V (30)10/ ARA/ODISHA/BBSR/2025-26/10 /10446A Dated: 15.06.2026

To
M/s. TP Paradeep Transmission Limited,
Plot No. 191/A, Kharavela Nagar,
Bhubaneswar, Odisha-751001,

Copy forwarded to:

1. The Pr. Commissioner/Commissioner, CGST & Central Excise, Bhubaneswar Commissionerate, Bhubaneswar.
- ✓ 2. The Commissioner, CT&GST Odisha, Banijyakar Bhawan, Old Secretariat Compound, Cuttack-753001, Odisha.
3. Office copy.