

सीमाशुल्क (अपील) आयुक्तका कार्यालय, अहमदाबाद
OFFICE OF THE COMMISSIONER OF CUSTOMS (APPEALS), AHMEDABAD
चौथी मंज़िल **4th Floor**, हडको बिल्डिंग **HUDCO Building**, ईश्वर भुवन रोड़ **Ishwar Bhuvan Road**,
नवरंगपुरा **Navrangpura**, अहमदाबाद **Ahmedabad – 380 009.**
दूरभाष क्रमांक **Tel. No. 079-26589281**

DIN-20261071MN0000CE0ED7

क	फ़ाइल संख्या FILE NO.	S/49-87/CUS/JMN/2023-24
ख	अपील आदेश संख्या ORDER-IN-APPEAL NO. (सीमा शुल्क अधिनियम, 1962 की धारा 128क के अंतर्गत)(UNDER SECTION 128A OF THE CUSTOMS ACT, 1962) :	JMN-CUSTM-000-APP-92-2026-27
ग	पारितकर्ता PASSED BY	Shri Vishwajeet Singh Commissioner of Customs (Appeals), Ahmedabad
घ	दिनांक DATE	22.10.2026
ङ	उदभूत अपील आदेश की सं. व दिनांक ARISING OUT OF ORDER-IN-ORIGINAL NO.	5/AC/LRM/GPPL/2023-24dated 30.06.2023.
च	अपील आदेश जारी करने की दिनांक ORDER- IN-APPEAL ISSUED ON:	22.10.2026
छ	अपीलकर्ता का नाम व पता NAME AND ADDRESS OF THE APPELLANT:	1. M/s Ford India Private Limited, Revenue Survey No. 6, Village North Kotpura, Taluka; Snanad, Ahmedabad-382170



1	यह प्रति उस व्यक्ति के निजी उपयोग के लिए मुफ्त में दी जाती है जिनके नाम यह जारी किया गया है.
	This copy is granted free of cost for the private use of the person to whom it is issued.
2.	सीमाशुल्क अधिनियम 1962 की धारा 129 डी डी (1) (यथा संशोधित) के अधीन निम्नलिखित श्रेणियों के मामलों के सम्बन्ध में कोई व्यक्ति इस आदेश से अपने को आहत महसूस करता हो तो इस आदेश की प्राप्ति की तारीख से 3 महीने के अंदर अपर सचिव/संयुक्त सचिव (आवेदन संशोधन), वित्त मंत्रालय, (राजस्व विभाग) संसद मार्ग, नई दिल्ली को पुनरीक्षण आवेदन प्रस्तुत कर सकते है.
	Under Section 129 DD(1) of the Customs Act, 1962 (as amended), in respect of the following categories of cases, any person aggrieved by this order can prefer a Revision Application to The Additional Secretary/Joint Secretary (Revision Application), Ministry of Finance, (Department of Revenue) Parliament Street, New Delhi within 3 months from the date of communication of the order.
	निम्नलिखित सम्बन्धित आदेश/Order relating to :
(क(	बैगेज़ के रूप में आयातित कोई माल.
(a)	any goods imported
(ख(	भारत में आयात करने हेतु किसी वाहन में लादा गया लेकिन भारत में उनके गन्तव्य स्थान पर उतारे न गए माल या उस गन्तव्य स्थान पर उतारे जाने के लिए अपेक्षित माल उतारे न जाने पर या उस गन्तव्य स्थान पर उतारे गए माल की मात्रा में अपेक्षित माल से कमी हो.
(b)	any goods loaded in a conveyance for importation into India, but which are not unloaded at their place of destination in India or so much of the quantity of such goods as has not been unloaded at any such destination if goods unloaded at such destination are short of the quantity required to be unloaded at that destination.
(ग (	सीमाशुल्क अधिनियम, 1962 के अध्याय X तथा उसके अधीन बनाए गए नियमों के तहत शुल्क वापसी की अदायगी.
(c)	Payment of drawback as provided in Chapter X of Customs Act, 1962 and the rules made thereunder.
.3	पुनरीक्षण आवेदन पत्र संगत नियमावली में विनिर्दिष्ट प्रारूप में प्रस्तुत करना होगा जिसके अन्तर्गत उसकी जांच की जाएगी और उस के साथ निम्नलिखित कागजात संलग्न होने चाहिए :
	The revision application should be in such form and shall be verified in such manner as may be specified in the relevant rules and should be accompanied by :
(क)	कोर्ट फी एक्ट,1870 के मद सं.6 अनुसूची 1 के अधीन निर्धारित किए गए अनुसार इस आदेश की 4 प्रतियां, जिसकी एक प्रति में पचास पैसे की न्यायालय शुल्क टिकट लगा होना चाहिए.
(a)	4 copies of this order, bearing Court Fee Stamp of paise fifty only in one copy as prescribed under Schedule 1 item 6 of the Court Fee Act, 1870.
(ख)	सम्बद्ध दस्तावेज़ों के अलावा साथ मूल आदेश की 4 प्रतियां, यदि हो
(b)	4 copies of the Order-in-Original, in addition to relevant documents, if any
(ग)	पुनरीक्षण के लिए आवेदन की 4 प्रतियां
(c)	4 copies of the Application for Revision.

(घ)	पुनरीक्षण आवेदन दायर करने के लिए सीमाशुल्क अधिनियम, 1962 (यथा संशोधित) में निर्धारित फीस जो अन्य रसीद, फीस,दण्ड,जब्ती और विविध मदों के शीर्ष के अधीन आता है में रु. 200/-(रूपए दो सौ मात्र)या रु.1000/-(रूपए एक हज़ार मात्र), जैसा भी मामला हो, से सम्ब न्धित भुगतान के प्रमाणिक चलान टी.आर.6 की दो प्रतियां. यदि शुल्क, मांगा गया ब्याज, लगाया गया दंड की राशि और रूपए एक लाख या उससे कम हो तो ऐसे फीस के रूप में रु.200/- और यदि एक लाख से अधिक हो तो फीस के रूप में रु.1000/-
(d)	The duplicate copy of the T.R.6 challan evidencing payment of Rs.200/- (Rupees two Hundred only) or Rs.1,000/- (Rupees one thousand only) as the case may be, under the Head of other receipts, fees, fines, forfeitures and Miscellaneous Items being the fee prescribed in the Customs Act, 1962 (as amended) for filing a Revision Application. If the amount of duty and interest demanded, fine or penalty levied is one lakh rupees or less, fees as Rs.200/- and if it is more than one lakh rupees, the fee is Rs.1000/-.
4.	मद सं. 2 के अधीन सूचित मामलों के अलावा अन्य मामलों के सम्बंन्ध में यदि कोई व्यक्ति इस आदेश से आहत महसूस करता हो तो वे सीमाशुल्क अधिनियम 1962 की धारा 129 ए (1) के अधीन फॉर्म सी.ए.-3 में सीमाशुल्क, केन्द्रीय उत्पाद शुल्क और सेवा कर अपील अधिकरण के समक्ष निम्नलिखित पते पर अपील कर सकते हैं
	In respect of cases other than these mentioned under item 2 above, any person aggrieved by this order can file an appeal under Section 129 A(1) of the Customs Act, 1962 in form C.A.-3 before the Customs, Excise and Service Tax Appellate Tribunal at the following address :
	सीमाशुल्क, केंद्रीय उत्पाद शुल्क व सेवा कर अपीलिय अधिकरण, पश्चिमी क्षेत्रीय पीठ — **Customs, Excise & Service Tax Appellate Tribunal, West Zonal Bench**
	दूसरी मंज़िल, बहुमाली भवन, निकट गिरधरनगर पुल, असारवा, अहमदाबाद-380016 — 2nd Floor, Bahumali Bhavan, Nr.Girdhar Nagar Bridge, Asarwa, Ahmedabad-380 016
5.	सीमाशुल्क अधिनियम, 1962 की धारा 129 ए (6) के अधीन, सीमाशुल्क अधिनियम, 1962 की धारा 129 ए (1) के अधीन अपील के साथ निम्नलिखित शुल्क संलग्न होने चाहिए-
	Under Section 129 A (6) of the Customs Act, 1962 an appeal under Section 129 A (1) of the Customs Act, 1962 shall be accompanied by a fee of -
(क)	अपील से सम्बन्धित मामले में जहां किसी सीमाशुल्क अधिकारी द्वारा मांगा गया शुल्क और व्याज तथा लगाया गया दंड की रकम पाँच लाख रूपए या उससे कम हो तो एक हज़ार रुपए.
(a)	where the amount of duty and interest demanded and penalty levied by any officer of Customs in the case to which the appeal relates is five lakh rupees or less, one thousand rupees;
(ख)	अपील से सम्बन्धित मामले में जहां किसी सीमाशुल्क अधिकारी द्वारा मांगा गया शुल्क और व्याज तथा लगाया गया दंड की रकम पाँच लाख रूपए से अधिक हो लेकिन रुपये पचास लाख से अधिक न हो तो; पांच हज़ार रुपए
(b)	where the amount of duty and interest demanded and penalty levied by any officer of Customs in the case to which the appeal relates is more than five lakh rupees but not exceeding fifty lakh rupees, five thousand rupees ;
(ग)	अपील से सम्बन्धित मामले में जहां किसी सीमाशुल्क अधिकारी द्वारा मांगा गया शुल्क और व्याज तथा लगाया गया दंड की रकम पचास लाख रूपए से अधिक हो तो; दस हज़ार रुपए.

(c)	where the amount of duty and interest demanded and penalty levied by any officer of Customs in the case to which the appeal relates is more than fifty lakh rupees, ten thousand rupees
(घ)	इस आदेश के विरुद्ध अधिकरण के सामने, मांगे गए शुल्क के %10 अदा करने पर, जहां शुल्क या शुल्क एवं दंड विवाद में हैं, या दंड के %10 अदा करने पर, जहां केवल दंड विवाद में है, अपील रखा जाएगा ।
(d)	An appeal against this order shall lie before the Tribunal on payment of 10% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.
6.	उक्त अधिनियम की धारा **129** (ए) के अन्तर्गत अपील प्राधिकरण के समक्ष दायर प्रत्येक आवेदन पत्र- (क) रोक आदेश के लिए या गलतियों को सुधारने के लिए या किसी अन्य प्रयोजन के लिए किए गए अपील : - अथवा (ख) अपील या आवेदन पत्र का प्रत्यावर्तन के लिए दायर आवेदन के साथ रुपये पाँच सौ का शुल्क भी संलग्न होने चाहिए.
	Under section 129 (a) of the said Act, every application made before the Appellate Tribunal- (a) in an appeal for grant of stay or for rectification of mistake or for any other purpose; or (b) for restoration of an appeal or an application shall be accompanied by a fee of five Hundred rupees.

ORDER-IN-APPEAL

1. Brief facts of the case

1. M/s Ford India Private Limited, Revenue Survey No. 6, Village North Kotpura, Taluka; Sanand, Ahmedabad 382170 (herein after referred to as the "Appellant for the sake of brevity) has filed the present appeal against Order-In-Original 5/AC/LRM/GPPL/2023-24 dated 30.06.2023 (herein after referred to as the "impugned order") issued by the Assistant Commissioner, Customs House, Pipavav (herein after referred to as the "Adjudicating Authority).

1.2 The Appellant imported various imported Parts/ Components/ Equipment to be used in manufacture of Motor Vehicles under Bills of Entry filed for home consumption during the Period from 10.03.2021 to 12.05.2022. The Appellant sought clearance of various imported Parts/ Components/ Equipment to be used in manufacture of Motor Vehicles under Bills of Entry filed for home consumption during the Period from 10.03.2021 to 12.05.2022.

1.3 It was observed that the Appellant prior to 14.11.2018, declared item description with mention of "Components of the car parts" in the Bills of Entry for import of these parts/components/ equipment classifying respective parts under Tariff item 73181900, 73181600, 73269090, 85123010, 85318000, 85011013, 85129000, 84833000, 85371000, 83023090, 85365090, 85437099, 90262000 and 96131000 of the First Schedule to the Customs Tariff Act, 1975 (hereinafter referred to as "CTA"). However, subsequently, the Importer changed the description and declared these imported parts/components/ equipment without mentioning of "components of the Car Parts" and mentioned only respective item description for the imports covered under Bills of Entry filed on or after 14.11.2018.

1.4 According to the first schedule of The Customs Tariff Act, 1975 the Parts/Components/Equipment of the Motor Vehicle broadly can be segregated in two categories, i.e. (i) General Part of Motor Vehicles and (ii) Safety Air Bags and Parts thereof of Motor Vehicles. It appeared that, the Importer claimed classification of the imported goods under Chapter 73 (Articles of Iron or steel), Chapter 83 (Misc. Articles of Base Metals), Chapter 84 (Nuclear reactors, boiler machinery, mechanical appliances and parts thereof); Chapter 85 (Electrical Machinery and equipment and parts thereof, sound recorders and reproduces, television image and sound recorders and parts and accessories of such articles) and under Chapter 96 (Misc. manufactured articles). It appeared that the Importer is a manufacturer of Motor vehicle falling under Chapter Heading 8703 of the Customs Tariff and the imported goods are meant for specific purpose to

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use in the manufacturing of motor vehicles/car parts as well as for selling it as car parts of the motor vehicle manufactured by them. It therefore, appeared that these imported Parts/Components/Equipment of the Motor Vehicle are appropriately classifiable under Chapter 87 and specifically under Customs Tariff Heading No. 8708 meant for classification of "Parts and accessories of the motor vehicles of headings 87.01 to 87.05". The Customs duty structure in respect of CTH 8708 of the Customs Tariff prevailing at the material i.e. Basic Custom Duty: 15% (ii) SWS: @10% (iii) IGST: @ 28%.

1.5. An inquiry with regard to classification of the imported goods by the importer in respect of the import of the General Parts of the Motor vehicles was initiated and reject the classification under CTH 73181900, 73181600, 73269090, 85123010, 85318000, 85011013, 85129000, 84833000 for various items imported vide Bill of Entry No. 88536447 dated 14.11.2018 and held to be classified under CTH 8708 vide Speaking Order No. 01/ DC/ GPPL/ Ford/ 2018-19 dated 06.12.2018 and Order-in-Original No 01/ DC/PMT/FORD/2020-21 dated-08.05.2020, and OIO No. JAM-CUSTM-PRV-COM-003-20-21 dated 15.01.2021 However the importer continued with the classification under various chapters, supra, because they preferred Appeal against the Order-in Appeal arising out of these speaking order and OIO. The matter was pending with litigation, Hence the Importer paid duty under protest for imports, which were imported vide below mentioned 80 bills of entries even after 15.01.2021 by classifying the goods in question under CTH 8708, because these parts were critical for production.

1.6. Being aggrieved by classification of the goods under CTH 8708 under the above mentioned Bills of Entry the said Importer preferred an appeal before Commissioner of Customs (Appeals), Ahmedabad. The Commissioner (Appeals), Ahmedabad in the appeal filed by M/s Ford India Pvt. Ltd, Ahmedabad, against the assessment of the above mentioned 80 Bills of Entries passed OIA No.JMN-CUSTM-000-APP-20 to 77-22-23 dated-30.06.2022, JMN-CUSTM-000-APP-155 to 164-22-23 dated-10.02.2023 & JMN-CUSTM-000-APP-165 to 176-22-23 dated-13.02.2023 with direction to issues speaking order therefore matter was again taken for adjudication and the Adjudicating Authority vide impugned order held that the goods imported by the Appellant under different bills of entry under CTH 73181900, 73181600, 73269090, 85123010, 85318000, 85011013, 85129000, 84833000, 85371000, 83023090 and 96131000 are classifiable under CTH 87089900. Further, the goods imported and classified by the Appellant under 85365090, 8547099 and 96262000 were classified under 87089500. 1.10 Being aggrieved by the impugned order, the Appellant preferred the present appeals.

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2. Ground of Appeal submitted by the Appellant

2.1 The core dispute revolves around the correct customs classification of various imported goods utilized in the manufacture of motor vehicles. The adjudicating authority held that the subject goods should be classified universally under Customs Tariff Heading (CTH) 8708, which acts as a broad category covering "parts and accessories of the motor vehicles of headings 8701 to 8705". The authority's primary rationale was that these items are specifically designed for use by the Appellant in their own brand of motor vehicles, carry specific part numbers identifying them as Ford parts, and cannot be used anywhere else as items of general commercial identity. To reach this conclusion, the authority relied heavily on Note 3 to Section XVII, arguing that classification is determined by the "sole or principal use" of the part or accessory. The Appellant completely rejects this assessment, arguing that the impugned order fundamentally misinterprets the General Rules for Interpretation (GRI), bypasses mandatory exclusionary Section Notes, and ignores the binding nature of the Harmonised System of Nomenclature (HSN) Explanatory Notes and Supreme Court precedents. II. The Legal Framework: General Rules for Interpretation (GRI)The Appellant meticulously breaks down the legal process of classification under the Customs Tariff Act, asserting that it must follow the sequential application of the General Rules for Interpretation (GRI). **Primacy of GRI 1:** The Appellant emphasizes that GRI 1 is the cornerstone of classification. It dictates that classification must be legally determined according to the "terms of the headings and any relative Section or Chapter Notes".

- **Sequential Application:** Subsequent rules (GRI 2 to 6) are only to be invoked if GRI 1 fails to yield a definitive classification.
- **Judicial Backing:** This principle is supported by the Supreme Court in *Commissioner of Central Excise vs. Simplex Mills Co. Ltd.*, which ruled that headings and notes hold primacy and must be applied first before resorting to other interpretative rules.

HSN Explanatory Notes as a Safe Guide: The Appellant asserts that the HSN, developed by the World Customs Organisation, forms the basis of the Customs Tariff Act. Citing cases like *CCE vs. Wood Craft Products Ltd.*, *CC vs. Business Forms*, and *O.K. Play (India) vs. CCE*, the Appellant argues that HSN Explanatory Notes have immense persuasive value and are considered a safe guide for classification unless expressly contradicted by the Tariff. The impugned order wrongfully dismissed these notes as mere "guiding factors" while favoring its own interpretation.

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III. The Conflict Between Note 2 and Note 3 of Section XVII

2.2 The most critical legal argument in the document concerns the interplay—or lack thereof—between Note 2 and Note 3 of Section XVII. Section XVII covers Vehicles, Aircraft, Vessels, and Associated Transport Equipment.

- **The Impugned Order's Erroneous Logic:** The adjudicating authority argued that Note 1(l) to Section XVI excludes articles of Section XVII, while Note 2(e) and (f) to Section XVII exclude articles of Chapter 84 and 85. Believing this created a contradictory loop where each section excluded the other, the authority applied Note 3 of Section XVII. Note 3 states that parts suitable for use solely or principally with vehicles of Chapters 86 to 88 must be classified under those chapters. Relying on the Supreme Court cases *G.S. Auto International Limited* and *Cast Metal Industries*, the authority concluded that because the parts are exclusively for Ford vehicles, they belong in Chapter 87.
- **The Appellant's Rebuttal via Note 2:** The Appellant argues this logic is fatally flawed. Note 2 to Section XVII contains a strict, non-negotiable list of exclusions. It states that the expressions "parts" and "parts and accessories" **do not apply** to certain articles, **"whether or not they are identifiable as for the goods of this Section"**.
- **Specific Exclusions Invoked:**
  - Note 2(b) excludes parts of general use (as defined in Note 2 to Section XV).
  - Note 2(e) excludes machines or apparatus of headings 84.01 to 84.79 (with specific exceptions for radiators and integral engine parts).
  - Note 2(f) excludes electrical machinery or equipment falling under Chapter 85.
  - Note 2(g) excludes articles of Chapter 90 (measuring/checking instruments).
- **The Cumulative Test:** Relying on the HSN Explanatory Notes, the Appellant demonstrates that a part can only be classified under CTH 8708 if it cumulatively satisfies three conditions: (a) it must not be excluded by Note 2 to Section XVII; (b) it must be suitable for use solely or principally with vehicles; and (c) it must not be more specifically included elsewhere in the Nomenclature.
- **Precedent on Exclusions:** The Appellant relies heavily on *Intel Design Systems India Pvt. Ltd. v. CC*, where the Supreme Court ruled that electrical goods (switches, contactors) used solely in armored vehicles (Chapter 87) must remain in Chapter 85 because they are expressly excluded by Note 2(f) to Section XVII. You cannot use Note 3 to bypass Note 2.

IV. Detailed Classification of Disputed General Parts

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2.3 The Appellant systematically goes through the imported parts, demonstrating how each fails the test for classification under CTH 8708 due to specific exclusions or more specific alternative entries.

A. Parts Excluded by Chapter 85 (Electrical Equipment)

- **Module Park Aid System (Classified under 8531 8000):** This assembly receives inputs from active parking sensors and outputs an audible alarm to warn the driver of proximity hazards. The HSN covers electrical visual or sound signaling apparatus (like alarms) under CTH 8531. Because it is an electrical apparatus, it is excluded from Chapter 87 by Note 2(f) to Section XVII.
- **Motor for Rear Window Wiper assembly (Classified under 8501 1013):** This is an electric motor used within the wiper assembly. Electric motors are specifically covered under CTH 8501. Goods covered by Chapter 85 are excluded by Note 2(f) to Section XVII, regardless of whether they are identifiable for motor vehicles.
- **Arm and Blade Assembly Rear Window Wiper (Classified under 8512 9000):** Windscreen wipers are specifically named in heading 8512. Under Note 2(b) to Section XVI, parts identifiable for use with machines of Chapter 85 must remain classified within their respective headings. Thus, this part is excluded from 8708 by Note 2(f).
- **Horn and Sound Assembly (Classified under 8512 3010):** This is electrical signaling equipment. The HSN Explanatory Notes for 8512 explicitly state that this heading covers "Horns, sirens and other electrical sound signalling appliances" specialized for motor vehicles. Therefore, it is excluded from 8708.
- **Switch Assembly Multiple Function (Classified under 8537 1000):** This is a control panel equipped with apparatus for electric control or distribution. It functions as a multiple switch assembly performing a control function, landing it in Chapter 85 and excluding it from Chapter 87.

B. Parts Excluded as "Parts of General Use" (Chapters 73 and 83)

- **Retainer Jack (Classified under 7318 1900):** This is a threaded metal retainer acting as a fastener in a vehicle jack kit. Note 2 to Section XV defines threaded fasteners as "parts of general use". Note 2(b) to Section XVII explicitly excludes parts of general use from being classified as vehicle parts.
- **Nuts stamped M5 hafnium (Classified under 7318 1600):** Similar to the Retainer Jack, these are basic fastening nuts. According to the HSN Explanatory Notes for CTH 7318, nuts are metal pieces designed to hold bolts in place, rendering them parts of general use excluded from Chapter 87.

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- **Clip Push on Steel (Classified under 7326 9099):** This is a simple push clip used on the car body. It is an article of steel and is not suitable for use *solely or principally* with a motor vehicle, failing the test of Note 3 to Section XVII. Furthermore, the Appellant notes that no duty demand was actually made on these clips in the impugned order.
- **Bracket Switch Multiple Function (Classified under 8302 3090):** This is a base metal mounting used as a bracket to hold a switch. CTH 8302 covers base metal mountings and brackets. As defined in Note 2 to Section XV, articles of heading 8302 are parts of general use, entirely excluding them from Chapter 87.

C. Mechanical Transmission Parts (Chapter 84)

- **Bearing Shaft/Balancer Shaft (Classified under 8483 3000):** The Appellant provides detailed technical literature explaining that a balancer shaft rotates via the crankshaft to cancel out unbalanced dynamic forces and reduce vibrations in IC engines. Note 2(e) to Section XVII states that articles of heading 8483 (transmission shafts, plain shaft bearings) remain in Chapter 84 provided they constitute *integral parts of engines*. The HSN explicitly states that internal transmission parts like crank shafts remain in 8483 even if specialized for motor vehicles, while external transmission parts (like propeller shafts or gear boxes) go to 8708. Since the balancer shaft is strictly an internal engine part, it cannot be classified under 8708.

D. Parts Specifically Included Elsewhere (Chapter 96)

- **Ring Cigarette Lighter Illuminate & Base Assembly Cigarette Lighter (Classified under 9613 9000):** CTH 9613 specifically covers cigarette lighters and their parts. The HSN Explanatory Notes for 9613 expressly state: "The heading also includes lighters for motor cars or other vehicles" and includes their identifiable parts. As they are specifically included elsewhere, condition (c) of the HSN test for 8708 fails.

V. Detailed Classification of Safety Airbags and Parts

2.4 A significant portion of the dispute involves the adjudicating authority's decision to bundle various sensors and switches into Tariff item 8708 9500, which covers the "safety airbag system" as a whole. The authority claimed the HSN Explanatory Notes "missed this vital point" and ignored technical literature. The Appellant counters this by quoting the exact HSN Explanatory Notes for CTH 8708, which draw a very strict technical line:

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"Safety airbags of all types with inflator system... The inflator systems include the igniter and propellant in a container that directs the expansion of gas into the airbag. **The heading excludes remote sensors or electronic controllers, as they are not considered to be parts of the inflator system.**".

2.5 Based on this explicit exclusion, the Appellant defends the classification of individual airbag components:

- **Pad Switch (Switch Assembly Passenger Air Bag Deactivate) (Classified under 8536 5090):** This is a switch that manually turns the passenger airbag off. The HSN Explanatory Notes for Chapter 87 explicitly provide examples of excluded items, specifically mentioning "switches and other electrical apparatus of heading 8535 or 8536".
- **Sensor and Bracket Assembly Air Bag Centre (Classified under 8543 7099):** This part consists of a sensor and a Printed Circuit Board (PCB) mounted together. The sensor detects impact and the PCB receives the electrical signal to initiate inflation. Because it is an apparatus generating electrical signals, it is an electrical machine. Relying on Note 3 to Section XVI regarding composite machines, the Appellant argues it must be classified according to its principal function, which is signal generation, firmly placing it in Chapter 85 (and excluding it from 87).
- **Control Assembly Occupant Restraint System (Classified under 8543 7099):** This module receives commands from crash sensors to deploy airbags and seat belt pre-tensioners, and triggers fuel cut-offs. It acts as the electronic controller for the airbag system. Because electronic controllers are explicitly excluded from 8708 by the HSN notes, it must fall under 8543 as an electrical machine having an individual function not specified elsewhere.
- **Module Assembly Smart Data Link Connect (Classified under 8543 7099):** This is an interface tool that transfers electronic pulses from the control module to a scan tool for on-board diagnostics. Like the restraint control assembly, it is an electronic controller excluded from 8708 and appropriately classified under 8543.
- **Sensor Assembly Side Pressure Bag (Classified under 9026 2000):** This is a highly sensitive pressure sensor with an accelerometer that detects sudden pressure increases in door cavities during side impacts. CTH 9026 specifically covers instruments and apparatus for measuring or checking pressure. Articles of Chapter 90 are unconditionally excluded from Section XVII by Note 2(g).

VI. The Principle of Specific Entry over General Entry

2.6 The Appellant advances the established legal principle that when goods fit the description of a highly specific heading, that specific heading must prevail

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over a broad, general, or residual heading like "parts of motor vehicles" (CTH 8708).

- To support this, the Appellant cites the Supreme Court in *Mauri Yeast India Pvt. Ltd. vs. State of UP*, which held that if there is a conflict between a specific tariff entry and a residuary entry, the specific entry should be preferred.
- Similarly, in *Dunlop India Ltd. & Madras Rubber Factory Ltd. vs. Union of India*, the Supreme Court affirmed that an article classifiable under a specific item cannot be relegated to a residual heading.
- The Appellant also relies on *CCE v. Uni Products India Limited*, where the Supreme Court determined that "car mats" could not be classified under 8708 simply because they are made exclusively for cars. Because they were specifically textile carpets, they were excluded from "parts and accessories" and belonged in Chapter 57. The Appellant argues this perfectly mirrors the current dispute.

VII. The Burden of Proof and Final Conclusion

2.7 The Appellant concludes their grounds of appeal by addressing the legal burden of proof.

- It is a settled position of law that when the Department seeks to reject a classification adopted by an assessee and raise a tax demand, the burden of proving that the new proposed classification is legally correct rests entirely on the Revenue/Department.
- The Appellant asserts that the Ld. Assistant Commissioner completely failed to discharge this burden. The impugned order relied on a flawed interpretation of Note 3 to Section XVII, ignored mandatory exclusions, and failed to produce any expert technical opinion or evidence to justify ignoring the HSN Explanatory Notes.
- The Appellant relies on the Supreme Court ruling in *Warner Hindustan Ltd. v. CCE*, which established that if the classification proposed by the Revenue is legally unsustainable, the case of the Department fails, and they cannot simply invent a new classification at the appellate stage.
- This was further affirmed in tribunal cases like *Pepsico Holdings Pvt. Ltd. v. CCE* and *M/s. Sunrise Traders & ors. v. CC*, which ruled that if the classification proposed by the Revenue is incorrect, the classification claimed by the assessee must sustain.

2.8 Therefore, because the Ld. Assistant Commissioner's attempt to classify all the diverse, technically specific, and explicitly excluded parts under CTH 8708 is legally untenable and contradicts statutory Section Notes, the impugned order

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must be set aside, and the original classifications filed by the Appellant in the Bills of Entry must be upheld.

3. PERSONAL HEARING:

Opportunity of personal hearing was granted to the Appellant. Ms Surbhi Chandani, Advocate, appeared for personal hearing on 21.05.2026 wherein she re-iterated written submission filed during the appeal and made additional submission. She requested to set aside the OIO with consequential relief.

4. DISCUSSION AND FINDINGS:

4.1 The date of the impugned order is 30.06.2023 and the date of filing appeal by the Appellant is 15.09.2023 thus, based on the above dates, I find that the Appellant had the appeal well within the time period of 60 days prescribed under the provisions of Section 128 of the Customs Act, 1962.

4.2. I find that the Appellant has already paid all the duty under protest thus there is no question of pre-deposit of 7.5% of duty demanded as prescribed under Section 129E of the Customs Act, 1962.

4.3 The Customs Office, Pipavav was requested for submission of comments of the appeal filed by the Appellant vide letter dated 20.09.2023 but no comments have been received by this office till date therefore, I am taking up the issue for decision based on the facts of the case and documentary evidence available on record.

4.4 I have carefully gone through the case records, show cause notice and corresponding order passed by the adjudicating authority and the defense put forth by the Appellants in their appeal. The fundamental issue to be determined is whether the various imported parts, components, and equipment which are admittedly imported for captive use in the manufacture of Ford motor vehicles are to be classified under their respective generic material/functional chapters (such as Chapters 73, 83, 84, 85, 90, and 96) as claimed by the Appellant, or whether they merit classification as specialized automotive components under Customs Tariff Heading (CTH) 8708 ("Parts and accessories of the motor vehicles of headings 87.01 to 87.05") as held by the Adjudicating Authority. The details of imported items are tabulated as under

Sl.No.	Description of imported goods	Items classification claimed by importer	Classified by the department

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1	Module Park Aid System	85318000	87089900
2	Retainer Jack	73181900	87089900
3	Motor Assembly Rear Window Wiper	85011013	87089900
4	Arm and Blade Assembly Rea Window Wiper	85129000	87089900
5	Bearing Shaft/Rod/Cap/Etc.	84833000	87089900
6	Nuts stamped MS hafnium	73181600	87089900
7	Clip Push on Steel	73269090	87089900
8	Horn and Sound (support) Assembly	85123010	87089900
9	Bracket Switch Multiple Function /plate assembly etc.	85371000	87089900
10	Bracket Switch Multiple Function/plate assemble etc.	83023090	87089900
11	Ring Cigarette Lighter Illuminate	96139000	87089900
12	Base Assembly Cigarette Lighter	96139000	87089900
13	Pad Switch (Switch Assembly)	85365090	87089500
14	Remote Sensor unit(Sensor and Bracket Assembly Air Bag Centre)	85437099	87089500
15	Electronic Control Unit (Control Assembly Occupant Restraint System)	85437099	87089500
16	Mod Asy-Smart Dat Lnk Con(Module assembly Smart Data Link Connect)	85437099	87089500
17	Remote Sensor unit (Sensor Assembly side passenger Air Bag)	90232000	87089500

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4.5 I observe that the Appellant has vehemently argued that the impugned order fundamentally misinterprets the General Rules for Interpretation (GRI), specifically GRI 1, which mandates that classification must be determined according to the terms of the headings and any relative Section or Chapter Notes. The Appellant has placed heavy reliance on the interplay between Note 2 and Note 3 to Section XVII of the Customs Tariff. Note 2 explicitly lists items that are excluded from being classified as "parts" or "parts and accessories" under Section XVII (which includes Chapter 87), such as "parts of general use" (Note 2(b)), machinery of Chapter 84 (Note 2(e)), electrical machinery of Chapter 85 (Note 2(f)), and measuring instruments of Chapter 90 (Note 2(g)). The Appellant contends that Note 3 (which deals with parts used "solely or principally" with vehicles) can only be applied to items that are not already excluded by Note 2.

4.6 Further upon perusal of the impugned order, I find that the Adjudicating Authority has largely bypassed the mandatory exclusionary clauses of Note 2 to Section XVII. The authority seems to have applied a circular logic, relying almost exclusively on the "end-use" of the goods (i.e., being used in Ford cars) to justify classification under CTH 8708 via Note 3. It is a settled principle of tariff interpretation that an exclusionary Section Note (Note 2) overrides a general inclusive Note (Note 3). The Adjudicating Authority erred by not individually testing each imported item against the exclusions mandated by Note 2.

4.7 Furthermore, I find a glaring lack of technical scrutiny in the impugned order. The Appellant submitted specific technical literature, HSN Explanatory Notes, and engineering reports for various items. For instance:

- **Airbag Components:** The Appellant pointed out that the HSN Explanatory Notes for CTH 8708 explicitly exclude "remote sensors or electronic controllers" from being classified as parts of an airbag inflator system, directing them to Chapter 85 or 90. Yet, the Adjudicating Authority bundled items like the 'Sensor Assembly' and 'Electronic Control Unit' into CTH 8708.9500 without addressing this specific HSN exclusion.
- **Parts of General Use / Specific Machinery:** Items like Jack Retainers (Ch 73), Wiper Motors, and Park Aid Modules (Ch 85) were reclassified without examining whether they constitute "parts of general use" or "electrical machinery" possessing independent functions, which would statutorily bar them from Chapter 87.

4.8 I also opine that the Adjudicating Authority dismissed the HSN Explanatory Notes merely as "guiding factors," which contradicts the established legal jurisprudence. The Hon'ble Supreme Court in cases like *Wood Craft Products Ltd.* and *O.K. Play (India)* has repeatedly held that the HSN is a safe and

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highly persuasive guide for classification, and cannot be brushed aside arbitrarily without bringing on record contrary technical or expert evidence.

4.9 Furthermore, I find substantial force in the Appellant's contention regarding the burden of proof. It is a trite law and a well-established tenet of Customs jurisprudence that the *onus probandi* rests strictly upon the Revenue when it seeks to disturb the classification adopted by an assessee and proposes an alternate classification to fasten a higher duty liability. The Appellant in the present case filed the Bills of Entry adopting specific classifications fortified by statutory Section Notes and HSN Explanatory Notes. In such a scenario, the Department is legally obligated to establish that its proposed residual classification under CTH 8708 is not merely a possible alternative, but the sole, legally correct, and factually superior entry. Merely asserting the "end-use" theory that the goods are exclusively used in motor vehicles is grossly insufficient to discharge this statutory burden, particularly when the Tariff Schedule provides specific functional headings for these distinct items. By summarily rejecting the Appellant's classification without controverting their detailed technical submissions, product literature, and reliance on binding Apex Court precedents such as *Intel Design Systems India Pvt. Ltd.* (which squarely adjudicates the overriding nature of Note 2(f) to Section XVII), the Adjudicating Authority has effectively passed a non-speaking order. The failure to return categorical findings on the technical evidence and legal arguments advanced by the Appellant renders the impugned order legally deficient and procedurally unsustainable."

4.10 The principles of natural justice require that an adjudicating authority must deal with all substantial arguments, case laws, and documentary evidence presented by an assessee. A blanket re-classification of 17 distinct technical commodities under a single heading, without a discrete, item-by-item technical analysis and application of the corresponding Chapter/Section Notes, renders the order legally unsustainable. I also find that the principle of natural justice is not adhered in the present case as the Adjudicating Authority has failed to distinguished all the facts and submission made by the Appellant which are required for proper classification of the goods imported by the Appellant.

4.11 Accordingly, in the interest of justice and in order to ensure compliance with the principles of natural justice, I deem it appropriate to remand the matters to the adjudicating authority under Section 128A (3) of the Customs Act, 1962. In this regard, reliance is placed upon the judgment of the Hon'ble Gujarat High Court in Medico Labs [2004 (173) E.L.T. 117 (Guj.)], the judgment of the Hon'ble Bombay High Court in Ganesh Benzoplast Ltd. [2020 (374) E.L.T. 552 (Bom.)],

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and the decisions of the Hon'ble Tribunal in Prem Steels Pvt. Ltd. [2012-TIOL-1317-CESTAT-DEL] and Hawkins Cookers Ltd. [2012 (284) E.L.T. 677 (Tri.-Del.)], wherein the appellate authority's power to remand under Section 128A(3) of the Customs Act, 1962 has been recognized.

5. In view of the foregoing discussion, the appeals are allowed by way of remand. The impugned orders are set aside and the cases are remanded to the Adjudicating Authority for de-novo adjudication in accordance with law after giving opportunity of personal hearing to the Appellant following the principle of natural justice. It is expressly clarified that no opinion or views have been expressed on the merits of the case.



Vishwajeet Singh
22.10.2026.

(Vishwajeet Singh)
Commissioner (Appeals),
Customs, Ahmedabad

F. No. S/49-87/CUS/JMN/2023-24

By Registered post A.D/Email

M/s Ford India Private Limited, Revenue Survey No. 6, Village North Kotpura, Taluka; Sanand, Ahmedabad 382170

Copy to,

1. The Chief Commissioner of Customs, Gujarat, Custom House, Ahmedabad. (email: ccoahm-guj@nic.in).
2. The Commissioner, Customs (Prev), Jamnagar.
3. The Deputy/Assistant Commissioner, Custom Division, Pipavav
4. Guard File