		प्रधान आयुक्त का कार्यालय, सीमा शुल्क सदन, मुन्द्रा **OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS,** **CUSTOM HOUSE: MUNDRA, KUTCH** **MUNDRA PORT & SPL ECONOMIC ZONE,** **MUNDRA-370421** ई-मेल/ E-Mail: group5-mundra@gov.in
A	फा /.सं .FILE NO.	CUS/APR/SCN/954/2023-Gr 5-6-O/o Pr Commr-Cus-Mundra
B	मूल आदेश सं. ORDER-IN- ORIGINAL NO.	MCH/ADC/ZDC/ 189 /2026-27
C	द्वारा पारित किया गया PASSED BY	**Dipak Zala,** Additional Commissioner of Customs, Custom House, Mundra
D	आदेश की तिथि DATE OF ORDER	15-06-2026
E	जारी करने की तिथि DATE OF ISSUE	15-06-2026
F	कारण बताओ नोटिस संतिथि एवं . SCN NO. & DATE	CUS/APR/SCN/954/2023-Gr 5-6-O/o Pr Commr-Cus-Mundra dated 08.12.2023
G	नोटिसीआयातक / पार्टी/ NOTICEE/PARTY/ IMPORTER	1. M/s. V.K. Impex 188, Sindhi Colony, Bani park, Jaipur-302016 and 2. M/s. Maxim E-Vehicle, 44km Milestone, Delhi-Rohtak Road, Rohad124501

1. यह अपील आदेश संबन्धित को नि:शुल्क प्रदान किया जाता है।
   This Order - in - Original is granted to the concerned free of charge.

2. यदि कोई व्यक्ति इस अपील आदेश से असंतुष्ट है तो वह सीमा शुल्क अपील नियमावली 1982 के नियम 6(1) के साथ पठित सीमा शुल्क अधिनियम 1962 की धारा 128 के अंतर्गत पूपत्र सीए3-में चार पूतियों में नीचे बताए गए पते पर अपील कर सकता है-
   Any person aggrieved by this Order - in - Original may file an appeal under Section 128 of Customs Act, 1962 read with Rule 3 of the Customs (Appeals) Rules, 1982 in quadruplicate in Form C. A. -1 to:

   "सीमा शुल्क आयुक्त) अपील(, चौथी मंजिल, हुडको बिल्डिंग, ईश्वर भुवन रोड, नवरंगपुरा, अहमदाबाद 380009"

   "The Commissioner of Customs (Appeals), Mundra, 4TH Floor, Hudco Building, Ishwar Bhuvan Road, Navrangpura, Ahmedabad-380009."

3. उक्त अपील यह आदेश भेजने की दिनांक से तीन माह के भीतर दाखिल की जानी चाहिए।
   Appeal shall be filed within three months from the date of communication of this order.

4. उक्त अपील के पर न्यायालय शुल्क अधिनियम के तहत 5 -/रुपए का टिकट लगा होना चाहिए और इसके साथ निम्नलिखित अवश्य संलग्न किया जाए -

Appeal should be accompanied by a fee of Rs. 5/- under Court Fee Act it must accompanied by –

5. उक्त अपील पर न्यायालय शुल्क अधिनियम के तहत 5/- रूपये कोर्ट फीस स्टाम्प जबकि इसके साथ संलग्न आदेश की प्रति पर अनुसूची-1, न्यायालय शुल्क अधिनियम, 1870 के मदसं॰-6 के तहत निर्धारित 0.50 पैसे की एक न्यायालय शुल्क स्टाम्प वहन करना चाहिए।

The appeal should bear Court Fee Stamp of Rs.5/- under Court Fee Act whereas the copy of this order attached with the appeal should bear a Court Fee stamp of Rs.0.50 (Fifty paisa only) as prescribed under Schedule-I, Item 6 of the Court Fees Act, 1870.

6. अपील ज्ञापन के साथ ड्यूटि/ दण्ड/ जुर्माना आदि के भुगतान का प्रमाण संलग्न किया जाना चाहिये। Proof of payment of duty/fine/penalty etc. should be attached with the appeal memo.

7. अपील पूस्तुत करते समय, सीमाशुल्क (अपील) नियम, 1982 और सीमा शुल्क अधिनियम, 1962 के सभी मामलों में पालन किया जाना चाहिए।

While submitting the appeal, the Customs (Appeals) Rules, 1982 and the Customs Act, 1962 should be adhered to in all respects.

8. इस आदेश के विरुद्ध अपील हेतु जहां शुल्क या शुल्क और जुर्माना विवाद में हो, अथवा दण्ड में, जहां केवल जुर्माना विवाद में हो, Commissioner (Appeals) के समक्ष मांग शुल्क का 7.5% भुगतान करना होगा।

An appeal against this order shall lie before the Commissioner (A) on payment of 7.5% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.

BRIEF FACTS

M/s. V.K. Impex (IEC: BWPPG0820G), 188, Sindhi Colony, Bani park, Jaipur-302016 and M/s. Maxim E-Vehicle (IEC: ABRFM5385N), 44km Milestone, Delhi-Rohtak Road, Rohad124501 (hereinafter referred to as "the Importers" for the sake of brevity) are engaged in import of e-scooters/e-bikes in CKD condition by declaring the imported goods as parts and components of e-scooters/ e-bikes and classifying the same under Chapter Tariff Heading (CTH) 8714 of Custom Tariff Act, 1975.

2. DRI has issued alert circular No. 06/2022-CI dated 10.10.2022, wherein *it was informed that parts and accessories of these vehicles are classifiable under CTH 8714 and are leviable to tariff rate of BCD @ 15%/20%. In terms of CBIC Notification No. 50/ 2017-Cus. Dated 30.06.2022 (Sr. No. 531A), effective rate of duty on these goods under CTH 8711 is in the range of 15%/25%/50% depending upon the extent of assembly of these goods at the time of importation, whereas effective rate of BCD on import of their parts & accessories under CTH 8714 is 15% vide Sr. No. 532 of the said notification. Thus, rate of BCD leviable on import of electric vehicle parts in any condition mentioned at Sr. No. 1(b) and 2 of entry 531A of the notification No. 50/ 2017-cus. dated 30.06.2017 (i.e. 25%/50%) is higher than that leviable on import of their parts and accessories (i.e. 15%)*.

2.1 In pursuance of the said circular, Bills of Entry 2879794 dated 14.10.2022 & 2880450 dated 14.10.2022 filed b y M/s. V.K. Impex & M/s. Maxim E-Vehicle

respectively by declaring the goods as Electric Scooter Spare Parts and classifying the same under Heading 8714 of Custom Tariff Act, 1975, which attracts Basic Customs duty @ 15% were put on hold and both consignments examined under panchnamas dated 20.10.2022 by the officers of SIIB, in the presence of representatives of Customs Broker, empanelled Chartered Engineer, representatives of CFS and Importer. It may be pointed out that the examination of the consignment revealed that barring the Tyres, Battery and Charger, all other components required for the functioning of an Electric Scooter are present in the import consignment. The details of the said Bills of entry are as tabulated below:-

Table-I

Sr. no.	Importer Name	Bill of Entry and date	Customs Broker	Declared assessable value	Total declared duty (@of 15% under HS code 8714)	Date of Examination/ Panchnama
1.	M / s . V.K. Impex	2879794 dated 14.10.2022	M/s. Abhay Narayan Singh	29,59,958	14,53,931/-	20-10-2022
2.	M/s. Maxim E-Vehicle	2880450 dated 14.10.2022	M/s. Abhay Narayan Singh	25,85,963	12,70,226/-	20-10-2022

2.2 During the examination of the goods and scrutiny of documents in both the Bill of Entries, it is observed that the importers have declared the goods under Heading 8714: @ 15% rate of BCD. On the basis of physical examination of cargo and import documents, it is observed that parts of e-scooter/e-bikes are being imported as sets of equal quantities required for assembling a particular quantity of e-scooter. All the parts lend the essential character to the e-scooter such as Motors, Frame, Display, Converter, Chassis etc. Hence, it appears that Importers have misdeclared the goods under chapter heading 8714 instead of 8711 and thus attempted to evade Customs Duty. The goods appear to be rightly classifiable under chapter heading of 8711. The duty structure on e-bike/e-scooter parts in Knocked down condition imported by importers i.e. M/s. V.K. Impex & M/s. Maxim E-Vehicle appears to fall under sr. no. 531A(2) of notification No. 50/ 2017-cus. dated 30.06.2017 where standard rate of Customs Duty is 50%.

3. Whereas, both the consignments were examined by Officers of SIIB, Customs, Mundra Port, Mundra on 20.10.2022 and during investigation, statement of Proprietor of importer i.e M/s. V. K. Impex was recorded wherein he stated that they import the evehicles parts and sell these parts to manufacture i.e. M/s. Maxim E-vehicle. It appears that both the importers i.e. M/s. V. K. Impex & M/s. Maxim E-vehicle are importing the almost 80% to 90% parts of E-vehicle of Maxim Brand to make total number of 335 E-vehicles. It appears that one importer is importing some parts and another is importing remaining parts of same Brand i.e. Maxim. When the parts of both importers are combined then 80% to 90% complete e-vehicle can be assembled. During the course of the examination, it was revealed that the consignment contained almost 80% to 90% of the components to assemble and enable the E-Scooter's functioning are present in the consignments.

4. Whereas, the said goods appear to be classifiable under Heading 8711 attracting duty@ 50% ad-valorem, as per Rule 2(a) of General Rules of interpretation for Import Tariff, as it could be noticed that the goods declared as parts of E-Bike, if assembled make almost 80% to 90% of a complete E-bike.

5. Whereas, it may be noted that as per policy Condition 2(d) of Chapter 87, the import of new vehicles shall be permitted only through the Customs port at Nhava Sheva, Kolkata, Chennai and Chennai Airport, Cochin, ICD-Tughlakabad and Delhi Air Cargo, Mumbai Port and Mumbai Air Cargo Complex, ICD Talegaon Pune. Thus, disabling the Importing to make such imports from the port of Mundra and at the same time, import of a bike under the guise of parts attracts Customs duty on a lower side i.e. 15%.

6. Whereas, the said Importers have suppressed that the goods i.e. declared e-bike parts of the instant import contain almost 80% to 90% of a complete Electric vehicle and has made both imports with an intent to evade payment of appropriate Customs Duty leviable and also contravened port restriction policy in terms of Chapter notes to Chapter 87 of ITC (HS) of FTP 2015-2020.

7.1 Whereas, Rule 2(a) of General Rules of Interpretation for Import Tariff provides that–

> *"Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or falling to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled."*

7.2 Whereas, the Explanatory Notes of Chapter 87 explains that –

> *"An incomplete or unfinished vehicle, whether or not assembled, is classified as the corresponding complete or finished vehicle* ***provided*** *it essential character of the latter {see General Interpretative Rule 2(a)} as for example:*
>
> A. *A motor vehicle, not yet fitted with the wheels or tyres and battery*
> B. *A motor vehicle not equipped with its engine or with its interior fittings*
> C. *A bicycle without saddle and tyres."*

7.3 Based on the above, the goods imported under both Bill of Entries mentioned in Table- I, having total assessable value of Rs. 55,45,921/- were seized under Seizure Memo dated 25-03-2023 bearing DIN 20230171MO000000F80C (BE no.-2879794 dated 14.10.2022) and 20230171MO0000333CCC4 (BE no. 2880450 dated 14.10.2022) and further, on request of the Importers the impugned goods were released provisionally on submission of requisite Bond and Bank Guarantee. As approved by the competent authority, in respect of Bill of Entry No. 2879794 dated 14.10.2022, M/s. V. K. Impex furnished a bond of Rs. 29,59,958/- along with a Bank Guarantee bearing No. M54GPGE230215002 dated 21.01.2023 of Rs. 8,00,077/-. Similarly, in respect of Bill of Entry No. 2880450 dated 14.10.2022, M/s. Maxim E-Vehicle furnished a bond of Rs.

25,85,963/- along with a Bank Guarantee bearing No. 6298NDDG00034423 dated 20.01.2023 of Rs. 7,00,000/-. Consequently, the goods were released provisionally and the said Bills of Entry were assessed provisionally.

INVESTIGATIONS IN THE CASE MATTER: -

8.1 Whereas, Notification no. 01/2020-Cus dated 02-02-2020 notifies the effective date of implementation of rate of duty in respect of electric vehicles. Relevant portion is reproduced hereunder for ready reference:

"(53) against S. No 525, in column (3), -

(a) against sub-item(a) of item (1), for the entry in column (4), the entry "15%" shall be substituted with effect from the 1stday of April, 2020;
(b) against sub-item (b) of item (1), for the entry in column (4), the entry "25%" shall be substituted with effect from the 1stday of April, 2020;
(c) against item (2), for the entry in column (4), the entry "40%" shall be substituted with effect from the 1stday of April, 2020;

(54) against S. No. 526A, in column (3), -
(a) against sub-item (a) of item (1), for the entry in column (4), the entry "15%" shall be substituted with effect from the 1stday of April, 2020;
(b) against sub-item (b) of item (1), for the entry in column (4), the entry 30%" shall be substituted with effect from the 1st day of April, 2020;

(55) against S. No. 531A, in column (3), -

(a) against sub-item (a) of item (1), for the entry in column (4), the entry "15%" shall be substituted with effect from the 1stday of April, 2020;
(b) against sub-item (b) of item (1), for the entry in column (4), the entry "25%" shall be substituted with effect from the 1stday of April, 2020;"

8.2 The references mentioned in the reproduced notification no. 1/2020-Cus at above paragraph is reproduced here under. The references reproduced are the relevant portions of Notification no. 2/2022-Cus dated 01-02-2022.

(140) for S. No 531A and the entries relating thereto, the following S. No. and entries shall be substituted, namely:-

(1)	(2)	(3)	(4)	(5)	(6)
"531A.	8711	Electrically operated vehicles, if imported,-		-	-";
		(1) incomplete or unfinished, as a knocked down kit containing necessary components, parts or subassemblies for assembling a complete vehicle, including battery pack, motor, motor controller, charger, power control unit, energy monitor, brake system, - -"; whether or not individually pre-assembled, with, –			
		a. none of the above components, parts or subassemblies inter-connected with each other and not mounted on a chassis	15%		
		b. any of the above components, parts or subassemblies inter-connected with each other but not mounted on a chassis	25%		
		(2) in a form other than (1)	50%		

		Explanation. *– For the removal of doubts, the exemption contained in the items (1)(a) and (1)(b) of this entry shall be available, even if one or more of the components, parts or subassemblies required for assembling a complete vehicle are not imported in the kit, provided that the kit as presented, is classifiable under the heading 8711 of the Customs Tariff Act, 1975 as per the general rules of interpretation.”; 15% 25% 50%*			

9. The importer, M/s. V. K. Impex & M/s. Maxim E-Vehicle have imported the parts/sub-assemblies from M/s. Yiwu Vanthous Imp & Exp Co. Ltd. & Yiwu Harvest Import and Export Co. Ltd. China respectively. Summons were issued to both the importers i.e. M/s. V. K. Impex & M/s. Maxim E-vehicle to appear on 09.11.2022 for further investigation. Shri Kartik Golani, authorized representative of M/s V. K. Impex appeared for his voluntary statement on 09.11.2022. During statement he stated as under:

> *Their firm M/s. V. K. Impex is engaged in importation of Electric Scooters parts for trading purpose and supply it to M/s. Maxim E-Vehicle. They import parts of escooter and main components like Chassis, Motor and other plastic items etc. They are not engaged in manufacturing/ assembling of Electric Scooter.*

Further, Shri Atul Chachan, authorized representative of M/s. Maxim E-vehicle appeared for his voluntary statement on 09.11.2022. During statement he stated as under:

> *Their firm M/s. Maxim E-vehicle is engaged in manufacturing/ assembling of Electric Scooter for sale in India. They import parts of e-scooter and main components like Chassis, Motor and other plastic items etc. After buying some parts from local supplier, they manufacture complete e-scooter of Maxim Brand of Model viz. Sprint, Fusion, Chooper and Stream.*

On being asked about mis-classification of goods in shipments under Heading 8714 whereas the goods are having the essential characteristics of finished article. Based on the essential characteristics of the goods, goods are rightly classifiable under chapter Heading 8711. Both the representatives of importers stated that they have imported spare parts and components for electric two-wheeler and they understand that these components and spare parts classify under the Heading 8714 and they are not agreed to classify the goods under heading 8711 and requested to release the goods provisionally under Bond and with some amount of BG under protest.

10. Based on voluntary statement given by representatives of the M/s. V. K. Impex and M/s. Maxim E-vehicle, it is revealed that importer is not ready to re-assess the Bills of Entry under Heading 8711 with sr. no. 531A(2) (where standard rate of BCD 50%) and also requested to release the shipment provisionally under bond and Bank Guarantee.

INVESTIGATION CONDUCTED: -

11. Whereas, it appears that the E-scooters/ E-bikes in CKD form imported by both theimporters M/s. V. K. Impex and M/s. Maxim E-vehicle have been mis-declared as "Electric Scooter Spare Parts" and mis-classified as parts of e-bike/ e-scooter under CTH 8714.

12. Whereas, explanation of HSN explanatory notes (relevant extract shown above), it transpires that even if the bike is imported without fitted with the wheels or tyres and battery, it merits classification as the corresponding complete or finished vehicle provided it has the essential character of the E-bike/ E-scooter, within the ambit of Rule 2(a) of General Rules for Interpretation of Import Tariff.

13. Whereas, on the reasonable belief that the importers had imported the parts and components of e-bike by mis-declaring and mis-classification the said goods under heading 8714, instead of correct heading 8711 meant for e-bike and for the reason of port restriction of said imported goods, the subject goods imported under Bills of Entry mentioned in Table-I by M/s. V. K. Impex and M/s. Maxim E-vehicle were seized under Seizure Memo 17-012023 with directions to not deal with, temper with or otherwise dispose of the said goods without obtaining the prior permission from the SIIB Section, Customs House, Mundra.

14. Whereas, investigations revealed that they imported a consignment which could assemble and make almost 80% to 85% of numerous e-Scooters under the guise of spare parts. The consignment did not have any Chargers and Tyres required for an e-Scooter.

15. Whereas, Notification No. 30/2009-2014 dated 10-02-2010 made the following amendments to the Import Licensing Note No. 2(II)(d) under Chapter 87. The relevant amendment is as under:

> *"The import of new vehicles shall be permitted only through the Customs port at Nhava Sheva, Kolkata, Chennai and Chennai Airport, Cochin, ICDTughlakabad and Delhi Air Cargo, Mumbai Port and Mumbai Air Cargo Complex , ICD Talegaon Pune."*

16. Whereas in view of the above licensing notes to Chapter 87 ITC (HS) of Import Policy, import of new vehicles is restricted from the Port of Mundra thus, the Importer tried to import it as e-Scooter spare parts.

17. Whereas, the differential duty applicable on the goods after classifying the goods under CTH 87116020, categorically under Serial No. 531A(2) of Notification No. 50/2017-Cus dated 30-06-2017 is as under:

Table-II

SR NO	**BOE**	**Date**	Assessable value (in ₹)	**TOTAL DUTY In Bills of Entry (under CTH 87141090 @ BCD:15% & IGST:28%) (in RS.)**	**Revised Total Duty under CTH 87116020 with Notf. 50/2017 Sr. No. 531A (2)(@ BCD:50% & IGST:5%) (in Rs.)**	**TOTAL RECOVERABLE AMOUNT (in RS.)**

1	2879794	14.10.2022	29,59,958/-	14,53,931/-	18,57,374/-	4,03,443/-
2	2880450	14.10.2022	25,85,963/-	12,70,226/-	16,22,692/-	3,52,466/-
Total			**55,45,921/-**	**27,24,157/-**	**34,80,066/-**	**7,55,909/-**

MAIN LEGAL PROVISIONS UNDER CUSTOMS ACT, 1962 APPLICABLE IN THE CASE:

18. The following legal provisions appear applicable in the instant case:

Section 46 (4) of the Customs Act, 1962:

(4) The importer while presenting a bill of entry shall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, [and such other documents relating to the imported goods as may be prescribed].

(4A) The importer who presents a bill of entry shall ensure the following, namely:-

a. *the accuracy and completeness of the information given therein;*
b. *the authenticity and validity of any document supporting it; and;(c) compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.*

Explanatory Notes of Chapter 87 explains that –

"An incomplete or unfinished vehicle, whether or not assembled, is classified as the corresponding complete or finished vehicle ***provided*** *it essential character of the latter {see General Interpretative Rule 2(a)} as for example:*

A. *A motor vehicle, not yet fitted with the wheels or tyres and battery*
B. *A motor vehicle not equipped with its engine or with its interior fittings* C. *A bicycle without saddle and tyres."*

Rule 2(a) of General Rules of Interpretation for Import Tariff:

"Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that as presented, the incomplete or unfinished articles has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or falling to be classified as complete or finished by virtue of this rule), presented unassembled or disassembled. "

Section 111 of the Customs Act, 1962

Confiscation of improperly imported goods, etc. The following goods brought from a place outside India shall be liable to confiscation.

(d) any goods which are imported or attempted to be imported or are brought within the Indian customs waters for the purpose of being imported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force;

(m) [any goods which do not correspond in respect of value or in any other particular] with the entry made under this Act or in the case of baggage with the declaration made under section 77 2[in respect thereof or in the case of goods under transhipment, with the declaration for transhipment referred to in the proviso to sub-section (1) of section 54];

Section 112 of the Customs Act, 1962:

Penalty for improper importation of goods, etc
Any person,--

a. *who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 111, or abets the doing or omission of such an act, or*
b. *who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111,*

shall be liable,--

i. *in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty 1[not exceeding the value of the goods or five thousand rupees], whichever is the greater;*
ii. *in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher:*

Provided *that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent. of the penalty so determined;]*

iii. *in the case of goods in respect of which the value stated in the entry made under this Act or in the case of baggage, in the declaration made under section 77 (in either case hereafter in this section referred to as the declared value) is higher than the value thereof, to a penalty 4[not exceeding the difference between the declared value and the value thereof or five thousand rupees], whichever is the greater;*
iv. *in the case of goods falling both under clauses (i) and (iii), to a penalty 5[not exceeding the value of the goods or the difference between the declared value and the value thereof or five thousand rupees], whichever is the highest;*
v. *in the case of goods falling both under clauses (ii) and (iii), to a penalty 6[not exceeding the duty sought to be evaded on such goods or the difference between the declared value and the value thereof or five thousand rupees], whichever is the highest.*

The Foreign Trade (Development and Regulations) Act 1992
Section 3: *Powers to make provisions relating to Imports and exports - (l) The Central Government may, by Order published in the Official Gazette, make provision for the development and regulation of foreign trade by facilitating imports and increasing exports.*

2. *The Central Government may also, by Order published in the Official Gazette, make provision for prohibiting, restricting or otherwise regulating, in all cases or in specified classes of cases and subject to such exceptions, if any, as may be made by or under the Order, the [import or export of goods or services or technology]*

3. *All goods to which any Order under sub-section (2) applies shall be deemed to be goods the import or export of which has been prohibited under Section 11 of the Customs Act, 1962 (52 of 1962) and all the provisions of that Act shall have effect*

accordingly.

Section 11 of the Customs Act, 1962:
Contravention of provisions of this Act, Rules, Orders and Foreign Trade Policy –

(1) No export or import shall be made by any person except in accordance with the provisions of this Act, the rules and orders made thereunder and the foreign trade policy for the time being in force.

Foreign Trade Regulations Rules, 1993

Rule 11 - Declaration as to value and quality of imported goods:

On the importation into, or exportation out of, any customs ports of any goods, whether liable to duty or not, the owner of such goods shall, in the bill of entry or the shipping bill or any other documents prescribed under the Customs Act, 1962, state the value, quality and description of such goods to the best of his knowledge and belief and in case of exportation of goods, certify that the quality and specification of the goods as stated in those documents are in accordance with the terms of the export contract entered into with the buyer or consignee in pursuance of which the goods are being exported and shall subscribe to a declaration of the truth of such statement at the foot of such bill of entry or shipping bill or any other documents.

Wilful misstatement and suppression of facts by M/s V.K. Impex & M/s Maxim E-Vehicles:

19. Whereas, Section 17 of the Customs Act, 1962 provides for self-assessment of duty on import and export goods by the importer or exporter himself by filing a Bill of Entry or Shipping Bill, as the case may be, in the electronic form, as per Section 46 or 50 of the Customs Act, 1962, respectively. Thus, under self-assessment, it is the importer or exporter who will ensure that he declares the correct classification, applicable rate of duty, value, benefits of exemption notifications claimed, if any, in respect of the imported / export goods while presenting Bill of Entry or Shipping Bill.

20. In terms of Section 46 (4) of the Customs Act, 1962, the importer is required to make a declaration as to truth of the contents of the Bill of Entry submitted for assessment of Customs duty. Both the importers, M/s. V. K. Impex and M/s. Maxim E-vehicle had wilfully mis-declared the goods as "E-Scooter Spare parts" whereas the goods were "E-Bikes / E-Scooters in CKD form" and also misstated the Tariff Classification of the said goods imported by them as 8714 instead of 8711. Thus, the duty appears to have been short levied and short paid by wilfully mis-declaring the description of goods as "E-Scooter Spare parts" and misstating the Customs Tariff heading as 8714 as against the applicable Customs Tariff Heading of 87116020 for the discharge of duty payable. Hence it appears that the duty amount is required to be recovered by way of re-assessment.

21. Thus, it appears that the classification of the goods under the Customs tariff heading 8714 claimed by both the importers, M/s. V. K. Impex and M/s. Maxim E-vehicle is required to be rejected and the said goods as detailed in Bills of Entry filed by both the

importers are required to be correctly re-classified under Customs Tariff Heading 87116020 and charged to duties accordingly. Accordingly, the differential Customs Duty amounting to Rs. 4,03,443/- (Rupees Four Lakh Three Thousand Four hundred and Forty three Only) against Bill of Entry 2879794 dated 14.10.2022 and Rs. 3,52,466/- (Rupees Three Lakh Fifty-Two Thousand Four Hundred Sixty-Six Only) against Bill of Entry 2880450 dated 14.10.2022 is as much as the duty is short paid on account of wilful misstatement as narrated above. Further, the interest at the prescribed rate is also liable to be recovered from them. Also, both the importers M/s. V. K. Impex and M/s. Maxim Evehicle have rendered themselves liable to penalty under Section 112 of the Customs Act, 1962.

22. Whereas, it further appears that the goods i.e., 'E-Bikes /E-Scooters in CKD form' as detailed in the Bills of Entry filed by both the importers were imported by resorting to mis-declaration and mis-classification by way of wilful misstatement in the Bills of Entry filed under Section 46 of the Customs Act, 1962, before the designated authority of Customs. The goods having assessable value of both the Bills of Entry Rs. 55,45,921/- (Rupees FiftyFive Lakh Forty-five Thousand Nine hundred and twenty-One Only) as detailed in Bills of Entry mentioned in Table-II appears liable to confiscation under the provisions of Section111(m) of the Customs Act, 1962.

23. Whereas, both the importers, M/s. V. K. Impex and M/s. Maxim E-vehicle appears to have mis-declared the description of the goods imported by them as `Parts' instead of "ebike/e-scooter in CKD condition". Further, it appears that both the importers deliberately devised fraudulent modus to mis-declare the CKD condition parts of e-bikes/e-scooters and tried to get these goods cleared from the port to hide the actual import of an e-bike/escooter. Both the Importers also violated the policy Condition 2(d) of Chapter 87, wherein it stipulates that the import of new vehicles shall be permitted only through the Customs port at Nhava Sheva, Kolkata, Chennai and Chennai Airport, Cochin, ICD-Tughlakabad and Delhi Air Cargo, Mumbai Port and Mumbai Air Cargo Complex, ICD Talegaon Pune. It appears that to evade Customs duty and also to avoid various conditions of licensing notes to chapter 87 of ITC (HS) of FTP 2Ol5-2O20, the importer started the above fraudulent modus operandi deliberately as can be evident from their method declaring the import as Spare Parts of E-Scooters/ E-Bikes resulting an attempt to mislead the Customs department and to bypass the provisions of Interpretations of Rule 2(a) of General rules of interpretation for Import Tariff. Thus, it appears that both the importers knowingly or with an intention made, signed or used false declaration, statement or document which appears to be false or incorrect in material particular, in the transaction of above import business for the purposes of the Customs Act in the Bills of Entry filed by them before the Indian Customs. By their acts of omission and commission it appears that they have rendered the goods imported by them under the above referred Bills of Entry mentioned in Table above liable for confiscation under Section 111(d) & Section 111(m) of the Customs Act, 1962. Further, they also appear to have rendered themselves liable for penalty under the provisions of Section 112(a)(i) of the Customs Act, 1962.

24. Therefore, M/s. V.K. Impex, 188, Sindhi Colony, Bani park, Jaipur-302016 (IEC: BWPPG0820G) was called upon to show cause to the Additional Commissioner of Customs having his office at lst Floor, Port Utility Building, Mundra, SCN dated

08.12.2023 and corrigendum dated 10.03.2026, as to why:-

i. the declared classification of the goods imported vide Bill of Entry number 2879794 dated 14.10.2022 should not be rejected and re-classified under Customs Tariff Heading 87116020 of the First Schedule to the Customs Tariff Act, 1975 and Customs Duty amount payable be re-assessed and determined at Rs. 18,57,374/- Rupees Eighteen Lakh Fifty Seven Thousand Three Hundred Seventy Four Only);

ii. The goods imported vide Bill of Entry number 2879794 dated 14.10.2022 valued at Rs. 29,59,958/- (Rupees Twenty-Nine Lakh Fifty-Nine Thousand Nine hundred and Fifty-Eight Only) should not be held liable for confiscation under the provisions of Section 111(d) and 111(m) of the Customs Act, 1962.

iii. Penalty should not be imposed on them under the provisions of Section 112(a) of the Customs Act, 1962 acts of omission and commission discussed hereinabove.

25. Further M/s. Maxim E-Vehicle, 44km Milestone, Delhi-Rohtak Road, Rohad-124501
(IEC: ABRFM5385N) was called upon to show cause to the Additional Commissioner of Customs having his office at lst Floor, Port Utility Building, Mundra, SCN dated 08.12.2023 and corrigendum dated 10.03.2026, as to why:-

i. the declared classification of the goods imported vide Bill of Entry number 2880450 dated 14.10.2022 should not be rejected and re-classified under Customs Tariff Heading 87116020 of the First Schedule to the Customs Tariff Act, 1975 and Customs Duty amount payable be re-assessed and determined at Rs. 16,22,692/- (Rupees Sixteen Lakh Twenty-Two Thousand Six Hundred Ninety-Two Only);

ii. the goods imported vide Bill of Entry number 2880450 dated 14.10.2022 valued at Rs 25,85,963/- (Rupees Twenty-Five Lakh Eighty-Five Thousand Nine hundred and Sixty-Three Only) should not be held liable for confiscation under the provisions of Section 111(d) and 111(m) of the Customs Act, 1962.

iii. Penalty should not be imposed on them under the provisions of Section 112(a) of the Customs Act, 1962 acts of omission and commission discussed herein above.

RECORDS OF PERSONAL HEARING AND WRITTEN SUBMISSION: -

26.1 The importer M/s. V. K. Impex and M/s. Maxim E-Vehicles submitted written reply to the Show Cause Notice dated 08.12.2023 vide letter dated NIL.

26.2 The importers have submitted that the goods imported vide their respective Bills of Entry dated 14.10.2022 were parts and components of E-vehicles and were correctly classified under CTH 87141090. They have stated that the goods were examined by Customs at the time of import and were found to be as declared in the import documents.

26.3 The importers have contested the proposal of clubbing the imports made by M/s. V.K. Impex and M/s. Maxim E-Vehicles. According to them, both entities are separate legal persons having independent IECs, GST registrations and business operations. They

have submitted that, in the absence of evidence indicating common ownership or coordinated importation, the imports made by the two entities should be assessed independently.

26.4 The importers have further submitted that Rule 2(a) of the General Rules for Interpretation of the Customs Tariff is not applicable in the facts of the present case. It is their contention that the goods imported by them did not possess the essential character of complete E-vehicles and therefore merit classification as parts rather than complete electrically operated vehicles. They have also submitted that certain components required for manufacture of complete vehicles were either not imported or were procured from domestic sources.

26.5 With regard to the proposed demand of differential duty, the importers have submitted that the benefit of Notification No. 50/2017-Cus dated 30.06.2017, as amended, has been correctly availed. They have relied upon the provisions of Entry No. 531A and the Explanation appended thereto to contend that the imported goods are eligible for the concessional rate of duty applicable to parts, components and sub-assemblies of electrically operated vehicles.

26.6 The importers have also disputed the allegation relating to violation of the Import Policy and port restrictions. They have submitted that the relevant policy conditions are applicable to import of new vehicles and not to parts or components of vehicles and, therefore, the import of the subject goods through Mundra Port does not attract the said restrictions.

26.7 The importers have further submitted that the goods are not liable to confiscation under Sections 111(d) and 111(m) of the Customs Act, 1962, as there was no misdeclaration in respect of description, quantity, value or classification of the imported goods. They have also denied any intention to evade customs duty or violate the provisions of the Import Policy.

26.8 On the issue of penalty, the importers have submitted that the imports were made bona fide on the basis of their understanding of the applicable tariff entries and exemption notification and, therefore, no penalty is imposable under Section 112(a) of the Customs Act, 1962.

26.9 Accordingly, the importers have requested that the proceedings initiated under the Show Cause Notice be dropped and consequential reliefs, including release of goods and discharge of the bond and bank guarantee, be granted.

27.1 Further, a personal hearing was fixed on 07.05.2026 at 11:30 AM. Shri Narottam Lal Sharma and Shri Rajnish Kumra Verma, Advocate have attended the personal hearing on behalf of both the importers. During personal hearing, they reiterated the facts previously submitted in their reply to Show Cause Notice dated 08.12.2023 and intimated that they will submit some additional documents along with an Order passed by the Kolkata Commissionerate on the similar issue in due course.

27.2 The importers submitted additional reply, vide their letters dated 19.03.2026 and stated that they relied upon Order-in-Original dated 03.07.2024 passed by the Principal Commissioner of Customs (Port), Kolkata in the case of M/s Akash Indichi Import & Export Co., wherein E-scooters imported in CKD condition were held to be classifiable as complete electrically operated vehicles under Rule 2(a) of the General Rules for Interpretation and were considered eligible for concessional Basic Customs Duty at 15% under Sl. No. 531A of Notification No. 50/2017-Cus. The importers further submitted that the said order also held such goods eligible for IGST at the rate of 5% under Sl. No. 242A

of Schedule-I of Notification No. 01/2017-Integrated Tax (Rate), and that the proceedings initiated against the said importer were ultimately dropped.

DISCUSSION AND FINDINGS

28. I have carefully gone through the facts of the case, the Show Cause Notice dated 08.12.2023, and the importers' submission dated NIL and 19.03.2026. I find that the principles of natural justice as envisaged under Section 122A of the Customs Act, 1962, which provides for granting an opportunity of personal hearing before passing any adjudication order, have been duly complied with in the present case. After considering the records of the case and the submissions made by the importer, I find that the following main issues are involved in the subject Show Cause Notice which are required to be decided in the present adjudication, as below:

i. whether the goods imported vide Bill of Entry No. 2879794 and 2880450 both dated 14.10.2022 are parts of e-scooters/e-bikes classifiable under CTH 87141090 or e-scooters/e-bikes in CKD condition classifiable under CTH 87116020;

ii. Whether the Bills of Entry No. 2879794 and 2880450 both dated 14.10.2022 require re-assessment under Section 17(4) of the Customs Act, 1962 to levy the re-determined duty;

iii. whether the goods, covered under bills of entry no. 2879794 and 2880450 both dated 14.10.2022, having total assessable value at 55,45,921/- (Rupees Fifty Five Lakh Forty Five Thousand Nine Hundred and Twenty One Only) are liable for confiscation under the provisions of Section 111(d) and 111(m) of the Customs Act, 1962;

iv. whether Penalty should be imposed on the importers M/s. V.K. Impex and M/s. Maxim E-Vehicle under the provisions of Section 112 of the Customs Act, 1962.

29.1 Regarding the first issue, I find that Heading 87.11 of the First Schedule to the Customs Tariff Act, 1975 covers "motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars", and that sub-heading 8711 60 specifically covers "with electric motor for propulsion", under which tariff item 8711 60 20 covers "scooters". I further find that Rule 2(a) of the General Rules for the Interpretation of the Import Tariff provides that any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the incomplete or unfinished article has the essential character of the complete or finished article, and shall also include a reference to that article complete or finished, presented unassembled or disassembled. The Explanatory Notes to Chapter 87 clarify, by way of examples, that a motor vehicle without wheels/tyres and battery, or without engine or interior fittings, or a bicycle without saddle and tyres, is nevertheless to be classified as the corresponding complete vehicle, if, as presented, it has the essential character of such vehicle.

29.2 From the panchnams dated 20.10.2022 and the examination reports, I find that, in both consignments, the importers have brought in, in matching sets, almost all critical components required to assemble functioning e-scooters/e-bikes of the Maxim brand, such as chassis/frame, electric motor, controller, converter, handlebar assembly, body panels, wiring harness, display unit, brake systems and other structural and functional parts, and that only items like tyres, batteries and chargers were not physically present in the consignments. It is further seen from the investigation that the two importers are related in their business dealings, inasmuch as M/s V.K. Impex has admitted to importing e-vehicle parts and selling them to M/s Maxim E-Vehicle, which is engaged in assembling complete

Maxim-brand e-scooters; when the parts imported by both entities are considered together, they are sufficient to assemble approximately 335 complete e-scooters, with each consignment containing sets of parts corresponding to complete vehicles rather than loose spares. In these circumstances, and applying the test laid down in Rule 2(a) and the Chapter 87 Explanatory Notes, I find that, as presented, the goods have the essential character of complete electrically operated two-wheelers of Heading 87.11, notwithstanding the absence of tyres, batteries or chargers, which are clearly analogous to the examples given in the Explanatory Notes of vehicles without tyres, batteries or interior fittings still being classifiable as complete vehicles.

29.3 I have carefully considered the submission of the importers that the goods are only "parts and components" classifiable under CTH 8714 1090, that certain items are procured locally, and that Rule 2(a) is inapplicable. However, I find that the goods have not been imported as random or sporadic spare parts, but as coordinated sets of components in quantities corresponding to complete vehicles, and the investigation has brought out that between the two IECs, almost 80–90% of all the necessary components for complete Maxim-brand e-scooters are being imported. The Explanation to Entry 531A of Notification No. 50/2017-Cus. itself clarifies that the exemption thereunder applies even if one or more of the components required for assembling a complete vehicle are not imported, provided that the kit, as presented, is classifiable under Heading 87.11 as per the General Rules of Interpretation; this reinforces the principle that the presence or absence of a few ancillary items does not, by itself, detract from the essential character test under Rule 2(a). In view of the nature and completeness of the assemblies imported, the matching quantities, the admitted downstream use by M/s Maxim E-Vehicle for assembling complete e-scooters, and the guidance in the Explanatory Notes, I hold that the consignments merit classification as electrically operated vehicles in CKD condition under CTH 8711 6020 and not as parts under CTH 8714 1090 as claimed.

29.4 I also note the reliance placed by the importers on the Order-in-Original dated 03.07.2024 passed by the Principal Commissioner of Customs (Port), Kolkata in the case of M/s Akash Indichi Import & Export Co., wherein the issue essentially pertained to eligibility for concessional Basic Customs Duty and IGST at 5% in respect of e-scooters imported in CKD condition under Sl. No. 531A of Notification No. 50/2017-Cus. and Sl. No. 242A of Notification No. 01/2017-Integrated Tax (Rate). However, the present proceedings turn on the primary question whether the goods are correctly classifiable under Heading 87.11 as complete or incomplete vehicles in CKD form by virtue of Rule 2(a), as against Heading 87.14 as parts, and the duty structure under Sl. No. 531A(2) (BCD 50%) is then a consequential matter flowing from that classification. Since the Kolkata order does not alter the statutory scheme of Rule 2(a), the Chapter 87 Explanatory Notes or the text of Heading 87.11/87.14, and appears to turn on a different factual and notification-specific matrix, I am of the considered view that it does not advance the case of the present importers on the core issue of classification and essential character under Rule 2(a), and therefore no reliance can be placed on it in the present adjudication.

29.5 In view of the foregoing discussion, I hold that the classification declared by the importers under CTH 8714 1090 is not sustainable in law and is required to be rejected. The goods imported vide Bill of Entry No. 2879794 and 2880450 both dated 14.10.2022 are appropriately classifiable under CTH 8711 6020 as electrically operated vehicles (e-scooters/e-bikes) in CKD condition, by application of Rule 1 and Rule 2(a) of the General Rules for Interpretation read with the Explanatory Notes to Chapter 87, and not as parts under Heading 87.14.

30.1 Coming to the second issue, I find that Section 17(1) mandates self-assessment of duty by the importer, while Section 17(4) empowers the proper officer to re-assess the duty where, on verification, examination or otherwise, it is found that the self-assessment is not

done correctly. In the instant case, the importers have self-assessed the Bills of Entry by classifying the goods under CTH 8714 1090 as "parts" and applying BCD @ 15% with IGST @ 28%, whereas, as discussed above, the proper classification is under CTH 8711 6020 attracting BCD @ 50% and IGST @ 5% in terms of Sl. No. 531A(2) of Notification No. 50/2017-Cus. dated 30.06.2017, as amended by Notification No. 01/2020-Cus.

30.2 The re-calculation of duty liability based on the correct classification and applicable notification, as set out in Table-II of the Show Cause Notice, shows that in the case of Bill of Entry No. 2879794 dated 14.10.2022 having assessable value of Rs. 29,59,958/-, the duty actually payable is Rs. 18,57,374/- (under CTH 8711 6020 with BCD 50% and IGST 5%) as against Rs. 14,53,931/- self-assessed and paid, resulting in a differential duty of Rs. 4,03,443/-. Similarly, in the case of Bill of Entry No. 2880450 dated 14.10.2022 having assessable value of Rs. 25,85,963/-, the duty actually payable is Rs. 16,22,692/- as against Rs. 12,70,226/- self-assessed and paid, resulting in a differential duty of Rs. 3,52,466/-, and the total short-paid duty across both consignments works out to Rs. 7,55,909/-. In these circumstances, since the original self-assessment suffers from incorrect classification and incorrect application of the exemption notification, I hold that both Bills of Entry are liable to be re-assessed under Section 17(4) of the Customs Act, 1962 to give effect to the correct classification under CTH 8711 6020 and to recover the differential duty of Rs. 7,55,909/-.

31.1 As regards the third issue concerning confiscation under Sections 111(d) and 111(m) of the Customs Act, 1962, I first consider the allegation relating to violation of port restrictions and Import Policy. The Show Cause Notice had proceeded on the basis of Policy Condition 2(d) of Chapter 87 of the ITC(HS) which stipulates that "import of new vehicles shall be permitted only through" specified ports such as Nhava Sheva, Kolkata, Chennai, Cochin, Mumbai, Delhi Air Cargo, ICD-Tughlakabad, ICD Talegaon Pune etc., and inferred that import through Mundra Port is contrary to the said condition. However, Policy Condition 2(I), as reproduced, defines "new imported vehicle" for the purposes of Chapter 87 as a vehicle which (a) has not been manufactured/assembled in India; and (b) has not been sold, leased or loaned prior to importation into India; or (c) has not been registered for use in any country prior to importation.

31.2 In the present case, although the goods have been held classifiable as electrically operated vehicles in CKD condition under Heading 87.11 by application of Rule 2(a), they do not satisfy the definition of a "new imported vehicle" for the purposes of Policy Condition 2(I) of Chapter 87. In particular, clause 2(I)(a) stipulates that, for a vehicle to be regarded as a "new imported vehicle," it must be one which "has not been manufactured/assembled in India", whereas, in the present case, the goods are imported in completely knocked down condition for the very purpose of being assembled in India and are not imported as fully built-up, ready-to-use vehicles. Accordingly, the present CKD imports cannot be treated as "new imported vehicles" for the purpose of implementing the port-restriction policy, and the question of invoking the restricted-ports condition against these consignments does not arise. In the absence of any specific clarification or binding precedent squarely extending Policy Condition 2(I) to such CKD imports, and keeping in mind that penal consequences under Section 111(d) must rest on clear prohibition, I am not inclined to hold that the present imports violate the port-restriction policy in a manner attracting confiscation under Section 111(d) of the Customs Act, 1962. Accordingly, the proposal to confiscate the goods under Section 111(d) is not sustainable and is required to be dropped.

31.3 I now turn to Section 111(m), which covers "any goods which do not correspond in respect of value or in any other particular with the entry made under this Act". It is well settled that the expression "in any other particular" is of wide amplitude and covers not only mis-declaration of description or value but also any material aspect of the declaration which has a bearing on assessment and duty liability, including correct classification and

applicability of exemption/duty rates. In the instant case, both importers have declared the goods as "Electric Scooter Spare Parts" under CTH 8714 1090 attracting BCD @ 15%, whereas, as discussed above, the goods are, in law and on facts, classifiable as electrically operated vehicles in CKD condition under CTH 8711 6020 attracting BCD @ 50% in terms of Sl. No. 531A(2) of Notification No. 50/2017-Cus., resulting in substantial short-payment of duty. The description in the Bills of Entry, when read with the chosen heading and notification entry, therefore does not correctly reflect the true nature and tariff status of the goods from the standpoint of duty liability and is, accordingly, incorrect in "other particulars" within the meaning of Section 111(m).

31.4 While I have taken a view that the Import Policy port-restriction issue is not clearly attracted on the present facts, that does not dilute the position that there has been mis-declaration in respect of the legal character and tariff classification of the goods for customs purposes. In view of the clear mis-classification and consequent short-levy of duty of Rs. 7,55,909/-, I hold that the goods covered by Bills of Entry No. 2879794 and 2880450 both dated 14.10.2022, having total assessable value of Rs. 55,45,921/-, are liable to confiscation under Section 111(m) of the Customs Act, 1962.

31.5 Once the goods are held liable for confiscation, the next question before me is whether to allow the release of the impugned goods on Redemption Fine. I find sub-section (1) of Section 125 of the Customs Act, 1962 prescribes that:

> *"Wherever confiscation of any goods is authorized by this Act, the officer adjudicating it may, in the case of any goods, the importation or exportation whereof is prohibited under this Act or under any other law for the time being in force, and shall in the case of any other goods, give to the owner of the goods, [or, where such owner is not known, the person from whose possession or custody such goods have been seized] an option to pay in lieu of confiscation such fine as the said officer thinks fit."*

31.6 It is amply clear from the said section that, where the confiscated goods are not prohibited for import, discretion has been vested in the adjudicating authority to decide the issue on the basis of the facts and circumstances involved. In the present case, the goods have already been provisionally released upon execution of the requisite Bond and furnishing of Bank Guarantee, as detailed in Para 7.3 above. The Hon'ble Supreme Court in *Weston Components Ltd. v. Commissioner of Customs, New Delhi, 2000 (115) ELT 278 (SC)*, has held that the mere fact that the goods were released on execution of a bond would not take away the power of the customs authorities to levy redemption fine if subsequently it is found that the import was not valid or that there was any other irregularity which would entitle the customs authorities to confiscate the said goods. Accordingly, even though the goods are not physically available for confiscation having already been provisionally released, I am empowered to impose redemption fine in lieu of confiscation under Section 125 of the Customs Act, 1962.

32.1 As regards the fourth issue, namely imposition of penalty under Section 112 of the Customs Act, 1962, I find that Section 112(a)(i) applies in cases where goods are in respect of which a "prohibition" under the Customs Act or any other law is in force. Since, as discussed above, the port-restriction issue under Policy Condition 2(I) of Chapter 87 has been held not to be squarely attracted in the present factual and legal context, and no other specific prohibition has been conclusively established from the Import Policy or any other law in relation to these CKD imports, I am of the view that the ingredients of Section 112(a)(i) are not fully met in this case. Accordingly, no penalty is imposable under Section 112(a)(i) of the Customs Act, 1962.

32.2 Section 112(a)(ii), on the other hand, applies to dutiable goods (other than prohibited goods) which are rendered liable to confiscation under Section 111 by reason of any act or omission of the person concerned. In the instant case, the goods have been held liable to confiscation under Section 111(m) for mis-declaration of classification and consequential duty liability, and there is a clear short-payment of duty of Rs. 7,55,909/- attributable to the importers' acts of declaring CKD e-scooters/e-bikes as "spare parts" under Heading 87.14 and claiming a lower BCD rate.

32.3 I have also considered the importers' plea that they acted under a bona fide belief that the goods were classifiable as parts under Heading 87.14 and that Notification No. 50/2017-Cus. was correctly applied, and that they did not conceal description, quantity or value. However, the record shows that both importers are engaged in a sustained pattern of splitting imports of coordinated CKD kits for a single brand of e-scooters, that they were fully aware that M/s Maxim E-Vehicle assembles complete vehicles from such imports, and yet they chose to declare complete CKD kits, in law, as "spare parts" under Heading 87.14 so as to avail a substantially lower BCD rate. In these circumstances, their acts and omissions have directly rendered the goods liable to confiscation under Section 111(m) and resulted in short-payment of duty, and thus squarely attract the penal provision under Section 112(a)(ii) of the Act.

32.4 In these circumstances, I hold that both the importers, M/s V.K. Impex and M/s Maxim E-Vehicle, are liable to penalty under Section 112(a)(ii) of the Customs Act, 1962.

ORDER

33. In view of the foregoing discussion and findings, I pass the following order:

i. I reject the description of goods declared as "Spare Parts of E Bike" and order to declare it as "'E-Bikes /E-Scooters in CKD form" and further order to classify all the goods covered under impugned Bills of Entry No. 2879794 and 2880450 both dated 14.10.2022 under CTH 87116020;

ii. I reject the self-assessment made under Section 17(1) of the Customs Act, 1962 in respect of Bill of Entry No. 2879794 dated 14.10.2022 and order to re-assess the same under Section 17(4) of the Customs Act, 1962 under Sl. no. 531A(2) of Notification No. 50/2017-Cus for BCD and under Sl. No. 242A of Schedule-I of Notification No. 01/2017-Integrated Tax (Rate). The total re-determined duty liability is Rs. 18,57,374/-, resulting in differential duty of Rs. 4,03,443/-;

iii. I reject the self-assessment made under Section 17(1) of the Customs Act, 1962 in respect of Bill of Entry No. 2880450 dated 14.10.2022 and order to re-assess the same under Section 17(4) of the Customs Act, 1962 under Sl. no. 531A(2) of Notification No. 50/2017-Cus for BCD and under Sl. No. 242A of Schedule-I of Notification No. 01/2017-Integrated Tax (Rate). The total re-determined duty liability is Rs. 16,22,692/-, resulting in differential duty of Rs. 3,52,466/-;

iv. I order confiscation of the imported goods covered under Bill of Entry No. 2879794 dated 14.10.2022, having total assessable value of Rs. 29,59,958/-, under Section 111(m) of the Customs Act, 1962. Since the goods have already been provisionally released on execution of Bond and Bank Guarantee of Rs. 8,00,077/-, I impose Redemption Fine of Rs. **3,00,000/-** (Rupees Three Lakh only) in lieu of confiscation under Section 125 of the

Customs Act, 1962;

v. I order confiscation of the imported goods covered under Bill of Entry No. 2880450 dated 14.10.2022, having total assessable value of Rs. 25,85,963/-, under Section 111(m) of the Customs Act, 1962. Since the goods have already been provisionally released on execution of Bond and Bank Guarantee of Rs. 7,00,000/-, I impose Redemption Fine of Rs. **2,60,000/-** (Rupees Two Sixty Thousand only) in lieu of confiscation under Section 125 of the Customs Act, 1962;

vi. I impose penalty of Rs.40,000/- (Rupees Forty Thousand Only) on the importer M/s V.K. Impex under Section 112(a)(ii) of the Customs Act, 1962;

vii. I impose penalty of Rs. 35,000./- (Rupees Thirty Five Thousand Only) on the importer M/s Maxim E-Vehicle under Section 112(a)(ii) of the Customs Act, 1962;

viii. I order enforcement of the Bond and Bank Guarantee of Rs. 8,00,077/- furnished by M/s V.K. Impex and Bond and Bank Guarantee of Rs. 7,00,000/- furnished by M/s Maxim E-Vehicle at the time of provisional release, towards recovery of confirm duty, redemption fine and penalties. If the entire amount of confirmed dues (differential duty, interest, redemption fine and penalties) is paid in full, the Bond and Bank Guarantee may be released.

34. This order is issued without prejudice to any other action that may be taken against the importer or any other person under the provisions of the Customs Act, 1962 or any other law for the time being in force in the Republic of India.

Digitally signed by
Dipakbhai Zala
Date: 15-06-2026
10:43:42

(Dipak Zala)
Additional Commissioner of Customs
Custom House, Mundra

To,

1. M/s. V.K. Impex (IEC: BWPPG0820G),
   188, Sindhi Colony, Bani Park,
   Jaipur-302016.

2. M/s. Maxim E-Vehicle (IEC: ABRFM5385N)
   44km Milestone, Delhi-Rohtak Road,
   Rohad-124501

Copy to:-

1. The Deputy Commissioner, SIIB, Customs House, Mundra

2. The Deputy Commissioner, Review, Customs House, Mundra
3. The Deputy Commissioner, TRC, Custom House, Mundra
4. The Deputy Commissioner, EDI, Customs House, Mundra
5. Guard File