



प्रधान मुख्य आयुक्त सीमा शुल्क का कार्यालय,  
**OFFICE OF THE PR. CHIEF COMMISSIONER OF CUSTOMS,**  
 मुंबई जोन -I, दूसरी मंज़िल, नवीन सीमा शुल्क भवन, बेलार्ड इस्टेट,  
**MUMBAI ZONE-I, 2<sup>nd</sup> FLOOR, NEW CUSTOM HOUSE,**  
**BALLARD ESTATE, मुंबई/ MUMBAI- 400 001**  
**Email: ccu-cusmum1@nic.in**

10-11-2023

**MINUTES OF THE FOURTH MEETING OF NATIONAL ASSESSMENT  
 CENTRE – ‘AUTOMOBILE AND INSTRUMENTS & MISCELLANEOUS  
 PRODUCTS’ HELD ON 03.11.2023 AT 12 NOON**

The fourth monthly review meeting of the re-organized NAC-‘Automobile and Instruments & Miscellaneous Products’ was conducted in online mode under the Chairmanship of Shri Pramod Kumar Agrawal, Principal Chief Commissioner of Customs, Mumbai Zone-I, being Convener, with the Nodal Pr. Commissioners/Commissioners on 03.11.2023 at 12 noon.

2. The following members of NAC – ‘Automobile and Instruments & Miscellaneous Products’ and officers have attended the meeting:

Sr. No.	Name of the Nodal Officers of NAC (Shri/Smt.)	Designation & Zone
1.	D. P. Naidu	Pr. Commissioner, Hyderabad Zone
2.	M. Mathew Jolly	Pr. Commissioner, Chennai Customs
3.	Kajal Singh	Pr. Commissioner, Bengaluru Customs
4.	Yashodhan Wanage	Commissioner, Pune Customs
5.	Vashishtha Chaudhary	Commissioner, Delhi Customs
6.	Sonal Bajaj	Commissioner, Mumbai Customs Zone-II
7.	Dhirendra Lal	Commissioner, Ahmedabad Zone
8.	Vivek Pandey	Commissioner, Mumbai Customs Zone-I
9.	G. Shiril Saroj	Commissioner, Mumbai Customs Zone-III
10.	Rajiv Magoo	Addl. Commissioner, PCCO Mumbai Customs Zone-I
11.	Vamshi Krishna Reddy	Addl. Commissioner, Bengaluru Zone
12.	Mallinath Jeure	Addl. Commissioner, Mumbai Customs Zone-I
13.	H. K. Khatana	Addl. Commissioner of Customs, Jamnagar Customs

14	P. Senthilkumar	Jt. Commissioner, Cochin Customs
15	Rajesh Shelke,	Jt. Commissioner, Chennai Customs
16	Manish Yadav	Deputy Commissioner, PCCO, Mumbai Customs Zone-I

3. At the outset, Shri Pramod Kumar Agrawal, Convener and Pr. Chief Commissioner of Customs, Mumbai Zone-I welcomed the members of the re-organized NAC 'Automobile and Instruments & Miscellaneous Products' present in the web meeting and extended the season's greetings. The Chair informed that the date of NAC meeting fixed in the month of October '23 had to be postponed to the first week of November '23 as it coincided with festivities and holidays.

4 . The Chair began the meeting by reviewing the minutes of the last NAC meeting held on 21.09.2023. The Chair reiterated that the three formats w.r.t. Valuation, Classification and Good Practices were circulated to the Nodal Principal Commissioners/Commissioners with directions to forward the requisite reports to the designated Working Groups by the 10<sup>th</sup> of the subsequent month and the Working Groups in turn should forward the consolidated report to the NAC Convener. The Chair observed that none of the Working Groups has submitted these reports and Pune (ICD Talegaon) had submitted the Annexure A directly to the NAC instead of routing it through the concerned Working Groups.

The Chair emphasized the importance of directing the Annexures through the Working Groups as they are formed taking into account their expertise in the respective fields and it also helps NAC to maintain uniformity for the purpose of assessment and promote good practices.

5. The Chair then inquired from members of working group on classification viz. Shri M. Mathew Jolly , Shri Vashishtha Chaudhary , Shri Sonal Bajaj , about pending 03 classification issues of last NAC meeting viz. 'Car Stereo', 'Generic fans, blowers required for manufacture of seats', and 'Computer Bracket Assembly'. Shri Vashishtha Chaudhary, Commissioner, Delhi Customs informed that members of working group are unanimous about classification of 'Generic fans, blowers required for manufacture of seats' but have difference of opinion on other two items. Then Chair took up classification issues for detailed discussion.

#### 5.1 'Generic fans, blowers required for manufacture of seats':

5.1.1 Shri Vashishtha Chaudhary, Commissioner, informed the Chair that, all the members of the Working Group (Classification) unanimously agreed to classify the Generic fans, blowers required for manufacture of seats' as 'fans' separately and not 'part of the car'.

5.1.2 Shri M. Mathew Jolly, Pr. Commissioner of Customs, Chennai Customs, apprised the Chair that working group discussed that the ventilating seats are air-conditioned seats and these fans/blowers blow air conditioned air through the opening of the ventilating seat; that there is a specific heading for air circulators i.e. '84145910'. Then, Shri Vashishtha Chaudhary, Commissioner briefed the Chair that the tariff heading of '841451' is for table, floors, wall, window, ceiling or roof fan'; that the fans in discussion are the fans which are portable in nature and used in car; that's why the appropriate CTI would be '84105920'.

5.1.3 The Chair after going through the Section Notes of Section XVI, Chapter Notes of Chapter 84, tariff headings '8414 51', '8414 59' and taking account the opinions and explanations presented by working group and application of Rule 3 (a) of General Rules of Interpretation i.e. most specific description prevailing over heading providing more general description, the Chair found the classification proposed by Commissioner Shri Vashishtha Chaudhary to be more precise due to the portable nature of the fans. The Chair therefore, directed that the 'Generic fans, blowers required for manufacture of seats' be classified under CTI "8414 59 20 --- Blowers, portable".

## 5.2 'Car Stereo'

5.2.1 Shri M. Mathew Jolly, Pr. Commissioner of Customs, apprised the Chair that the 'Car Stereo' is now-a-days described as 'in-vehicle infotainment system' or 'an audio video navigating system' which has got multiple functions. Shri M. Mathew Jolly, further explained that a device which has radio reception apparatus which is connected to external source of power, can be classified under 8527

The CTH 8527 reads as under:

8527		RECEPTION APPARATUS FOR RADIO-BROADCASTING WHETHER OR NOT COMBINED, IN THE SAME HOUSING, WITH SOUND RECORDING OR REPRODUCING APPARATUS OR A CLOCK
	-	Radio-broadcast receivers capable of operating without an external source of power:
8527 12 00	--	Pocket-size radio cassette-players
8527 13 00	--	Other apparatus combined with sound recording or recording apparatus
8527 19 00	--	Other
	-	Radio-broadcast receivers not capable of operating without an external source of power, of a kind used in motor vehicles:
8527 21 00	--	Combined with sound recording or recording apparatus

5.2.2 Shri Mathew Jolly, Pr. Commissioner of Customs added that as there is no specific heading Rule 3(a) of the General Rules of Interpretation is not applicable. Further none of the subheadings represent essential character of car stereo also therefore Rule 3(b) is also not applicable. He further said as all subheading merit equal consideration on application of Rule 3(c) the 'Car Stereo' merits classification under heading in last numerical order i.e. 8527 21 00.

5.2.3 Shri Mathew Jolly submitted that Shri Vashishtha Chaudhary and Shri K.S.V. V. Prasad, had proposed the classification under heading '8708 – Parts and accessories of Motor Vehicles'. Then, Shri Mathew Jolly submitted that Section note 2 of Section XVII (for Chapter 86 to 89) deals with exclusions under Chapter 87 and reads as 'The expressions "parts" and "parts and accessories" do not apply to the following articles, whether or not they are identifiable as for the goods of this Section' and the point (f) excludes Electrical machinery or equipment of (Chapter 85)' and therefore, the goods are appropriately classifiable under heading 8527. Shri Mathew Jolly added that Shri Sonal Bajaj, Commissioner, JNCH agreed with this classification, however two members of the working committee were of the opinion that the 'Car Stereos' are appropriately classifiable under the heading 8708.

5.2.4 Shri Vashishtha Chaudhary shared his view that the 'Car Stereos' is an essential part of automobiles and was earlier categorized as a 'Radio broadcast receiver,' under heading 8527. Shri Vashishtha Chaudhary further added that, car stereos now encompass various functions and services within them and therefore should not be classified solely as particular equipment viz 'car stereo' but should be classified a 'car parts and accessories' due to their multiple functions/features/ capabilities; that the goods are used only in cars and therefore essentiality character is there and as per Rule 3(b) more appropriately classifiable under CTI '8708 9900 - - Others'.

5.2.5 Shri Sonal Bajaj, Commissioner of Customs, Mumbai Zone-II stated that the tariff heading 8708 covers goods such as bumpers, safety seat belts, gear boxes etc.; that 'Car Stereo is more than a part as it provides multiple functions and therefore, should be more appropriately covered under the tariff heading 8527.

5.2.6 Shri Vivek Pandey, Commissioner of Customs, Mumbai Zone-I opined that that taking into view the functionality test, common parlance test, car can be driven without car

stereo and the principle that like goods to be grouped together in one particular chapter, the car stereo needs to be classified so as to match its neighbours. Car stereo fits in the company of reception apparatus, monitors, recording apparatus etc. of heading 8527 rather than the company of axles, gears or brakes of heading 8708.

5.2.7 The Chair thoroughly examined the Section Notes/Chapter Notes of CTH 8708 and 8527 in particular Section Notes 2(f) and 3 to Section XVII. However, as one of the members of classification group, Shri K.S.V.V. Prasad, Commissioner, Chennai Zone was not available during the meeting and considering that other members of working group were having differing opinion w.r.t. classification, the Chair directed to defer the point to the next meeting so as to take into view the opinion of Shri K.S.V.V. Prasad before drawing any conclusion on classification.

### 5.3 'Electronic Control Unit'

5.3.1 The Chair was informed by Shri Mathew Jolly, Pr. Commissioner, that there is difference of opinion w.r.t. classification of the goods in the Working Group (Classification). Shri K. S. V. V. Prasad, Commissioner and Shri Vashishtha Chaudhary, Commissioner were of the view that the goods are to be classified under CTH 8708 whereas Shri Sonal Bajaj, Commissioner and himself were of the view that the goods are to be classified under Chapter 90. Shri Mathew Jolly informed the Chair that as the classification issue was raised by Shri K. S. V. V. Prasad, Commissioner and as he was not available during the meeting, it was requested that the discussion in the matter would be more effective if Shri Prasad is also present during the meeting.

5.3.2 The Chair directed that the classification issue regarding 'Electronic Control Unit' to be discussed in the next meeting and in the meantime directed to circulate the findings to other Nodal Commissioners enabling them to submit their views in the Working Group.

6 The Chair was informed that the next point is regarding classification of 'Foil Balloon' and Chennai Customs had to examine the issue and to submit a detailed study including their view on filing appeal against the CAAR ruling dated 05.09.2023 marked to Chennai Commissioner II. As per ruling the subject item should be classified under heading 9505 as decorative item and does not require BIS certificate instead of heading 9503, wherein BIS certification is required. The Chair was informed that no comments were received w.r.t. CAAR ruling. The Chair directed to defer the point to the next meeting and directed Shri Mathew Jolly, Pr. Commissioner to examine the matter w.r.t. all the aspects and submit a detailed study including views on filing appeal against the ruling.

7. The Chair was then informed regarding representation received from Mumbai Port Authority for Cruise Ship Costa Serena. The Chair stated that a letter from Board which has been received was circulated among all the members w.r.t. drafting SOP for pre-arrival procedures, filing, assessment (uniform among all FAGs) and clearance of ships for coastal run. The Chair asked the Members especially from the Chennai, Mundra, Jamnagar, Kolkata, Vizag and Mumbai Commissionerates to examine the representation received from the Mumbai Port Trust w.r.t. Costa Serena and provide their suggestions/inputs on the issues such as conversion requirement, Bill of Entry filing, Description, Valuation, Re-export bond Requirement, Duty on stores consumed during domestic run by cruise ships arriving in India at the earliest so that a consolidated report as Convener of NAC for drafting SOP may be sent to board.

8. Shri Rajiv Magoo, Additional Commissioner of Customs, Mumbai Zone-I, presented a power point presentation and briefed the NAC that same is regarding the queries raised by FAGs and dwell time of the FAGs under the NAC. The Chair noted the same and directed that:

- i. The Chair observed that there is an uneven/skewed distribution in numbers of Bills of Entry (Bs/E) assessed by the different ports. For certain FAGs, the number of Bs/E assessed by the major Custom houses is minuscule compared to the smaller ports/ICDs and thereby assessment done by such major ports are below target. The Chair directed the concerned Pr.Commissioners / Commissioners to examine the same so that there is even distribution of assessment of Bs/E across all ports/ICDs.
- ii. The Chair observed that the first query for Groups 5B, 5F, 6 and second query for Group 5B, 5S has increased slightly and directed the Pr.Commissioners/Commissioners to monitor the same.
- iii. The Chair expressed satisfaction that there is no third query and appreciated the monitoring done by the senior officers.
- iv. The Chair observed that the percentage of assessment of Bs/E in less than 08 hours have reduced and directed the concerned Commissioners to look into the same.
- v. The Chair also observed that the percentage of Bs/E being assessed in time of more than 72 hours has increased considerably for Group 5B in the month of October 2023. The Chair stated that the same is unacceptable and directed the concerned Pr. Commissioners/Commissioners to examine the same. The Chair was informed that the increase in assessment time was due to transfer of the concerned Deputy Commissioners and the subsequent delay in the joining of the new Deputy Commissioners/Assistant Commissioners.
- vi. The Chair also observed that the assessment time has increased w.r.t. other Groups

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5S, 5I, 6 also as there is increase in percentage of Bs/E being assessed in time of more than 72 hours.

- vii. The Chair directed the Pr. Commissioners/Commissioners to monitor the no. of Bs/E taking time of more than 72 hours for assessment. Additionally, the Chair also directed them to encourage the assessing officers to assess the maximum Bs/E in 08 to 24 hours as this will help in reducing the assessment time beyond 72 hours, thereby enhancing overall performance.

The Chair extended festive greetings to all the members and the meeting ended with a vote of thanks.

This issues with the approval of Convener of NAC (Automobile and Instruments & Miscellaneous Products) and Pr. Chief Commissioner of Customs, Mumbai Zone-I.

Rajiv Magoo

COMMISSIONER(IN SITU)

Copy to:

1. The Under Secretary, Customs IV, CBIC, New Delhi
2. All Nodal Pr. Commissioner/Commissioner of NAC (Automobile and Instruments & Miscellaneous Products)
3. EDI, NCH, for uploading the minutes on the website of Mumbai Customs Zone-I