



प्रधान मुख्य आयुक्त सीमा शुल्क का कार्यालय
OFFICE OF THE PRINCIPAL CHIEF COMMISSIONER OF CUSTOMS
 मुंबई जोन -I, दूसरी मंज़िल, नवीन सीमा शुल्क भवन ,बेलाई इस्टेट,
MUMBAI ZONE-I, 2nd FLOOR, NEW CUSTOM HOUSE, BALLARD ESTATE,
मुंबई/MUMBA I- 400 001
 दूरभाष स. /Phone No. **022-22620091** फैक्स स./Fax No**02222610027**

F.No.CCO/Tech/376/2023

30-01-2024

**MINUTES OF THE SIXTH MEETING OF NATIONAL ASSESSMENT`
 CENTRE - 'AUTOMOBILE AND INSTRUMENTS & MISCELLANEOUS
 PRODUCTS' HELD ON 19.01.2024 AT 4.00 PM**

The sixth monthly review meeting of the re-organized NAC-'Automobile and Instruments & Miscellaneous Products' was conducted via online mode under the Chairmanship of Shri Pramod Kumar Agrawal, Principal Chief Commissioner of Customs, Mumbai Zone-I, being Convenor of NAC (Automobile and Instruments & Miscellaneous Products), with the Nodal Pr. Commissioners/Commissioners on 19.01.2024 at 4.00 PM.

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.	K. S. V. V. Prasad	Commissioner, Chennai Customs

I/1712407/2024

8.	G. Shiril Saroj	Commissioner, Mumbai Customs Zone-III
9.	Dhirendra Lal	Commissioner, Ahmedabad Zone
10.	Ataur Rehman	Commissioner, Kolkata Zone
11.	Rajiv Magoo	Commissioner (In-Situ), PCCO Mumbai Customs Zone-I
12.	Hemlata Rai	Addl. Commissioner, PCCO, Mumbai Customs Zone-I
13.	Mallinath Jeure	Addl. Commissioner, Mumbai Customs Zone-I
14.	P. Senthilkumar	Addl. Commissioner, Cochin Customs
15.	Yogesh Loke	Joint Commissioner, NCTC, Mumbai
16.	Ajit U. Nair	Assistant Commissioner, PCCO, Mumbai Customs Zone-I

3. At the outset, Shri Pramod Kumar Agrawal, Convenor and Pr. Chief Commissioner of Customs, Mumbai Zone-I welcomed the Members of the NAC 'Automobile and Instruments & Miscellaneous Products' present in the web meeting. The Chair informed that the NAC meeting initially scheduled for December 28, 2023, had to be rescheduled due to differing reports received from the Members regarding classification of goods viz. Electronic Control Unit (Computer and Bracket Assembly) and Multi-functional car stereo / Car Infotainment System. The Chair then commenced the meeting by examining the Action Taken Report of the last NAC meeting :

3.1. The Chair reiterated that the three Annexures regarding Valuation, Classification and Good Practices are to be forwarded by all the nodal Pr.Commissioners/Commissioners, not to O/o the Convenor, but directly to the concerned Working Groups, who in turn are required to analyse, consolidate and send their report with recommendations, replete with data and legal basis, to the O/o the Convenor by 10th of every month. These groups have been formed keeping in mind the volume of trade and the expertise they possess. The Chair further directed to once again circulate the Working Group Order and the Annexures amongst the Nodal Pr. Commissioners/Commissioners.

3.2 The Chair had in the earlier meeting dated 29.11.2023 directed Shri Sonal Bajaj, Commissioner, Mumbai Customs Zone-II, to request Commissioner (Audit), Mumbai Zone-II to provide data w.r.t. Audit objections raised pertaining to Chapters 86 to 98, so that the same could

I/1712407/2024

be shared with all the Nodal Pr. Commissioners/Commissioners of NAC for uniformity in assessment. However, since no such data has been received from Audit, Mumbai Zone-II, he once again directed Commissioner, Mumbai Customs Zone-II to convey the message to the Commissioner (Audit), Mumbai Zone-II for such data.

3.3 Foil Balloons / Decorative Balloons :

The Chair informed all the Nodal Pr. Commissioners/Commissioners that there are different reports / decisions etc. regarding classification of 'Foil Balloons / Decorative Balloons'.

- a. The Chair informed that NAC (Automobile and Instruments & Miscellaneous Products) had previously decided to classify balloons made from latex, foil, etc., under tariff heading 9503 with BIS applicability.
- b. The CAAR, Mumbai, vide its ruling dated 05.09.2023 held that the goods 'Foil Balloons' made of Nylon/HDPE, not of Latex/Rubber, and imported for the purpose of party decoration or entertainment, merit classification under heading 9505. Chennai Customs after considering the merits of the case and other factors has filed an appeal in the Hon'ble High Court of Madras for setting aside the above mentioned CAAR ruling.
- c. The CAAR, New Delhi, have passed an order dated 17.11.2023 classifying the balloons imported for the purpose of filling water and to be used in Holi festival under heading 9503.
- d. The Chair informed that a reference dated 07.01.2024 has been received from the Chief Commissioner of Customs, Mumbai Zone-II regarding classification of Decorative/Festival balloons made of natural latex rubber and decorative Foil Balloons under Customs Tariff Heading 9503 and 9505 respectively in view of the different classifications adopted by various field formations, DRI and contradictory judgements of various legal fora. The photographs of the balloons titled as 'decorative balloon' and 'toy balloon', shared by Mumbai Customs Zone-II, was displayed on screen for information of all the Nodal Pr. Commissioners/Commissioners. The Chair further informed that the soft copy of the letter alongwith the annexures have been shared with all the nodal members through email and WhatsApp.
- e. The Chair further informed that NCTC, Mumbai, had issued an

I/1712407/2024

Analytics Report No.46/2021-22 on the subject matter 'Misclassification of 'Toy Balloons', resulting in short payment of BCD and IGST'. In the said Report, the NCTC had informed that the toy balloons are classifiable under the CTH 9503 with mandatory BIS certification. The Chair directed to share the Analytics Report with all the Nodal Pr. Commissioners/Commissioners.

3.3.1 In view of the two different CAAR Rulings, reference from Mumbai Customs Zone-II, Analytics Report No.46/2021-22 issued by NCTC, the Chair directed the Working Group (Classification and related issues) to study in detail the classification of the goods 'Foil Balloon/Decorative Balloon' and submit the report before the next NAC meeting for discussion. The Chair also directed the Joint Commissioner, NCTC to re-examine the matter, and advise the Working Group (Classification and related issues) to ensure that NCTC is kept updated, as the decision is to be made by NAC in consultation with NCTC.

3.4. The Chair informed that the reports in terms of Para (vii)(1) [to identify the top 25 risk prone commodities and develop SOPs related to their assessment/examination] and Para (vii)(2) [to analyse valuation trend of top 50 commodities and necessary remedial measures to be taken to bring uniformity in expeditious clearance with regard to PLI products falling under NAC], of the Review Meeting held on 23.11.2023 by Member (Customs) with Convenors of all NACs, were yet to be submitted by the Working Group (Valuation and related issues). The Chair directed all the nodal Pr. Commissioners/Commissioners to share relevant data in this respect with the Working Group (Valuation and related issues) so that the data can be compiled by the said Working Group for further necessary action.

3.5. Electronic Control Unit (Computer and Bracket Assembly):

The Chair then moved to the report dated 18.01.2024 received from the Working Group (Classification and related issues) regarding classification of 'Electronic Control Units (Computer and Bracket Assembly)'.

3.5.1 The Chair informed all the Nodal Pr. Commissioners/Commissioners that the Working Group (Classification and related issues) has done a commendable study w.r.t. classification of the goods, taking into consideration the judicial decisions, Order-in-Originals, Assessments Practice, Audit Observation, adjudication orders

passed by the Nodal Pr.Commissioners/Commissioners of NAC 'Automobile and Instruments & Miscellaneous Products', US Customs Cross Rulings etc. The Chair reiterated the recommendations of the Working Group and the same is as under:

".....the goods are without doubt a part of a motor vehicle without which a motor vehicle will not function. Each of these Control Units had a specific part number and would function with only a particular model/models of a particular manufacturer. In commercial or common market parlance also these goods are purchased and sold as part of a particular motor vehicle, and are not known or sold as any other item or as an automatic controller or regulator. In view of these facts, the Committee decided that the most appropriate heading for the goods is CTH 8708 as 'parts and accessories of motor vehicles of heading 8701 to 8705'. Since the goods are not appropriately classifiable under Chapters 84,85 or 90, they are not excluded from classification under Chapter 87 by any of the Section notes to section XVII. This classification is also in consonance with the decision of the Supreme Court in the case of the judgement of the Hon'ble Supreme court in the case of Westinghouse Saxby Farmer Ltd. Vs Union of India {2021 (376) ELT 14 (SC)}"

3.5.2 The Chair after going through the report and due discussion with other Members intimated that recommendation of the Working Group (Classification and related issues) to classify the goods 'Electronic Control Units (Computer and Bracket Assembly)' as 'parts and accessories of motor vehicles of heading 8701 to 8705' is accepted.

3.6 Multi-functional car stereo / Car Infotainment System:

With respect to the item 'Multi-functional car stereo / Car Infotainment System', the Chair observed that the Working Group (Classification and related issues) vide its report dated 18.01.2024 had concluded that the Members of the Committee could not arrive at a unanimous decision on the classification of said goods as there were no judicial decisions that could be relied upon to arrive at a classification and different agencies under the CBIC had taken differing views. The Chair further noted that the Committee has therefore recommended the NAC Convenor either take a decision in consultation with the Convenor of NAC for Electrical Machinery; or the issue be referred to the Board or taken up during the Chief Commissioner's Conference scheduled to be held on 15th & 16th February 2024 for taking a final decision.

3.6.1 The Chair after going through the report of the Working Group

I/1712407/2024

Classification and related issues) and its recommendation regarding classification of 'Multi-functional car stereo / Car Infotainment System', informed all the nodal Pr. Commissioners/Commissioners that the subject classification matter will be taken up in the upcoming Chief Commissioners Conference scheduled on February 15th and 16th in Mumbai, during Session-II, the Theme being 'Uniformity and Timely Assessment by NACs.

4. Shri Rajiv Magoo, Commissioner of Customs (In-Situ), Mumbai Zone-I, then presented a power point presentation regarding the queries raised by the various FAGs and dwell time of the FAGs under the NAC. The Chair noted that:

- i. The Query-1 and Query-2 have gone down from 15% to 10% and from 3% to 2%, respectively for Group 5B and expressed gratitude for the fact that all the Nodal Principal Commissioners/Commissioners had complied with the request put forth in the last NAC meeting for bringing down the query percentage.
- ii. The Chair observed that for Group 5B, there is noticeable imbalance in the number of Bills of Entry (Bs/E) assessed by the Ports, as only 63 Bs/E were assessed out of the total 961 Bs/E selected for assessment and only 40 Bills of Entry were assessed out of the total 1087 Bills of Entry selected for assessment for the months of November '23 and December '23 respectively. The Chair directed Shri Sonal Bajaj, Commissioner, Mumbai Zone-II to look into the matter.
- iii. Similarly, for Group 5I, the Chair observed that the number of Bs/E assessed by ACC, Mumbai Zone-III is 45 Bs/E out of the total 2946 Bs/E selected for assessment and 64 Bs/E out of 3404 Bs/E selected for assessment in the months of November '23 and December '23 where there seems to be imbalance again and does not commensurate with the working strength of the ports. The Chair directed Shri Shiril Saroj, Commissioner, Mumbai Zone-II to look into the matter.
- iv. The Chair requested all the Nodal Pr. Commissioners/Commissioners to keep the Query-1 below 10% and Query-2 between 2-3% for all the Groups.
- v. The data regarding the Assessment time taken by each Port was

I/1712407/2024

also presented via power point presentation and discussed at length by Shri Rajiv Magoo, Commissioner of Customs (In-Situ), Mumbai Zone-I.

5. The Chair directed all the 5 Working Groups to create a designated email-id which can be used solely for their Working Group, as this would facilitate other Nodal Principal Commissioners/Commissioners to share their data with the Working Groups and also be convenient to share such data among all the members of the Working Group.

6.1 Shri Yogesh Loke, Jt. Commissioner, NCTC with the permission of the Chair added that the NCTC has received feedback from NAC regarding Chapter 87 where previous Bills of Entry are referred to in relation to the live Bill of Entry which has been identified stating risk of undervaluation. Shri Yogesh Loke informed that there is an annual target in NCTC which caters to such kind of requirement. NCTC identifies such Bills of Entry, wherein the supplier, product description and CTI is identical, however, difference in the value is seen.

6.2 Shri Yogesh Loke further added that w.r.t. sampling of LED Lights there exists Board's Circular/Instructions (Instruction No.28/2023-Customs) regarding sampling and testing of LED lights from BIS Labs. NCTC has created a target which identifies Bills of Entry wherein LED lights are imported and the instructions are very clear as to how the sampling and other procedure are to be adhered to by the Officer. Shri Loke further informed that the practice among the Customs offices w.r.t. sampling is not uniform. The Chair directed all the nodal Pr. Commissioners/Commissioner of NAC (Automobile and Instruments & Miscellaneous Products) for compliance of Instruction No.28/2023-Cus dated 12.12.2023 and also requested NCTC to issue a Circular/Instruction in the subject matter to ensure uniform practice.

6.3. Shri Yogesh Loke requested that NCTC also be forwarded the Audit objections which are circulated amongst all the nodal Pr. Commissioners / Commissioners of NAC. The Chair informed that the said practice has been initiated by him being the Convenor of the NAC (Automobiles and Instruments & Miscellaneous Products) for uniform practice of assessment for Chapters 86 to 98 only. The Chair also informed that the Audit Commissionerate, Mumbai Customs Zone-I is

I/1712407/2024

regularly sending the monthly reports to NCTC. The Chair therefore, directed that matter may be taken up with DGARM for Pan-India level.

6.4 Shri Yogesh Loke requested the Chair to share the details of the Bills of Entry for further analysis which was referred to at Para (8)(iii) of the Minutes of the NAC (Automobiles and Instruments & Miscellaneous Products) dated 08.12.2023 wherein the Assistant Commissioner i/c of the Group had informed that due to RMS instructions for verifying the SVB order, first query was given in the Bill of Entry in addition to the first check given for the same bill of entry for further analysis. The Chair directed the DC/Group VB, Mumbai Customs Zone-to provide the same to NCTC.

6.5 Since there were no further points for discussion, the meeting ended with a vote of thanks.

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

HEMLATA RAI

ADDITIONAL COMMISSIONER

Copy to:

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