



F.No. CCCO/1092/2025-TECH

Date:20-08-2025

Minutes of Outreach Programme conducted by NAC (Automobile and Instruments & Miscellaneous Products) through Hybrid Mode chaired by NAC Convenor with Sectoral Associations, Trade members and stakeholders on 14.08.2025 at 11:00 AM

At the start of the outreach program, Additional Commissioner of Customs, CCO, Mumbai Zone-I on behalf of Convener of NAC (Automobiles and Instruments & Miscellaneous Products) welcomed all attendees in the meeting. He informed that this meeting is in hybrid mode and being chaired by NAC Convenor. To begin with the meeting, he requested the NAC Convenor for few words of directions for the meeting.

2. The NAC Convenor welcomed all participants to the meeting and informed that Mumbai Customs Zone-I had earlier conducted a sectoral meeting with various stakeholders on 30.07.2025 through hybrid mode. The earlier meeting had deliberated upon agenda points, issues, difficulties, and bottlenecks faced in NAC (Automobiles and Instruments & Miscellaneous Products), with the objective of ensuring uniformity in assessment and facilitation of trade. In continuation of those deliberations, the present outreach was being expanded to cover issues related to faceless assessment of imports under this NAC, namely in Group 5B (CTH 86–87), Group 5F (CTH 88), Group 5S (CTH 89), Group 5I (CTH 90–92), and Group 6 (CTH 93–98).

The Convenor further extended a warm welcome to all attendees across different ports and requested the sectoral associations to briefly explain the agenda points that had been sponsored and communicated earlier for the outreach programme. The concerned Commissionerates were requested to provide prompt responses to the specific issues raised. It was also clarified that associations which had not sponsored agenda points in advance could raise their concerns at the end of the presentations for discussion and resolution. Thereafter, the Convenor instructed the Additional Commissioner, NAC Mini Secretariat in Chief Commissioner's Office (CCO) to commence the presentation.

Thereafter, the Additional Commissioner, CCO Mumbai Zone-I, presented the Action Taken Note pertaining to the issues raised during the previous outreach

programme.

3. In the previous outreach meeting, issue regarding exemption from CE Certificate and End use Bond for Ships imported for breaking at Alang Port, Jamnagar was raised by Ship Recycling Industries Association (India). In this regard, it was instructed that the inputs received from Jamnagar Customs may be examined quickly and if required, a reference may be made to the Board seeking specific clarification regarding the ship recycling industry.

4.1 In this context, the NAC Convenor office has held a one-on-one meeting with the Ship Recycling Industries Association (India) members. Further, a letter dated 06.08.205 has been sent to the Jamnagar Customs requesting:

- i. To provide the Circulars, Instructions, Office Orders, or guidelines issued regarding valuation.
- ii. Procedures for transaction value in absence of Surveyor's report.
- iii. Is the transaction value being determined on the basis of the Memorandum of Agreement or similar documentation submitted by the importer?
- iv. Any instances of undervaluation detected or adjudicated.

4.2 In this context, the ADC, CCO apprised the trade members that the matter is presently in the final round of discussions and deliberations. It was conveyed that this office will soon issue a formal written communication, thereby ensuring clarity and uniformity in practice across all formations. The NAC Convenor further informed the trade members that the issue is under active consideration and is at the concluding stage of examination, both with Jamnagar Customs and Import-I Commissionerate, Mumbai. It was assured that appropriate instructions relating to the assessment of ships meant for recycling will be issued in the near future.

(Action: NAC Convenor's Office; Commissioner, Import-I; Commissioner, Jamnagar, Ahmedabad)

5.1 In the previous meeting, the authorized representative of Maruti Suzuki (Automobile) raised an issue pertaining to the import of vehicles intended for Research and Development (R&D) activities aimed at technological advancement. Maruti Suzuki submitted that MSIL imports CBU vehicles for Research and Development purpose generally through Mumbai port. It was further submitted that queries raised by the SIIB(I), NCH, Mumbai-I questioning the exemption claim of Notification No. 51/1996 on the grounds that the benefit is admissible only for vehicles imported for scientific purposes and not for general use as defined in the said notification. As per them, CBU vehicles imported by MSIL are "general purpose equipment" which is not limited to research or

other technical activities. It is submitted by Maruti Suzuki that these are not "special purpose equipment" which is used only for research, scientific or other technical activities as defined under Notification No. 51/1996-Customs. Further, he also requested for virtual appointment for briefing the matter.

5.2 In response to Maruti Suzuki (Automobile), Commissioner of Customs (Import-I) has informed that such claims of duty exemption for the purpose of R&D for complete finished product i.e. ready to use commercial vehicles has been rejected as these are not found to be covered under the Notification No.51/1996-Cus dated 23.07.1996. In this regard, Order in Original already had been issued. It was also stated that the importer's appeal against the same is presently pending before the Commissioner of Customs, Appeals, NCH, Mumbai.

5.3 In this regard, the Manager of M/s MSIL was contacted on 07.08.2025 for a discussion through virtual mode. He was currently unavailable for the meeting and would inform via email regarding his availability.

5.4 It was noted that no representative of M/s MSIL attended the outreach meeting held on 14.08.2025. In this regard, the NAC Convenor directed that the matter be decided on the merits of the case. It was further observed that the facts of the case are already well settled, an Order-in-Original has been issued, and the appeal is presently pending before the Commissioner (Appeals). In view of the matter being under quasi-judicial proceedings, the NAC decided that the issue may be treated as closed, unless M/s Maruti Suzuki submits any additional facts warranting further examination.

(Point Closed)

6.1 **Applicability of duty on bunkers of Indian origin/ locally purchased bunkers lying on board an Indian flag vessel converting from FG to Coastal run:** In previous meeting dated 30.07.2025, Shri Anil Devli, representative of INSA submitted that an Indian flag vessel which has completed its importation formalities (i.e. filing Bill of Entry (BoE)) etc. is converting from FG to Coastal status and duty is paid accordingly. Further, at the time of reverting from foreign to coastal run after the first importation, Indian-flagged vessels do not file an IGM or Bill of Entry for the vessel itself once again. However, Certain Custom House insist that BoE must be filed in respect of Indian origin bunkers lying on board the vessels. They insist on payment of duty on Indian origin/ locally purchased bunkers lying on board the vessel. These bunkers are not imported and are clearly identifiable and can be segregated from foreign procured bunkers on board the vessel. The Vessel is not engaging in export of the bunkers and these bunkers are on board for the purposes of propulsion only and not as cargo.

6.2 In this regard, clarification was sought from Customs as below:

- (a) That the vessel which is converting from coastal status to FG status is not required to file SB in respect of Indian origin or locally purchased bunkers lying on board the said vessel?
- (b) That the Indian origin/locally procured bunkers lying on board an Indian flag ship converting from FG to coastal are not liable to be charged any customs duty on the said bunkers.

6.3 In this regard, ADC, CCO informed that matter is under examination and an email dated 31.07.2025 has been sent to the Ahmedabad, Import-I, Mumbai and Vishakhapatnam Customs for providing comments on this matter.

6.4 In this regard, Commissioner, Jamnagar informed that Jamnagar Customs is not charging duty on bunkers of Indian origin/ locally purchased bunkers lying on board an Indian flag vessel converting from FG to Coastal run. Further, it is informed that if importers submit invoice and duty paid documents, then, there is no need charge of duty.

6.5 In this regard, NAC convenor asked Commissioner, Jamnagar to apprise NAC Convenor in detail in order to take a final view on the matter. Further, NAC Convenor directed Commissioner, Mumbai-I (INBOM1) and Commissioner, Visakhapatnam (INKAK1) to submit their inputs.

**(Action: Commissioner of Customs, Ahmedabad (INALA1), Mumbai-I (INBOM1),
Visakhapatnam (INKAK1))**

7 . 1 **IGST charged on MRO Services:** In previous meeting, Shri Anil Devli, representative of INSA submitted that certain Custom Houses are asking the vessel to file a BoE for the vessel again on the grounds that the vessel consumed repairs outside India and hence duty needs to be paid on the additions and improvements carried out on the vessel. He further added if the BCD on the vessel is NIL, no duty should be payable on the additions and improvements carried out on the vessel. However, IGST is charged on the ship repair charges paid by the Indian ship outside India, despite the fact that the Indian company has already discharged the liability for payment of IGST in terms of Section 5(3) of the Integrated Goods and Services Tax Act, 2017 ('IGST Act') read with Notification No. 3/2021-Integrated Tax dated 2 June 2021 issued under section 13(13) of the IGST Act i.e. on MRO services on Reverse Charge Mechanism (RCM) basis.

7.2 Shri Anil Devli, representative of INSA has sought the clarification regarding that in view of the shipowners already discharging the liability in respect of IGST on MRO services consumed outside India on a Reverse Charge Mechanism basis, whether IGST needs to be paid once again to the Custom authorities on such MRO services again as 'goods'. Further, Shri A. Devli informed that largely it is happening in Jamnagar and Mundra port.

7.3 During this meeting, Commissioner, Jamnagar informed that regarding the IGST on

maintenance and repair services, a Show Cause Notice already has been issued by this office. The matter is under adjudication process.

7.5 In this regard, NAC Convenor asked Commissioner, Jamnagar to apprise NAC Convenor's office in detail about the issue. Further, the NAC Convenor directed the Commissioner, Mumbai-I (INBOM1) and the Commissioner, Visakhapatnam (INKAK1) to submit their inputs to this office within a week's time.

**(Action: Commissioner of Customs, Ahmedabad (INALA1), Mumbai-I (INBOM1),
Visakhapatnam (INKAK1))**

8.1 Examination Orders should not shift the burden of Assessment to the Shed officers: In the previous meeting, President, BCBA submitted that the FAG officers are giving orders for verifying BIS, LMPC, EPR, SVB details, Verify CTH, Verify Exemption Notification, verify Old and Use to shed officers during examination whereas primarily it should be examined during assessment itself.

8.2 In this regard, it was asked by the NAC Convenor to submit more details on specific instances as general observations cannot be specifically followed up. In this regard, ADC, CCO informed that standardization/tailoring of examination order is ongoing thing and the issue is already taken up with NCTC. In this regard, directions have been issued to all nodal Commissionerates.

8.3 Further, the NAC Convenor reiterated the following directions issued in the last meeting to sensitise the FAG and PAG officers:

- Not to override or extend the standard examination orders in routine course.
- Satisfy all the requirements at the time of assessment itself . Assessment related queries should not be raised during examination process unless unavoidable and that too with approval of senior officers.
- Prescribing of 100% examination orders should be strictly monitored by senior officers. It should not be used in routine but only prescribed in imports involving such 100% examination such as second hand goods or re-imports where it is required to verify the same product is returned to establish the identity, etc. among other such specific situations.

8.4 President, BCBA raised the issue that samples drawn under Chapter 25 and 26 of the Customs Tariff, as well as chemical items, are being forwarded to the CRCL Delhi laboratory for testing, which is causing hindrance to trade. However, BCBA did not submit specific instances in support of this matter.

8.5 In this regard, the NAC Convenor instructed BCBA to furnish specific details on the issue for further examination.

(Action: All Nodal Commissionerates)

8.7 Shri Hiren Ruparel, BCBA raised an issue that after testing the samples, the Test report are not being shared with trade by CRCL. It is being routed through ICES to the officer's screen only. In this regard, NAC Convenor instructed to make a reference to DG Systems that ICES itself provide the information to importer on the screen so that importer is made aware that samples have been drawn and tested as when as test report received. Further, it was informed to the trade that this issue has already been discussed in CCG meeting, Bangalore.

(Action: NAC Convenor's Office)

9.1 **Issuance of Speaking orders for assessment:** During the last meeting, with respect to the jurisdiction for issuance of Speaking Orders by PAG or FAG Commissioners, and specifically in cases where assessment is carried out by FAG, the NAC Convenor observed that a divergent approach is being followed on the subject issue. It was noted that Board's Notification No. 45/2020 dated 12.08.2020 mandates that Speaking Orders are to be issued by FAG. The NAC Convenor acknowledged the concerns raised in the forum and had requested all NAC Commissioners to furnish details of the practice being followed at their respective ports. The NAC Secretariat was directed to compile this information at the earliest and undertake an examination.

9.2 In this regard, Commissioner, ICD PPG, stated that clear guidelines are required to delineate the cases that would be referred to FAG and those that would be adjudicated by PAG.

9.3 The NAC Convenor accordingly requested the Commissioner, ICD PPG, to prepare and submit a list of situations where it would be appropriate for FAG or PAG to pass assessment orders. He further reiterated the request to all NAC nodal Commissioners to provide details of the practices being followed at their respective ports within a week's time. The NAC Secretariat was directed to collect this information expeditiously, examine the matter, and make a reference to the Board for issuance of clear instructions.

(Action: All Nodal Commissionerates, Additional Commissioner, NAC Secretariat)

10. Shri Balmukund, ADC on behalf of the Convener of NAC, thanked all the participants, Pr. Commissioners, Commissioners, Addl./Joint Commissioners, officers of Customs, Customs Broker Associations, Trade partners and stakeholders for participating in the meeting.

11. The said meeting was attended by importers, sectoral associations, and other members and various stakeholders detailed as per **Annexure-I** enclosed herewith.

12. This issues with the approval of Convenor of NAC (Automobile and Instruments & Miscellaneous Products).

(Balmukund)
Additional Commissioner of Customs,
CCO, Zone-I, Mumbai

Encl: Annexure-I (List of Attendees)

Copy To:

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