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Date: 05.06.2025

CESTAT Delhi Upholds Importer's Tariff Classification

The Customs, Excise and Service Tax Appellate Tribunal (CESTAT), New Delhi, allowed the appeal of M/s Motherson Bergstrom HVAC Solutions Pvt. Ltd., setting aside the customs demand raised on account of alleged misclassification of imported automotive air conditioning components. The Tribunal's detailed decision reaffirms the primacy of Note 2(a) of Section XVI in tariff classification and reasserts settled jurisprudence that specific tariff headings under Chapters 84 and 85 prevail over general residual classifications.

Background of the Case:

The appellant, M/s Motherson Bergstrom, imported various parts and assemblies such as blowers, filters, water valve assemblies, thermostats, modules, and control panels, classifying them under individual tariff headings of Chapters 84, 85, and 90. The Customs department reclassified the goods under CTI 8415 90 00 (parts of air conditioners), demanded differential customs duty under Section 28(1) of the Customs Act, and initiated reassessment proceedings.

While penalty and confiscation proposals were dropped, the demand of differential duty and interest under Section 28AA was confirmed by the Principal Commissioner (ICD-Tuglakabad).

Core Legal Issue:

The central dispute revolved around whether the imported parts should be:

- Classified under individual specific headings such as:
 - **CTI 8414 59 30** – Blowers
 - **CTI 8421 39 90** – Filters

- **CTI 8481 80 90** – Water Valve Assemblies
- **CTI 9032 10 10** – Thermostats and Modules
- **CTI 8538 10 90** – Control Panels

OR

- Treated as “Parts of Air Conditioners” under CTI 8415 90 00 based on exclusive use with air-conditioning units in vehicles.

Tribunal’s Key Observations:

1. Note 2(a) of Section XVI directs that parts which are themselves goods of Chapters 84 or 85 are to be classified in their own headings, regardless of use.
2. Note 2(b) is only applicable when parts are not specifically classifiable under any heading—something not true in this case.
3. The Tribunal cited the Supreme Court's ruling in *Secure Meters Ltd.*, which clarified that Note 2(b) applies only when Note 2(a) is inapplicable.
4. The Principal Commissioner erred in stating that parts classified under “others” subheadings are not “specific”—this interpretation was rejected by the Tribunal.

Technical Findings:

- Blowers were found to be correctly classified under CTI 8414 59 30 per HSN Explanatory Notes.
- Filters used for gas purification justified classification under CTI 8421 39 90.
- Water Valve Assemblies, controlling coolant flow, were classifiable under CTI 8481 80 90.
- Thermostats and Module JCBHP, regulating temperature, fell under CTI 9032 10 10.
- Control Panels, being parts of apparatus under CTH 8537, were rightly classified under CTI 8538 10 90.

Final Verdict:

The CESTAT held that:

- The appellant's self-assessment and classification were legally correct.
- The Principal Commissioner’s order reclassifying goods under CTI 8415 90 00 was unsustainable.
- No demand for differential customs duty or interest could be upheld.

The impugned Order-in-Original dated 17.03.2021 was accordingly quashed, and the appeal was allowed in full.

Conclusion:

This ruling is a significant reaffirmation of tariff interpretation principles under the Customs Act, 1962, especially concerning parts classification. It sends a strong message that classification under residual entries like “parts” must follow only after ensuring the inapplicability of more specific headings. Importers are advised to rely on robust technical documentation and HSN guidance in classifying composite goods.

This Article has been written by Shri Ravi Shekhar Jha, Advocate Delhi High Court based on his interpretation of the law. He can be reached at his email id intelconsul@gmail.com or on his Mobile +91-9999005379.

Source: CESTAT Delhi

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CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL

NEW DELHI

PRINCIPAL BENCH- COURT NO. I

Customs Appeal No. 50951 of 2021

(Arising out of Order-in-Original No. 09/2021/MKS/Pr. Commr./ICD-Import/TKD dated 17.03.2021 passed by the Principal Commissioner of Customs, (Import), ICD, Tuglakabad, New Delhi.)

**M/s Motherson Bergstorm Hvac Solutions
Pvt. Ltd.**

....Appellant

A-18, Sector-2, Gautam Budh Nagar,
Uttar Pradesh-201301

Versus

**Principal Commissioner of Customs,
(ICD) Tuglakabad- New Delhi**

....Respondent

New Delhi-110037

APPEARANCE:

Shri B.L. Narasimhan, Shri Shubham Jaiswal, Shri Anurag Kapoor and Shri Ashwin Sundaram, Advocates for the Appellant
Shri Rajesh Singh, Authorised Representative of the Department

CORAM:

**HON'BLE MR. JUSTICE DILIP GUPTA, PRESIDENT
HON'BLE MR. P.V. SUBBA RAO, MEMBER (TECHNICAL)**

DATE OF HEARING: December 16, 2024

DATE OF HEARING: June 05, 2025

FINAL ORDER NO. 50846/2025

JUSTICE DILIP GUPTA

M/s Motherson Bergstorm Hvac Solutions Pvt. Ltd.¹ has filed this appeal to assail the order dated 17.03.2021 passed by the Principal Commissioner of Customs² adjudicating two show cause notices dated 29.09.2020 & 10.11.2020. The Principal Commissioner has rejected the classification of the imported goods self-assessed by the appellant

1 the appellant

2 the Principal Commissioner

under different Customs Tariff Item³ of the First Schedule to the Customs Tariff Act, 1975⁴ and ordered for re-assessment under CTI 8415 90 00 as parts of air conditioner. The Principal Commissioner has also confirmed the demand of differential basic customs duty under section 28(1) of the Customs Act, 1962⁵ with interest under section 28AA of the Customs Act. The Principal Commissioner, however, held that the goods are neither liable for confiscation under section 111(m) of the Customs Act nor penalty can be imposed under section 112(a) (ii) of the Customs Act.

2. The dispute in the present appeal is as to whether Blower, Filter, Water Valve Assembly, Control Panel, Module JCBHP and Thermostat (hereinafter referred to as "goods") are classifiable as parts of air conditioner under CTI 8415 90 00 as claimed by the department or are classifiable under CTI 8414 59 30, CTI 8421 39 90, CTI 8481 10 90, CTI 8538 10 90 and CTI 9032 10 10 as claimed by the appellant.

3. The appellant is engaged in the import, manufacture and sale of parts and accessories of Automobiles Air Conditioning machines. During the period 03.08.2018 to 01.10.2020, the appellant imported the disputed goods and classified them under various Customs Tariff Items indicated above and paid basic customs duty @ 7.5%/15%, social welfare surcharge @10% and Integrated Goods and Service Tax @ 18% in terms of the classification adopted by the appellant in the self-assessed Bills of Entry.

4. Two show cause notices dated 29.09.2020 and 10.11.2020 were issued to the appellant alleging that the correct classification of the

3 CTI
4 the Customs Tariff
5 the Customs Act

disputed goods would CTI 8415 90 00 as parts of air conditioners and, accordingly, differential duty demand with interest and penalty was proposed.

5. The appellant filed a detailed common reply dated 02.02.2021 to the aforesaid two show cause notices and submitted that the disputed goods were correctly classified by the appellant.

6. The Principal Commissioner held that the disputed goods are classifiable under CTI 8415 90 00 as parts of air conditioners and, accordingly, confirmed the differential duty demand but the proposal in the show cause notices for confiscation of the disputed goods and consequential imposition of penalty were dropped. After referring to Note 2 to Section XVI and HSN Explanatory Notes to the relevant Customs Tariff Headings⁶, the Principal Commissioner held that the goods imported by the appellant are parts of automobiles air conditioning, and the tariff heading claimed in the Bills of Entry are not specific but are "others" under the respective tariff headings. The Principal Commissioner, therefore, concluded that Note (a) to Section XVI would not be applicable. Consequently, the Principal Commissioner applied Note 2(b) to Section XVI and held that since the goods are specific parts for air conditioning of automobiles, they would be covered by CTI 8415 90 00. The relevant findings are:

"23. I find that Note 2 of the General Explanatory Notes to the Section XVI of Chapter 84 lays down the guiding rules for classification of parts and it provides that firstly parts which are goods included in any of the headings of Chapter 84 or 85 are in all cases to be classified in their respective headings and then other parts suitable for use solely or principally with a particular kind of machine are to be classified with the machines of that kind.

6 CTH

24. I find that the noticee in the present case has imported goods namely "Blower", "Filter/Filter Coil", "Water Valve Assy Oasis", "Module JCBHP", "Thermostat" and "Control Panel", all declared as parts for Automobile A/C, and classified the same under different CTH, as detailed above. I also find that at the time of importation the noticee has declared the items as parts for Automobile Air Conditioner. **Therefore, it is not disputed that the items under import are specific part/ assembly of Air Conditioner and are suitable for use solely or principally with the Air Conditioner for Automobile only. I find that there is a specific CTH 8415 90 00 in the Customs Tariff Heading to classify the parts of Air Conditioner. The tariff headings being claimed by the noticee, as described above, indicates that the headings claimed by the noticee are not specific to the goods but are "others" under the respective tariff headings, as detailed below:**

CTH declared in the Bill of Entry	Description in the Tariff	Findings with reference to Note 2(a)
(1)	(3)	(2)
8414 59 30	"Industrial fans and blowers" under "Other"	The Blower imported as parts for automobile a/c cannot be said to be goods included in this heading as firstly the heading claimed is 'other' and it covers 'industrial blowers'
8421 29 00	"Other" under Filtering or purifying machinery and apparatus"	The filter/ filter coil imported as parts for automobile a/c cannot be said to be goods included in this heading as firstly the heading claimed is 'other' and it covers 'machinery and apparatus for filtering or purifying liquid'.
8481 80 90	"Other" under "Other Appliances"	The water valve assy oasis imported as parts for automobile a/c cannot be said to be goods included in this heading as the goods imported are specific assembly for automobile a/c and the heading claimed is 'other' under 'Other appliances'.
8538 90 00	"Other" under "parts"	The Module JCBHP imported as parts for automobile a/c cannot be said to be goods included in this heading as the goods imported are specific module for automobile a/c and the heading claimed is 'other'

		under 'parts', which does not specifically cover the imported goods.
9032 10 90	"Other" under "Thermostats"	The Thermostat imported as parts for automobile a/c cannot be said to be goods included in this heading as the goods imported are specific for automobile a/c and the heading claimed is 'other'.
8538 90 00	"Other" under "parts"	The control panel imported as parts for automobile a/c cannot be said to be goods included in this heading as the goods imported are specific panels for automobile a/c and the heading claimed is 'other' under 'parts', which does not specifically cover the imported goods.

24.1 Thus I find that the tariff headings claimed in the Bills of Entry by the noticee are not specific to the impugned imported goods but are "others" under the respective tariff headings. The goods are declared in the Bills of Entry as parts of automobile A/C and it would be wrong to contend that the impugned parts are goods included in any one of these headings declared by the noticee. Thus I find that Note 2(a) is not applicable in this case.

25. Consequently, as per Note 2(b), other parts suitable for use solely or principally with a particular kind of machine are to be classified with the machines of that kind. The description of imported goods itself indicates that these are not some general parts which can be interchangeably used but are specific part and assembly for Air Conditioner for Automobile only. The said goods have thus been imported as specific parts/assembly of Air Conditioner for Automobile only and it is no one's case that these are parts of common use for different items or machines. As per Rule 3(a) of the General Rules for the interpretation of Import Tariff 'the heading which provides the most specific description shall be preferred to headings providing a more general description'. **Therefore, in the present case the impugned goods being specific part/assembly for Air Conditioner for Automobile only are more specifically covered under Customs Tariff Heading 8415 90 00."**

(emphasis supplied)

7. Shri B.L. Narasimhan assisted by Shri Shubham Jaiswal, Shri Anurag Kapoor and Shri Ashwin Sundaram made the following submissions:

(i) Blowers are correctly classifiable under CTI 8414 59 30. This is because the product comprises mainly of blower wheels, housing and a motor and is designed to deliver large volumes of air at relatively low pressure. The product is specifically covered by name and description under CTI 8414 5930 i.e., "Industrial Fans and blowers". Consequently, by application of Note 2(a) to Section XVI and HSN Explanatory Notes to CTH 8414, it can be concluded that blowers are correctly classifiable under CTH 8414 of the Customs Tariff. The Principal Commissioner was not justified in holding that CTI 8414 5930 covers only industrial blowers. This entry covers both industrial fans and blowers which are two separate categories of products;

(ii) Filters are correctly classifiable under CTI 8421 39 90 which covers various kinds of machinery or apparatus used for filtering or purifying of gases. The filters imported by the appellant are used for filtering of gases in automobile air conditioners;

(iii) Water Valve Assemblies are correctly classifiable under CTI 8481 80 90. HSN Explanatory Notes to CTH 8481 specifically states that the goods used to control the flow of liquid are covered under this heading. It further states that even if the product is being used with a particular kind of machine or apparatus then also it will remain in this heading. This product imported by the appellant is used to control the flow of coolant (liquid) in the cabin heating system of the vehicle. The product functions like a tap;

(iv) Thermostats are correctly classifiable under CTI 9032 10 10. Note 7(a) to Chapter 90 states that all the instruments or apparatus used for automatically controlling the temperature by constantly or periodically measuring the actual value shall be classified under CTH 9032. The product (thermostat) is an automatic regulating or controlling instrument/ apparatus.;

(v) Control Panels are correctly classifiable under CTI 8538 10 90;

(vi) Module JCBHPs is correctly classifiable under CTI 9032 10 10- The product is connected with the air-conditioner and is a device to control temperature automatically in the vehicle. Thus, the module JCBHP is classifiable as an identifiable individual product based on its function i.e., to control the temperature automatically in vehicle;

(vii) The goods are not classifiable under CTI 8415 90 00 as parts of air conditioners. Merely by virtue of being used in air conditioners, does not merit classification under CTI 8415 90 00 of the Customs Tariff. Note 2 (a) to Section XVI provides that parts of machines, which, by themselves are goods of Chapter 84 or 85, would be classified in their respective headings. The same is supported by the HSN Explanatory Notes to CTH 8415 which states that parts of air-conditioning machines have to be classified in accordance with Note 2(a) of Section XVI. Thus, even though the goods are parts of air conditioners, they would continue to be classified under their respective headings as per Note 2(a) of Section XVI for the reason that the goods are themselves goods of Chapter 84;

(viii) Resort to Note 2(b) to Section XVI can be taken only when the goods cannot be classified by the application of Note 2(a). This view is supported by the HSN Explanatory Notes to CTH 8415;

(ix) Classification claimed by the appellant earlier would not operate as estoppel in case of the impugned Bills of Entries, as it is a settled principle of law that estoppel is not applicable to matters relating to classification; and

(x) Section 3(12) of the Customs Tariff does not borrow interest and penal provisions from the Customs Act. In absence of machinery provisions, no interest can be recovered from the appellant on the IGST demand.

8. Shri Rajesh Singh, learned authorized representative appearing for the department supported the order passed by the Principal Commissioner and made the following submissions:

(i) The Principal Commissioner has given good and cogent reasons why Note 2(a) to Section XVI would not be applicable;

(ii) CTH 8414 is for fan of different kind and CTI 8414 59 30 is 'Others': of Fan, further sub-divided in blower portable and Industrial Fan and Blower which in itself is complete goods and not as a parts;

(iii) As per Chapter Heading of 8421, the filter of A/C is not covered; and

(iv) CTI 8415 90 00 categorically covers parts of air conditioners. The goods imported are parts of air conditioners of automobiles and not article of general use. Therefore as per Note 2(b) to Section XVI, the goods are to be classified under CTI 8415 90 00.

9. The submissions advanced by the learned counsel for the appellant and the learned authorized representative appearing for the department have been considered.

10. The appellant has provided a technical overview of the goods and the same are as follows:

Blower

The product is a centrifugal radial blower. It comprises of blower wheels, motor, housing, clips and screws. It is a ventilation device which is designed for delivering large volumes of air from outside the vehicle at relatively low pressure. There are vents on the dashboard of automobiles from where the air is blown in and this blower assembly is fitted inside that dashboard. This blower is used in both kinds of vehicles, one with air-conditioning and without air-conditioning. It is used in 90% cases in end products which are not air conditioners, but ventilation devices (called as Blower/Ventilator Assembly).

Filter

Filter is of multi-fibre paper cotton or other engineered material. It filters outside air before letting it enter the cabin by trapping the contaminants inside the filter. It is used for filtering the air in the air-conditioning system or ventilator assembly. The product is not a filtering element but a filtering apparatus in itself.

Water Valve Assembly

The product is a device that is used to control the flow of coolant. The lever portion of the assembly is connected to a cable (cable mechanism). As soon as the knob is rotated, the cable pulls the lever and the axle opens the valves. This functions like a tap. The Coolant flows through the heater and the water valve assembly is a control mechanism for flow of coolant in the cabin heating system of the vehicle.

Module

The product is connected to the air-conditioner of the vehicle. The software in the product performs the main function of automatically controlling the components in the air-conditioner to maintain a specific temperature. It acts as a communicating device between the user interface fixed in the vehicle and the air-conditioner. The kind of air conditioner with which this product is used does not have a separate thermostat. It is a device to control temperature automatically in the vehicle. It is essentially used to perform the function of thermostat in air-conditioning machines. In addition to this, one of the components of the device i.e., PCB has IC which is being programmed by the software for operation control.

Thermostat

This product prevents evaporator from freezing in climate control system. The sensor which detects the temperature is the temperature sensing probe (metallic portion with the wire) which is sensitive to changes in temperature. The electronic part of the thermostat disconnects the voltage supply to the compressor when it reaches the cut-off point. When the temperature again increases above the set point, then it re-engages the compressor. This cycle continues to prevent the evaporator from freezing.

Control Panel

The product is an injection moulded plastic plate used in the assembly of control panel. Once assembled, it forms the outer cover of the control panel. It does not have any wires or printed circuit boards

in the manner in which it is imported. It is designed solely and principally to be used as an outer cover of a control panel.

11. In order to appreciate the contentions that have been advanced it would be appropriate to reproduce Notes to Section XVI of the Custom Tariff and they are as follows:

"Notes:

1. This Section does not cover:

xxx xxx xxx

2. Subject to Note 1 to this Section, Note 1 to Chapter 84 and to Note 1 to Chapter 85, **parts of machines (not being parts of the articles of heading 8484, 8544, 8545, 8546 or 8547) are to be classified according to the following rules:**

(a) parts which are goods included in any of the headings of Chapter 84 or 85 (other than headings 8409, 8431, 8448, 8466, 8473, 8487, 8503, 8522, 8529, 8538 and 8548) **are in all cases to be classified in their respective headings;**

(b) other parts, if suitable for use solely or principally with a particular kind of machine, or with a number of machines of the same heading (including a machine of heading 8479 or 8543) **are to be classified with the machines of that kind** or in heading 8409, 8431, 8448, 8466, 8473, 8503, 8522, 8529 or 8538 as appropriate. However, parts which are equally suitable for use principally with the goods of headings 8517 and 8525 to 8528 are to be classified in heading 8517;

(c) all other parts are to be classified in heading 8409, 8431, 8448, 8466, 8473, 8503, 8522, 8529 or 8538 as appropriate or, failing that, in heading 8487 or 8548."

(emphasis supplied)

12. Note 2(a) provides that parts of machines (not being parts of articles of heading 8484, 8544, 8545, 8546 or 8547) are to be classified in a manner that parts which are goods included in any of the headings of Chapter 84 or 85, other than the mentioned headings, are in all cases to be classified in their respective headings.

13. Note 2(b) provides that other parts, if suitable for use solely or principally with a particular kind of machine, or with a number of

machines of the same heading are to be classified with the machines of that kind.

14. The contention of the appellant is that in terms of Note 2(a), the goods deserve to be classified in their respective headings. According to the department, the goods imported by the appellant deserve to be classified as parts of air-conditioners in terms of Note 2(b).

15. The Notes to Section XVI provides certain rules which need to be applied while classifying any goods under Section XVI. Note 2 to Section XVI provides that parts of machines, which, by themselves are goods of Chapter 84 or 85, would be classified in their respective headings. The same is supported by the HSN Explanatory Notes to CTH 8415 which state that parts of air-conditioning machines have to be classified in accordance with Note 2(a) of Section XVI. Thus, even though the goods are parts of air conditioners, they would continue to be classified under their respective headings in terms of Note 2(a) of Section XVI for the reason that the goods are themselves goods of Chapter 84. Resort to Note 2(b) to Section XVI can be taken only when the goods cannot be classified by the application of Note 2(a). This view is supported by the HSN Explanatory Notes to CTH 8415.

16. The Supreme Court in **M/s. Secure Meters Ltd. vs. Commissioner of Customs, New Delhi**⁷ observed that Note 2(b) would apply only when Note 2(a) is not applicable. The Supreme Court also held that Note 2(b) would apply only if the items in question are not specifically classifiable under their respective headings. The relevant portion of the order of the Supreme Court is reproduced below:

7 2015 (5) TMI 241-SUPREME COURT

16. It was sought to be argued by Ms. Kiran Suri that as per Note 2(b), when these LCDs are used solely for particular instrument, namely, electricity supply meter, it has to be classified with the said meter and, therefore, Chapter Entry 9028 would get attracted. However, this argument loses sight of the fact that Note 2(b) relates to 'other parts and accessories', namely, it would apply to those parts and accessories for which Note 2(a) is inapplicable. Once we find that in the present case Note 2(a) squarely applies, the irresistible conclusion is that the goods will be classified in tariff item 9013, which is the specific heading for these goods.

17. In Collector of Central Excise v. Delton Cables Ltd. & Anr. (2005) 12 SCC 284, this Court has held, while interpreting Notes 2(a) and 2(b) of Chapter Heading 85, which is virtually to the same effect, that Note 2(b) would apply only if the items in question were not specifically classifiable under their respective headings. Para 4 of the said judgment, to this effect, reads as under:

"4. It is clear from a reading of the two clauses to the section note that clause (b) would only apply once it was found that the items in question were not specifically classifiable under their respective headings. As has been clearly said by the Collector (Appeals)

"from the sequence of the paragraphs given under Section Note 2 it is clear that the question of switching over to Section Note 2(b) can arise only after ensuring that the parts are not covered by Section Note 2(b) [sic Section Note 2(a)] which begins with the expression "other parts" meaning thereby that the parts which are not covered by Section Note 2(a) would be considered for coverage by Section Note 2(b). One cannot therefore directly jump over to Section Note 2(b) without exhausting the possibility of Section Note 2(a)."

17. It will also be useful to refer to the decision of the Tribunal in **Intec Corporation vs. Commissioner of Central Excise, Chandigarh-I⁸** and the relevant paragraph is reproduced below:

"6.2 It is apparent from Note 2 that Rule 2(b) does not apply to parts which in themselves constitute an article covered by Heading of Chapter 84 or Chapter 85. These are in all cases to be classified in their appropriate Headings even if they are specially designed to work as parts of a specific machine. This was the view of the Larger Bench of the Tribunal in the case of Commissioner of Central Excise, Mumbai v. Unicon Connectors Pvt. Ltd. It is not the case

of the Revenue that electric control panels are not goods included in Heading 85.37 of the Central Excise Tariff. **Thus applying the Note 2(a) to Section XVI the electric control panels are classifiable under Heading 85.37.** Rule (1) of the Rules for the Interpretation of the Schedule also provides that classification shall be determined according to the terms of the Headings and any relevant Section or Chapter Notes. The Explanatory Notes of HSN as pointed out by the learned Advocate, clearly provide that the Rule that the parts which are suitable for solely or principally with particular machines are classifiable in the same Heading as machine, does not apply to parts which in themselves constitute an article covered by a Heading of Section XVI."

(emphasis supplied)

18. It would now be useful to examine each of the goods imported by the appellant.

BLOWERS

19. The description of goods under CTH 8414 is Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters. CTI 8414 59 30 is "industrial fans and blowers". According to the appellant, the product 'blower' comprises mainly of blower wheels, housing and a motor and is designed to deliver large volumes of air at relatively low pressure. HSN Explanatory Notes to CTH 8414 provides as follows:

"Compressors, air pumps, fans, blowers, etc., specially constructed for use with other machines remain classified in this heading and not as parts of such other machines."

20. It can, therefore, safely be concluded by application of Note 2(a) to Section XVI and HSN Explanatory Note to CTH 8414 that blowers are correctly classifiable under CTI 8414 59 30. The Principal Commissioner has rejected the contention of the appellant for the reason that CTI 8414 59 30 covers only industrial blowers and, therefore, the blower imported by the appellant cannot be covered

under this entry. The Principal Commissioner was not justified in this arriving at this conclusion. CTI 8414 59 30 reads as "industrial fans and blowers". It, therefore, covers two separate categories of productions namely "industrial fans" and "blowers". Blowers would, therefore, have to be treated as separate category of goods and not as industrial blowers.

FILTERS

21. CTH 8421 reads as follows: "Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases". It would be seen that CTI 8421 39 90 covers various kinds of machinery or apparatus which are used for filtering or purifying gases. The filters imported by the appellant are used for filtering of gases in automobiles air-conditioners. HSN Explanatory Note to Chapter 8421 is as follows:

" (B) Filtering or purifying machinery, etc., for gases

These gas filters and purifiers are used to separate solid or liquid particles from gases, either to recover products or value (e.g., coal dust, metallic particles, etc., recovered from furnace flue gases), or to eliminate harmful materials (e.g., dust extraction, removal of tar, etc., from gases or smoke fumes, removal of oil from steam engine vapours)."

22. The appellant was, therefore, justified in classifying 'filters' under CTI 8421 39 90.

Water Well Assembly

23. CTH 8481 covers "taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or like, including pressure-reducing valves and thermostatically controlled valves." HSN Explanatory Notes to CTH 8481 are as follows:

"Taps, cocks, valves etc., remain in this heading even if specialized for use on a particular machine or apparatus,

or on a vehicle or aircraft. However, certain machinery parts which incorporate a complete valve, or which regulate the flow of a fluid inside a machine although not forming a complete valve in themselves, are classified as parts of the relative machines, for example, inlet or exhaust valves for internal combustion engines(heading 84.09), slide valves for steam engines (heading 84.12), suction or pressure valves for air or other gas compressors (heading 84.14), pulsators for milking machines (heading 84.34) and non-automatic greasing nipples.”

24. Water Well Assemblies imported by the appellant control the flow of coolant (liquid) in the cabin heating system of the vehicle. The product functions like a tap. It is, therefore, specifically covered under CTH 8481 and, would fall under CTI 8481 80 90.

Thermostat

25. CTH 9032 covers “automatic regulating or controlling instruments and apparatus.” Note 7(a) to Chapter 90 states that all the instruments or apparatus used for automatically controlling the temperature by constantly or periodically measuring the actual value shall be classified under CTH 9032. In the present case, the product ‘thermostat’ is an automatic regulating or controlling instrument/apparatus. Thus, by virtue of Note 7(a) to Chapter 90, the correct classification would be CTI 9032 10 10, which covers “thermostat used for refrigeration and air conditioning appliances and machinery.”

Control Panel

26. CTH 8538 covers “parts suitable for use solely or principally with the apparatus of headings 8535, 8536 or 8537.” The product in dispute is an injection moulded plastic plate used in the assembly of control panel. Once assembled, it forms the outer cover of the control

panel. The control panel is classifiable under CTH 8537. Since the plastic case of the control panel has indications of the control panel and is meant to be used solely or principally with it, it deserves to be classified under CTH 8537. Therefore, the imported goods would fall under CTH 8538 and more particularly under CTI 8538 10 90.

Module JCBHP

27. CTH 9032 covers "automatic regulating or controlling instruments and apparatus." The product is connected with air conditioner and is a device to control temperature automatically in the vehicle. Thus, this product would be classifiable based on its function, namely to control the temperature automatically in the vehicle. It would, therefore, be classifiable under CTI 9032 10 10.

28. It will now be appropriate to examine the order passed by the Principal Commissioner.

29. The Principal Commissioner also held that the goods in terms of Note 2(b) being specific part/assembly for air conditioner for automobiles are more specifically covered by CTI 8415 90 00. CTI 8415 90 00 covers "parts" of air conditioning machines. It cannot be disputed that the goods are used in air conditioner but merely because they are used in air conditioner would not mean that they are classifiable under CTI 8415 90 00. The Notes to Section XVI provide rules to be applied while classifying the goods. Note 2 to Section XVI provides that parts of machines, which, by themselves are goods of Chapter 84 or 85, would be classified in their respective headings. This is supported by the HSN Explanatory Notes to CTH 8415 which state that parts of air-conditioning machines have to be classified in

accordance with Note 2(a) of Section XVI. Thus, even though the goods are parts of air conditioners, they would continue to be classified under their respective headings in terms of Note 2(a) of Section XVI for the reason that the goods are themselves goods of Chapter 84.

30. The Principal Commissioner has held that the classification claimed by the appellant are not specific to the disputed goods, as the same are under the 'others' category. Therefore, Note 2(a) to Section XVI will not be applicable and the goods will be correctly classified under CTH 8415 of the Customs Tariff as per Note 2(b) of Section XVI of the Customs Tariff. Note 2 to Section XVI lays down the rules for classification of parts under Chapter 84 or 85 of the Customs Tariff. Note 2(a) provides that the parts, which are goods included in any of the headings of Chapter 84 or 85 (other than 8409, 8431, 8448, 8466, 8473, 8485, 8503, 8522, 8529, 8538, 8548) are in all cases to be classified under their respective headings. It does not mention that the goods must be included by name or nomenclature in any of the headings/sub-headings/tariff items of Chapter 84 or 85. Therefore, even if the goods are classified under the 'other' category of any heading of Chapter 84 or 85, they would still be classifiable under their respective heading.

31. In this view of the matter, the classification adopted by the appellant for the goods was correct and the order passed by the Principal Commissioner for reassessment goods under CTI 8415 90 00 as parts of air conditioner cannot be sustained. The differential basic custom duty with interest could not have been levied upon the appellant.

32. The impugned order dated 17.03.2021 passed by the Principal Commissioner is, accordingly, set aside and the appeal is allowed.

(Order pronounced in the open court on **05.06.2025**)

(JUSTICE DILIP GUPTA)
PRESIDENT

(P.V. SUBBA RAO)
MEMBER (TECHNICAL)

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