WEST BENGAL APPELLATE AUTHORITY FOR ADVANCE RULING
AT 14, BELIAGHATA ROAD, KOLKATA-700015

Before:

Mr R. Srinivasa Naik, Member
Mr Khalid Aizaz Anwar, Member

In the matter of

Appeal Case No. 01/WBAAAR/APPEAL/2026-27 dated 06.04.2026

- And -

In the matter of:

An Appeal filed under Section 100 (1) of the West Bengal Goods and Services Tax Act, 2017/ Central Goods and Services Tax Act, 2017, by Mr. Zahid Hossain, Assistant Commissioner of Revenue, Shibpur Division, Howrah Commissionerate, CGST & CX against the Ruling passed by the West Bengal Advance Ruling Authority vide Advance Ruling Order No. 26/WBAAR/2025-26 dated 16.01.2026 in respect of M/s NAVYA ELECTRIC VEHICLE PRIVATE LIMITED (GSTIN:19AAICN1800C1ZW).

Present for the Appellant:	None present
Present for the Respondent:	Mr. Ankit Kanodia, Advocate; Ms. Megha Agarwal, Advocate

Matter heard on:	15.06.2026
Date of Order:	02.07.2026

At the outset we would like to make it clear that the provisions of the Central Goods and Services Tax Act, 2017 and the West Bengal Goods and Services Tax Act, 2017 (hereinafter referred to as the 'CGST Act, 2017' and the 'WBGST Act, 2017') are in pari materia and have the same provisions in like matter and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act, 2017 would also mean reference to the corresponding similar provisions in the WBGST Act, 2017.

1. This appeal has been filed by Mr. Zahid Hossain, Assistant Commissioner of Revenue, Shibpur Division, Howrah Commissionerate, CGST & CX against the Ruling passed by the West Bengal Authority for Advance Ruling (hereinafter referred to as, the WBAAR) vide Order No. 26/WBAAR/2025-26 dated 16.01.2026 in respect of the application for Advance Ruling filed by M/s Navya Electric Vehicle Private Limited (GSTIN:19AAICN1800C1ZW).

2. The concerned respondent, M/s Navya Electric Vehicle Private Limited (applicant before the WBAAR), stated to be engaged in the supply of electric three-wheeler passengers and goods transport vehicles (e- rickshaws), filed an application before the WBAAR under sub section (1) of section 97 of the CGST Act and the rules made there under seeking an advance ruling in respect of following question:

> Whether the supply of a complete set of components of an electric three-wheeler vehicle (e- rickshaw) in Completely Knocked Down (CKD) form, necessary and sufficient for the assembly of the finished vehicle, should be classified as:
>
> (a) the finished vehicle itself or
> (b) a set of various individual parts

<u>Submission of the Respondent before the WBAAR</u>

3. In their application made before the WBAAR, the respondent submitted inter alia the following:

i. The CKD supply involves providing all necessary components- such as the chassis, motor, battery, controller, body panels and differential- in a single, consolidated shipment to the registered dealers/assemblers, who then assemble and sell the final, road-worthy electric vehicle.

ii. A clarification is required regarding the classification of this CKD kit and the corresponding rate of tax, as the tax rate for the finished electric vehicle differs significantly from the tax rates applicable to various individual parts.

<u>Submission of the Department before the WBAAR</u>

4. The concerned officer from the revenue did not express any view on the merit of the issue raised by the applicant.

Observation of the WBAAR

5. While passing the impugned ruling, the WBAAR considered all the records of the issue as well as submissions made by the authorized representative of the respondent and observed that:

i. According to Section 2(28) of the Motor Vehicles Act, 1988 *"motor vehicle" or "vehicle" means any mechanically propelled vehicle adapted for use upon roads whether the power of propulsion is transmitted thereto from an external or internal source and includes a chassis to which a body has not been attached and a trailer; but does not include a vehicle running upon fixed rails or a vehicle of a special type adapted for use only in a factory or in any other enclosed premises or a vehicle having less than four wheels fitted with engine capacity of not exceeding [twenty-five cubic centimetres]*. E-rickshaw having three wheels will not come under this definition.

ii. But with effect from 07.01.2015, upon insertion of Section 2A to such Act, e-cart and e-rickshaw has been brought into the ambit of the Motor Vehicles Act, 1988.

iii. In the year 2013, the Commissioner of Customs, ICD, TKD, New Delhi constituted a committee to decide as to what percentage of components/assemblies combine together make E-rickshaw in CKD SKD as per Rule 2(a) of the Interpretative Rules to the First Schedule to the Customs Tariff Act, 1975.

iv. On the basis of recommendations of this Committee, an Office Order bearing no. C.No. VIII/ICD/TKD/6AG/104/2013/pt Dated 12.03.2014 was issued, where it was clarified that:

A. As per Rule 2(a) of the Interpretative Rules to the First Schedule to the Customs Tariff Act, 1975, five (05) major components or assemblies provide the essential characteristics to make a complete e-rickshaw in CKD (Completely Knocked Down) and SKD (Semi Knocked Down) condition classifiable in Tariff code 8703.

B. The components are:

a) Transmissions
b) Motor
c) Axles
d) Chassis

e) Controller

C. The order further provides that where, in addition to the motor, any two of the essential components specified above are absent, the goods may be treated as parts of an e-rickshaw. Conversely, it stipulates that the presence of the motor along with any three of the other essential components shall be regarded as constituting a complete e-rickshaw in CKD or SKD condition.

v. The above noted office order has got judicial sanctity when the Hon'ble Delhi High Court mentioned and accepted this office order in the judgement pronounced by the Hon'ble High Court in Rama Krishna Sales Pvt. Ltd. Versus Union of India case reported as 2019 (366) E.L.T. 273 (Del.) [31-01-2019]. The relevant portion of the order is reproduced here:

> *"16. It is apparent that the scope of Rule 2(a) of the Interpretative Rules is only to interpret Customs duties as applicable to an article imported by any importer. Import of the said Rule is that even an incomplete or unfinished article, which has an essential character of a complete article, would bear the same duties as applicable to the complete article. Rule 2(a) of the Interpretative Rules creates a legal fiction for the purposes of imposition of duties, whereby even an unfinished article or an incomplete article is deemed to be treated as a complete article for the purposes of determining the duties applicable thereon.*
>
> *…*
>
> *…*
>
> *18. It is apparent from the above that the High Powered Committee was constituted to decide as to what percentage of components/assembles combined together should be considered as an E-rickshaw for the purposes of Rule 2(a) of the Interpretative Rules.*
>
> *19. The aforesaid Office Order indicates the combination of essential components and assemblies of E-Rickshaws that are required to be considered as the finished article (a complete E-Rickshaw). The aforementioned Office Order has to be read in the context of Rule 2(a) of Interpretative Rules. It is, at once, clear that the import of the Office Order is that the duties as applicable to import of E-Rickshaws would also be applicable to the components which are determined as representing the essential character of the complete E-Rickshaw. The Committee had identified five major components/assemblies, namely, (i) transmission, (ii)*

Motor, (iii) axel, (iv) Chassis and (v) Controller which would essentially constitute an E-rickshaw in CKD/SKD (Complete Knock Down/Semi- Knock Down) condition. The Committee had further opined that if any two of the essential components along with the motor are missing then the remaining components could be considered as parts of the motor vehicle (E-Rickshaw). In other words, if along with the motor other essential components/assemblies were imported, the same would be considered to have the essential character of an E-Rickshaw."

We have in our hand the orders passed by the Customs, Excise & Service Tax Appellate Tribunal, New Delhi in the case of M/s Y.C. Electric Vehicle vs. Principal Commissioner, Customs (Import), New Delhi (ICD, TKD) and the Customs, Excise & Service Tax Appellate Tribunal, Eastern Zonal Bench, Kolkata in the case of Commissioner of Customs (Port) vs. M/s Jade Korea Pine Life. In both the cases the respective tribunal while passing the order relied solely on the aspect of essential character of Rule 2(a) supra.

In the former case the Tribunal put emphasis on a conjoint reading of the office order mentioned Paragraph 4.5 and Rule 2(a) and allowed the import of parts and accessories of e-rickshaw as import of vehicle since the criterion of essential character of vehicle as per Rule 2(a) was satisfied with the components imported. In the latter case, the Tribunal ordered that due to absence of import of essential components of e-rickshaw the relevant consignment could not be considered as import of e-rickshaw. It failed the essential character test of Rule 2(a).

vi. Even the Supreme Court of India has in several cases in other but somewhat comparable contexts has emphasized the need for application of Rule 2(a) *supra.*
In ***Varshatronics* v. *CC* 1999(106) ELT 89 (CEGAT)**, it was held by the Apex Court that washing machine imported in SKD condition (excepting a few parts) would be classifiable as 'washing machine', applying rule 2(a). In ***Hindustan Udyog* v. *CCE* 2001(133) ELT 405 (CEGAT),** the Apex Court held that 'belt conveyor system' supplied with all material except belt (as belt was to be procured from market and fitted by buyer) has to be classified as 'Belt Conveyor' as per rule 2(a), as it has essential character of final product. In **CC v. *Hindustan Motors Ltd.* 2003 (156) ELT 155 (CESTAT)** the case was that almost all the components of engine were imported in one consignment by Hindustan Motors Ltd. Invoice showed them as 'set of engine'. The assembly of the components would give engine

the essential characteristic of engine, though some local components would be required to complete the engine. It was held by the Supreme Court that the import was of complete engine. It was also held that the complexity of the assembly method is not required to be taken into account for the purpose of application of rule 2(a).

vii. From the foregoing discussion and references, the WBAAR noted down the ~~vital~~ points relevant for this case as under:

1) CKD vehicle means collection of vehicle parts to be assembled to bring into existence the finished vehicle.

2) It is usually done for convenience of transportation.

3) This phenomenon is popular in automobiles, electronics and furniture industries.

4) The accepted legal position in respect of CKD vehicle is that the issue is to be understood and interpreted in terms of the provisions of Rule 2(a) of the General Rules for the Interpretation of the Harmonised System (in short GIRs) to the First Schedule of the Customs Tariff Act, 1975.

5) The spirit of Rule 2(a) *supra* is that the incomplete or unfinished article can be considered as complete or finished article under a particular heading if the incomplete or unfinished article has the essential character of the said complete or finished article.

6) In the context of e-rickshaw any CKD e-rickshaw must pass the test of 'essential character' as stipulated in Rule 2(a) read with the office order C.No. VIII/ICD/TKD/6AG/104/2013/pt Dated 12.03.2014 issued by ICD, TKD, New Delhi.

7) The above office order has identified five components viz. transmissions, motor, axles, chassis and controller that provide the 'essential character' of a complete e-rickshaw.

8) According to the office order as mentioned above, absence of any two components along with motor does not fulfil the 'essential character' test of a complete vehicle. Alternately it suggests that presence of motor along with three other essential components fulfils the criteria of finished e-rickshaw even in a CKD condition.

viii. So, three-wheeler vehicle (e-rickshaw) in a CKD condition can be regarded as finished vehicle :

A. if the CKD parts contain any three of the four components fulfilling the 'essential character' of e-rickshaw viz. transmissions, axles, chassis and controller along with motor.

B. if the consignment carries appropriate and proportionate numbers of components capable of building such numbers of e-rickshaws.

Ruling of the WBAAR

6. Accordingly, the WBAAR, in its Order No. 26/WBAAR/2025-26 dated 16.01.2026 ruled that:

A. Supply of a complete set of components of an electric three-wheeler vehicle (e-rickshaw) in a Completely Knocked Down (CKD) form, necessary and sufficient for the assembly of the finished vehicle, should be classified as the finished vehicle itself if a complete set of components of an electric three-wheeler vehicle (e-rickshaw) in a Completely Knocked Down (CKD) form includes motor and any three of the other four major components (other than motor) viz. transmissions, axles, chassis and controller are in proportionate number for the assembly of the finished vehicle. In that case, GST is applicable @ 5% [vide HSN code 87038040 and serial no. 441 of Schedule I of Central Notification No. 09/2025-Central Tax (Rate) Dated 17.09.2025].

B. Supply of a complete set of components of an electric three-wheeler vehicle (e-rickshaw) in a Completely Knocked Down (CKD) form, necessary and sufficient for the assembly of the finished vehicle, should be classified as a set of parts and what is the applicable rate of GST if the supply does not include either motor or any two of the other four major components (other than motor) viz. transmissions, axles, chassis and controller in proportionate number for the assembly of the finished vehicle. In that case, the supply will be regarded as that of components of e-rickshaw and is taxed @ 9% CGST + 9% SGST

Grounds of Appeal before the WBAAAR

7. Aggrieved by the said ruling given by the WBAAR vide Advance Ruling Order No. 26/WBAAR/2025-26 dated 16.01.2026, the Assistant Commissioner of Revenue, Shibpur Division, Howrah Commissionerate, CGST & CX (hereinafter referred to as "the appellant") filed the instant appeal before the West Bengal Appellate Authority for Advance Ruling (hereinafter referred to as the WBAAAR).

8. The appellant submitted the following points/grounds while preferring the instant appeal before the WBAAAR authority:

A. The ruling specifically relies on three premises. These are:

i. Section 2A of the Motor Vehicles Act, 1988 (as inserted w.e.f. 07/01/2015) that defines e-cart or e-rickshaw,

ii. Rule 2(a) of the General Rules for the Interpretation of the Harmonized System; and

iii. Office Order issued under C.No. VIII/ICD/TKD/6AG/104/2013/pt dated 12/03/2014 by the Customs Commissionerate, ICD Tughlakabad (Import)

B. The arrangement begins with defining e-rickshaw in terms of Section 2A of the Motor Vehicles Act, 1988, viz.

"2A. e-cart and e-rickshaw.—(1) Save as otherwise provided in the proviso to sub-section (1) of section 7 and sub-section (10) of section 9, the provisions of this Act shall apply to e-cart and e-rickshaw.

(2) For the purposes of this section, "e-cart or e-rickshaw" means a special purpose battery powered vehicle of power not exceeding 4000 watts, having three wheels for carrying goods or passengers, as the case may be, for hire or reward, manufactured, constructed or adapted, equipped and maintained in accordance with such specifications, as may be prescribed in this behalf."

Thus the definition specifies (e-cart and) e-rickshaw as 'a special purpose battery powered vehicle of power not exceeding 4000 watts, having three wheels for carrying goods or passengers, as the case may be'. It may be noted thus that this definition holds battery power not exceeding 4000 watts as the prime requirement for a three wheel vehicle to be defined as an e-rickshaw.

C. It then pulls in Rule 2(a) of the General Rules for the Interpretation of the Harmonized System that reads:

"Any reference in a heading to an article shall be taken to include a reference to that article incomplete and 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 failing to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled."

Clearly, the rule has two parts:

(i) 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 (ii) to include a reference to that article complete or finished (or failing to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled.

Read together, this means:

"An incomplete or unfinished vehicle, whether or not assembled, is classified as the corresponding complete or finished vehicle provided it has the essential character of the latter."

These are the exact words put in the Explanatory Notes to Chapter 87 (vehicles other than railway or tramway rolling-stock, and parts and accessories thereof) of the HSN. This note is further supplemented with following examples in the Note:

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.

D. Thus, it clearly comes out that for vehicles of Chapter 87 unassembled supply even of incomplete or unfinished vehicle would be classified as vehicle provided it has the essential character of the vehicle.

E. ln continuation, the ruling depends on the referred office order of Customs Commissionerate, ICD Tughlakabad (Import) dated 12.03.2014. The report states:

"Para 2. A meeting of the committee was held on … and after deliberation of the matter the committee has decided that as per Rule 2(a) of the Interpretative Rules to the First schedule to the Customs Tariff Act, 1975 there are five major components/ assemblies such as transmissions, motors, axles, chassis and controller that provides essential characteristics to make a complete E- rickshaw in CKD SKD condition classifiable at 8703 and are covered under the provisions of Motor Vehicles Act, 1988."

It then says:

"However if along with motor any two of the essential components mentioned above are missing then it may be considered as parts of electric rickshaw falling under CH 8708 and will not attract the provisions of Motor Vehicles Act, 1988."

No provision or reasoning is found in support of the above content to allow exclusion of any of the five major components that provide essential characteristics to make a complete e-rickshaw.

F. Further, the ruling did not consider or did not bring to consideration four (4) aspects:

(i) The Heading 8703.80 viz. the description "Other vehicles, with only electric motor for propulsion" read with the Explanatory Notes to the Heading 8703 that Vehicles propelled by one or more electric motors powered by electric accumulator packs are known as Electric Vehicles (EVs)" is already available in the nomenclature to define "e-rickshaw (and e-kart)".

(ii) HSN Explanatory Notes to Heading 8706 excludes (a) Chassis fitted with engines and cabs, whether or not the cab is complete (e.g. without seat) which are to be classified as vehicles under headings 8702 to 8704. That is even chassis fitted with engine has been classified as parts. The word "fitted" is again a noteworthy one.

(iii) In Para 2.5 of the CBIC Circular No. 179/11/2022-GST dated 03/08/2022 (communicating recommendations of the 47th GST Council Meeting), this (point (ii) above) has been noted. Para 2.4 of the same circular has further explained that HSN Explanatory Notes have also not considered batteries to be a component, whose absence changes the essential character of an incomplete, unfinished or unassembled vehicle.

Accordingly it has been clarified that Electric vehicles whether or not fitted with battery pack, attract GST rate of 5% and hence excludes battery from the essentiality characteristic test. It does not exclude any other major components/parts.

(iv) Last but not the least, the examples put in the HSN Explanatory Notes to Chapter 87 perfectly goes with the above three aspects and when applied for e-rickshaw (and e-kart) does not leave any provision to exclude any of those components/assemblies that form the essential characteristics of the vehicle, viz.

(1) transmissions (Gear Boxes)

(2) motor,

(3) axles,

(4) chassis,

(5) controller.

thus to classify an unfinished, incomplete, unassembled e-rickshaw as a completed/finished e-rickshaw.

G. Further, it appears necessary for any importer cum manufacturer to assemble the parts of E-Rickshaws gathered from different suppliers to make it a distinct and marketable product, obviously after going through the testing phase. Thereafter it can be made as CKD for the convenience of transporting such product. If some importer cum manufacturer fails to do so and supplies the parts by satisfying the above criteria, it would tantamount to supply under inverted duty structure as the finished products (though not passed through the manufacturing processes as per the definition of E-Rickshaw in MV Act.) attract GST @5% and that of the parts attract GST @18%/28%, wherever applicable. It may enable refunds to the traders/manufacturer without actually converting the inputs into a different supply. Therefore, the proposition made in para 19 of the instant Advance Ruling Order Number 26/WBAAR/2025-26 dated 16.01.2026 that "duties of as applicable to import of E-Rickshaws would also be applicable to the components which are determined as representing the essential character of the complete E-Rickshaw" appears to be erroneous and need further examination.

H. From the above it may be concluded that the ruling has failed to consider all aspects and instead of relying upon the HSN Explanatory Notes and limiting to the GST Council recommendations, has fully depended on a decade old Office Order of ICD Tughlakabad Customs that is silent on reasoning behind exclusion of any of the component that itself says to form essential characteristics of e-rickshaw and appealable to that extent.

9. The appellant has also made a prayer for Condonation of delay in filing the Appeal where the appeal has been filed beyond the stipulated time as per sub-section (2) of section 100 of the CGST Act, citing the grounds that the impugned WBAAR order dated 16.01.2026 was dispatched on 03.02.2026 and the same was received on 18.02.2026 by the appellant's office. In this context, the DGGI, KZU, had made a development of an Intelligence pertaining to E-rickshaws, that Manufacturers and traders appear to be in connivance with each other and they are supplying parts of E-rickshaws mis-declaring those in the e way bills as complete vehicles and taking the benefit of refund under ISD at the manufacturer's end. As such, it appears that the various entities dealing in such goods may take undue benefit of such ruling and may enable refunds to the manufacturers/ traders engaged only in trading activities. The inputs regarding such intelligence from the DGGI was received by the appellant's Office on 30.03.2026. Subsequently, the appeal was filed on 06.04.2026.

Personal Hearing

10. The personal hearing of the instant appeal was held on 15.06.2026.

Submission of the Appellant before the WBAAAR

11. None was present from the Appellant side at the time of personal hearing. However, as the appellant has made his submissions in clear terms in the grounds of appeal as submitted by him, considering that the appeal involved a substantial question of law, the appeal is admitted and the grounds of appeal so submitted are considered as the submissions of the appellant.

Submission of the Respondent before the WBAAAR

12. In support of his case, the respondent inter alia has made a written submission before the WBAAAR, and also presented his case at the time of personal hearing, as follows:

i. The legal framework of the instant ruling is based on Rule 2(a) of the General Rules of Interpretation. The ruling in this case has been pronounced on correct application of law. A plain reading of Rule 2(a) clarifies that such Rule has two limbs:

a. The first limb extends a tariff heading to articles which are incomplete or unfinished, provided that when presented; they possess the essential character of the completed or finished article.

b. The second limb extends the same tariff to complete or finished articles but when presented; they are unassembled or dismantled, i.e. in a CKD/SKD situation.

ii. When Rule 2(a) is read together with the Explanatory Notes to Chapter 87, the legal effect of rule directs that the an are incomplete or unfinished article, whether or not assembled, is classified as the corresponding complete or finished article provided it has the essential character of the latter. This proposition has already been taken in Para 4.6 of the WBAAR Ruling.

iii. Explanatory Notes to Chapter 87 give illustrative examples, already reproduced in Para 4.6 of the WBAAR Ruling which conclusively demonstrate that the absence of one or more components does not deprive the article of its essential character.

iv. The WBAAR's identification of the operative threshold 'motor plus any three of the other four essential components' is not the Authority's own innovation but is prescribed by C.No. VIII/ICD/TKD/6AG/104/2013/pt dated 12.03.2014 issued by ICD, TKD, New Delhi.

v. Further, the afore-said Office Order has received judicial approval vide the judgment of Hon'ble Delhi High Court in the case of Rama Krishna Sales Pvt. Ltd. Versus Union of India, 2019 (366) E.L.T. 273 (Del.)

vi. The CBIC Circular No. 179/11/2022-GST dated 03.08.2022 established two propositions:

a. The essential character approach to electrically operated vehicles, and,

b. GST rate of 5% applies to an electric vehicle 'whether or not fitted with a battery pack'

13. The respondent also opposed the reasons to appeal as submitted by the appellant on following grounds:

a. The contention that 'no component may be excluded' is contracry to Rule 2(a) itself.

b. Heading 8703.80 and the explanatory notes to Heading 8703 does not support the appellant.

c. The CBIC Circular No. 179/11/2022-GST dated 03.08.2022 supports the respondent and not the appellant.

d. The Office Order vide C.No. VIII/ICD/TKD/6AG/104/2013/pt Dated 12.03.2014 is neither 'old' nor unreasoned.

e. The 'inverted duty/refund' apprehension is irrelevant to classification.

Discussions and Findings

14. The submissions of both the appellant and the respondent before the WBAAR, the observations and Ruling of the WBAAR and the submissions of both the appellant and the respondent before the WBAAAR having been recorded already, we now proceed to make our observations in this case.

15. We have carefully considered the rival submissions made by the appellant and the respondent, both in their written submissions as well as during the course of personal hearing. We have also perused the impugned ruling passed by the WBAAR, the application filed before the WBAAR, the grounds of appeal, the reply filed by the respondent, the sample Invoice raised by the respondent in this case and the relevant statutory provisions, notifications, circulars and explanatory notes referred to by both sides.

16. The issue for determination in the present appeal is whether the supply of various e-rickshaw components by the appellant is to be classified as supply of an electrically operated vehicle in knocked down condition attracting GST at the rate applicable thereto, or whether such supplies are to be classified as supply of individual parts and components.

17. The Authority for Advance Ruling has relied upon Rule 2(a) of the General Rules for Interpretation of the Customs Tariff and the findings of the Committee constituted for examining classification issues under the Customs law. The AAR observed that certain components, namely motor, transmission, axle, chassis and controller constitute the essential components of an e-rickshaw and concluded that where the motor is supplied along with any three of the remaining four components in appropriate quantities, the supply acquires the essential character of an e-rickshaw and is therefore classifiable as an electrically operated vehicle.

18. The principle underlying the ruling is that once the goods supplied possess the essential character of an e-rickshaw, the provisions of Rule 2(a) become applicable and the supply is required to be classified as the complete article notwithstanding the vehicle is supplied in an unassembled condition.

19. We are in agreement with the broad proposition that Rule 2(a) may apply in an appropriate case involving supply of an e-rickshaw in completely knocked down or semi-knocked down condition. However, we are unable to agree with the specific test adopted by the Authority for Advance Ruling for determining when such classification should apply.

20. Rule 2(a) extends the scope of a tariff entry to an incomplete, unfinished, unassembled or disassembled article which possesses the essential character of the complete article. The rule does not provide that supply of certain specified components, even if major or critical in nature, would by itself amount to supply of the complete article.

21. The test adopted by the Authority for Advance Ruling, namely supply of a motor together with any three out of four identified components, does not emerge from the language of Rule 2(a), the Customs Tariff or the relevant GST rate notification. The said criterion effectively introduces a classification standard which is not contemplated by the statute.

22. In our considered view, the proper application of Rule 2(a) requires examination of whether the goods supplied constitute a complete e-rickshaw in unassembled form. In other words, all components necessary for assembly of a complete e-rickshaw should be supplied together as a single identifiable unit, kit or package corresponding to the number of e-rickshaws intended to be supplied.

23. Where one or more components required for assembly of the complete e-rickshaw are absent, it cannot be said that the supplier is supplying an e-rickshaw in knocked down condition. The mere presence of certain major components cannot convert an admittedly incomplete collection of parts into a complete vehicle for classification purposes.

24. Therefore, while the principle of classification of a complete e-rickshaw supplied in unassembled form is accepted, the criterion adopted by the Authority for Advance Ruling for identifying such supplies cannot be accepted.

25. The claim that an e-rickshaw is being supplied in knocked down condition must also be supported by contemporaneous commercial records. The purchase order, invoice, packing list and other relevant documents must consistently establish that the intention of the parties is to supply an e-rickshaw in CKD/SKD condition and not independent parts and components.

26. If the supplier seeks classification as an electrically operated vehicle, the invoice and accompanying documents should clearly describe the goods as an e-rickshaw supplied in knocked down condition. Such description should also be supported by the actual contents of the package. The documentation and the physical supply must therefore be in complete consonance with each other.

27. Conversely, where the invoice as produced by the respondent describes the goods as a full e-rickshaw where the accompanying packing list shows that such e-rickshaw is comprised of seventy-two (72) individual parts and components, where all such components are necessary for assembly of a complete e-rickshaw. Absence of any one of such component tantamount that such are trading in parts rather than supply of an unassembled vehicle. Hence, in that case the goods cannot be classified as an electrically operated vehicle merely because some of the components are major or essential in nature.

28. Rule 126 of the Central Motor Vehicles Rule, 1989 states that: "On and from the date of commencement of the Central Motor Vehicles (Amendment) Rules, 1993, every [manufacturer or importer] of motor vehicles [including trailers, semi trailers and modular hydraulic trailer] [including registered association (identified by the concerned State Transport Department) for E-rickshaw wherever applicable] shall submit the prototype of the vehicle to be manufactured or imported by him for test... for granting a certificate by that agency as to the compliance of provisions of the Act and these rules." In this context, the Hon'ble Delhi Court in M/s Rama Krishna Sales Pvt. Ltd. versus Union of India and Ors, while acknowledging that "an e-rickshaw is clearly a motor vehicle", has pointed out that a "plain reading of [Rule 126 of the Central Motor Vehicles Rules, 1989] indicates that it is **applicable in respect of a manufacturer or an importer of motor vehicles**.

29. Rule 2(a) of the Interpretative Rules (General Rules for interpretation as set out in the First Schedule to the Custom Tariff Act, 1975) states 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." Here, too, the Hon'ble Delhi Court in the case of Rama Krishna Sales Pvt. Ltd. Versus Union of India, 2019 (366) E.L.T. 273 (Del.) has stated that: "It is apparent that **the scope of Rule 2(a) of the Interpretative Rules is only to interpret custom duties as applicable to an article imported by any importer**." [emphasis added]

30. Finally, the Hon'ble Delhi Court in the same judgment has stated that: "The legal fiction as enacted under Rule 2(a) of the Interpretative Rules – that is treating incomplete and unfinished articles as complete articles – is **only for the purposes of interpretation of the First Schedule of the Custom Tariff Act, 1975. This legal fiction cannot be extended beyond the purpose for which it was enacted. Plainly, by applying the legal fiction of Rule 2(a) of the Interpretative Rules, the components would not, by fiction, become complete motor vehicles for other purposes**." [emphasis added]

31. It therefore appears that the Office Order issued under C.No. VIII/ICD/TKD/6AG/104/2013/pt dated 12/03/2014 by the Customs Commissionerate, ICD Tughlakabad (Import) will not be squarely applicable in case of a supplier of goods who is neither a manufacturer nor an importer.

32. We also observe that the registration details of the respondent reveal that the respondent is not a manufacturer of e-rickshaws. The respondent procures different components from different suppliers and sells such components to retailers. The supplies are described and valued as individual parts and components. The recipients are retailers who are free to trade in such components independently. The material on record does not establish supply of complete e-rickshaws in knocked down condition.

33. In such circumstances, the supplies cannot be regarded as supply of electrically operated vehicles merely because certain major components are supplied together. The goods retain their individual identity as parts and components and are liable to be classified accordingly.

34. Accordingly, we pronounce our ruling as under:

Ruling:

The findings of the Authority for Advance Ruling, as per Order No. 26/WBAAR/2025-26 dated 16.01.2026, to the effect that supply of a motor together with any three out of four identified components is sufficient to classify the supply as an electrically operated vehicle cannot be sustained and are hereby modified to the extent as follows:

I. Classification as an electrically operated vehicle in knocked down condition, and GST rate of 5% on the finished vehicle itself shall be applicable only where:

a) all components necessary for assembly of a complete e-rickshaw are supplied together as a single identifiable unit, kit or package;

b) the components supplied constitute a complete CKD/SKD kit requiring only assembly and not the addition of any essential component.

c) the purchase order, invoice, packing list and other contemporaneous commercial records consistently establish that the transaction is for supply of an e-rickshaw in CKD/SKD condition; and,

d) the actual contents of the consignment correspond with the description contained in such commercial records.

III. Failure to satisfy any of the aforesaid conditions would result in the goods being classified as individual parts and components and taxed at the rate applicable thereto.

Send a copy of this order to the Appellant and the Respondent for information.

Sd/-	Sd/-
(**Khalid Aizaz Anwar**)	(**R. Srinivasa Naik**)
Member, West Bengal Appellate Authority for Advance Ruling	Member, West Bengal Appellate Authority for Advance Ruling