CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL BANGALORE

REGIONAL BENCH - COURT NO. 3

Customs Appeal No. 21961 of 2018

[Arising out of Order-in-Appeal No. 338/2018 dated 05.10.2018 passed by the Commissioner of Customs (Appeals), Bengaluru]

M/s. Ram Aabhoshan
Shop No. 13/61/6
Sebka Bazar, Fountain
Agra – 282 003 ….....**Appellant(s)**

VERSUS

Commissioner of Customs, Bangalore
BMTC Building, Above BMTC Bus Stand,
Old Airport Road, Domlur,
Bangalore – 560 071 .....**Respondent(s)**

APPEARANCE:

Ms Purvi Asati and Mr. Ashutosh Sharma, Advocates for the Appellant
Mr. Maneesh Akhoury, Assistant Commissioner (AR) Respondent

CORAM:

HON'BLE MR. PULLELA NAGESWARA RAO, MEMBER (TECHNICAL)

FINAL ORDER NO. 20567/2026

Date of Hearing: 21.11.2025
Date of Decision: 27.04.2026

PER: PULLELA NAGESWARA RAO

This appeal is filed against the impugned Order-in-Appeal No. 338/2018 dated 05.10.2018 passed by the Commissioner of Customs (Appeals), Bengaluru.

2. Briefly stated the facts of the present case are that the Appellant is a registered proprietary firm engaged in trading different kinds of articles of jewellery and has a retail sale shop located in Agra, Uttar Pradesh. During the relevant period, the Appellant imported '22K

Assorted Jewellery' (hereinafter referred to as 'impugned goods") vide Bill of Entry No. 3552165 dated 09.10.2017 classifying it under Customs Tariff Item (CTI) 7113 1990 of the Customs Tariff Act, 1975. The Appellant paid 'nil' Basic Customs Duty by claiming exemption under Sl. No. 966(I) of Notification No. 46/2011-Cus. dated 01.06.2011 (FTA Notification") and IGST at the rate of 3% in terms of Sl. No. 13 of Schedule V of the Notification No. 1/2017-IGST (Rate) dated 28.6.2017, on the import of the impugned goods. The Appellant obtained Certificate of Origin dated 06.10.2017 under FTA Notification, wherein it was certified that impugned goods are imported from Indonesia.

3. As the goods were not allowed clearance by the customs authorities, the Appellant requested for provisional assessment of the Bill of Entry by executing a provisional duty bond /bank guarantee. However, the goods were not allowed clearance and investigation was initiated and the impugned Bill of Entry was examined on first check basis to determine whether the actual description of goods imported with respect to its purity, weight, quantity and value was correctly declared. The examination order dated 03.11.2017, stated that the goods may be verified by the Jewellers' Association. Pursuant to the above, the Jewellers' Association vide letter dated 06.11.2017 certified after examination of the impugned goods that they correspond to the weight, description and purity mentioned in the supplier's invoice and that the value declared by the Appellant is fair. Further, as per the examination by the Shed Officer dated 07.11.2017, it was reported that the impugned goods imported by the Appellant are 'gold chains of running lengths which are of different varieties. During the pendency of the above investigation, the Appellant vide letter dated 03.01.2018 and letter dated 05.01.2018 *inter alia* submitted that impugned goods are in finished condition and are correctly classifiable under Customs Tariff Heading (CTH) 7113 of the Customs Tariff Act, 1975. The Appellant further requested the Customs Authorities for permission to re-export the goods without issuing a Show Cause Notice.

4. However, Ld. Additional Commissioner of Customs, Airport & ACC Customs, Bangalore issued a show cause notice (SCN) dated 05.01.2018 to the Appellant, proposing to re-classify the impugned goods under Customs Tariff Item (CTI) 7108 1300, it was proposed to hold the impugned goods liable for confiscation under Section 111(d) and 111(m) of the Customs Act, 1962 and to impose penalty on the Appellant under Section 112(a) of the Customs Act, 1962. The show cause notice (SCN) was adjudicated vide the Order-in-Original dated 12.02.2018 by confirming all the proposals in the SCN and reclassifying the impugned goods under Customs Tariff Item (CTI) 7108 13 00 of the Customs Tariff Act. The Ld. Additional Commissioner also allowed for re-export of the impugned goods on payment of a redemption fine of Rs. 15,00,000/- in terms of Section 125(1) of the Customs Act and also imposed penalty of Rs.15,00,000 under section 112(a) of Customs Act, 1962. The Appellant paid the redemption fine of Rs.15,00,000/- as well as penalty of Rs. 15,00,000/- vide Challan dated 14.2.2018 in order to re-export the impugned goods. The said payment was also intimated to the Department vide letter dated 16.2.2018. Thereafter, the Appellant re-exported the impugned goods vide Shipping Bill dated 16.02.2018 and obtained a 'Let Export Order' dated 20.02.2018 from the Customs Officer in this regard. The Appellant classified the impugned goods under Customs Tariff Item (CTI) 7113 19 90 during the export of the impugned goods and the Department did not raise any objection. Aggrieved by the Order-in-Original dated 12.02.2018, the Appellant filed an appeal before the Commissioner of Customs (Appeals), who passed the impugned order by dismissing the appeal filed by the Appellant on the basis of, inter alia, the following findings:

i. *'Articles of Jewellery' are meant to be complete in all aspects and 'ready to use':*
ii. *The examination report of the shed officer and the report of the Authorized appraiser of the Jeweller's Association undoubtedly state that the impugned goods are 'Gold chains in running length varying from 2.8 ft. to 206 ft. (approx.). Hence, the impugned goods cannot be said to be 'small objects' as defined*

under Chapter Note 9(a) of Chapter 71 of the Customs Tariff Act:

iii. The chains of this length cannot be worn as such, as they require cutting into specific smaller lengths and attaching hooks at both ends by soldering and may require polishing. Hence, it is obvious that the chains in running length are not finished products but are subject to further process for the intended use;

iv. As per FTP 2015-20, only nominated agencies specified under Para 4.41 are permitted to import gold. The Appellant admitted that it is neither a nominated agency nor authorized person, hence are not entitled to import the impugned goods.

5. Aggrieved by the impugned order, the Appellant filed the present appeal before the Tribunal.

6. The learned counsel for the appellant during the hearing submits that; the impugned order has rejected the classification of the impugned goods under Customs Tariff Item (CTI) 7113 1990 as declared by the Appellant on the ground that the impugned goods are semi-finished goods which require further processing and thus, are classifiable under Customs Tariff Item (CTI) 7108 1300 as "Gold in other semi-manufactured forms'; the above understanding in the impugned order is incorrect; the impugned goods imported by the Appellant are gold chains of various designs in running lengths ranging between 2.8 feet to 206 feet. The same is evident from the sample pictures of the impugned goods enclosed as Annexure-A; depending upon the requirements of the customers, the imported chains are merely cut into various lengths by the Appellant and hooks are added to the said chains for the purpose of wearing them as neck chains; no further processes are undertaken on the impugned goods; in other words, the impugned goods imported by the Appellant are complete gold chains, which are customized (to the extent of required length) as per the requirements of the customers; with respect to the classification

of the impugned goods, in order to classify goods under the Customs Tariff Act, it is imperative to scrutinize the goods in light of:

a) The General Rules of Interpretation (hereinafter referred to as "GRI) which governs the First Schedule to the Customs Tariff Act, 1975; and

b) The Explanatory Notes to the Harmonized Commodity Description and Coding System (Harmonised System of Nomenclature) ("HSN") published by the World Customs Organization.

7. The learned counsel submits that; as per Rule 1 of the GRI, the goods are be classified in accordance with the terms of the heading or the relevant Section or Chapter Notes. It further states that in the event the goods cannot be classified solely on the basis of said Rule 1. and if the headings and legal notes do not otherwise require, the remaining Rules 2 to 6 may then be applied in a sequential order; Customs Tariff Heading (CTH) 7113 covers 'Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal'. More specifically, Customs Tariff Item (CTI) 7113 19 90 covers '---Other; --of other precious metal, whether or not plated or clad with precious metal;- of precious metal, whether or not plated or clad with precious metal'; on a plain reading of the description of Customs Tariff Heading (CTH) 7113 and the sub-headings thereunder, it is clear that all articles of jewellery made of precious metals and parts thereof merits classification under Customs Tariff Heading (CTH) 7113. Since the impugned goods are gold chains of running length meant for wearing as neck chains, they are articles of jewellery made of gold and hence, classifiable under Customs Tariff Heading (CTH) 7113; further, Chapter Note 9(a) to Chapter 71 specifically provides for classification of 'articles of jewellery' under Customs Tariff Heading (CTH) 7113. Further, it provides an insight into the scope of the nature of articles which may be classified under Customs Tariff Heading (CTH) 7113. The relevant Chapter Note 9(a) is extracted as under:

"9. For the purposes of heading 7113, the expression "articles of jewellery" means

(a) any small objects of personal adornment (gem-set or not) (for example, rings, bracelets, ***necklaces****, broaches, ear-rings, watch-chains, fobs, pendants, tie-pins, cuff-links, dress-studs, religious or other medals and insignia, and*

(b)articles of personal use of a kind normally carried in the pocket, in the handbag or on the person (for example, cigar or cigarette cases, snuff boxes, cachou or pill boxes, powder boxes, chain purses or prayer beads). These articles may be combined or set, for example, with natural or cultured pearls precious or semi-precious stones, synthetic or reconstructed precious or semi-precious stones, tortoise shell, mother-of-pearl, ivory, natural or reconstituted amber, jet or coral."

8. The learned counsel submits that; it is evident from the above Chapter Note 9(a) that Customs Tariff Heading (CTH) 7113 specifically covers articles of personal adornment such as 'necklaces' and therefore, the impugned goods i.e. gold chains in running lengths to be worn as neck chains after cutting into required length, are specifically classifiable under Customs Tariff Heading (CTH) 7113. Further, as per the HSN Explanatory Notes, the following goods can be classified under Customs Tariff Heading (CTH) 7113:

a) Articles must contain precious metal to an extent exceeding minor constituents, and

b) Small objects of personal adornment such as rings, bracelets, necklaces, neck chains etc. The impugned goods are primarily articles of jewellery that are used for personal adornments. Further, as mentioned above, the impugned goods are neck chains which are explicitly mentioned in the HSN Explanatory Notes.

9. The learned counsel further submits that both, Chapter Note 9(a) as well as HSN Explanatory Notes, has used the word "such as" and have provided illustrations of the kinds of goods classifiable under

Customs Tariff Heading (CTH) 7113; the term 'such as' is merely illustrative, and the said term thereby expands the scope of the expression itself which covers many other articles of jewellery. Reliance in this regard is placed on the following decisions:

i. **Royal Hatcheries Pvt. Ltd. vs. State of AP, 1993 (10) TMI 85-Supreme Court**

ii. **CCE, Nagpur vs. Ultratech Cement Ltd. - 2010 (260) E.L.T. 369 (Bom.)**

iii. **CCE, Ahmedabad vs. Cadila Healthcare Ltd.-2013 (30) S.T.R. 3 (Guj.)**

10. The learned counsel submits that; the classification of goods under the Customs Tariff Heading (CTH) 7113 should be interpreted to include various articles of jewellery in addition to those articles that are mentioned in the Chapter Note 9(a) of Chapter 71. Thus, by application of Rule 1 of the GRI which provides for classification in terms of headings and Chapter Notes, the impugned goods are to be classifiable under Customs Tariff Heading (CTH) 7113 and more specifically under Customs Tariff Item (CTH) 7113 1990; further, the HSN Explanatory Notes to Customs Tariff Heading (CTH) 7113 specifically mentions that articles of jewellery, unfinished or incomplete, are also to be classified under Customs Tariff Heading (CTH) 7113. Hence, even assuming without admitting that the impugned goods are unfinished or incomplete in nature due to the absence of hooks and as well as on account of running length, they are still classifiable under Customs Tariff Heading (CTH) 7113; impugned goods are classifiable under Customs Tariff Heading (CTH) 7113 as per Rule 2(a) of the GRI as well. Rule 2(a) of the GRI provides that articles which are incomplete or unfinished, if have attained the essential character of the complete or finished article, shall be classified under the heading of finished article only. It reads as under:

> *2(a) 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 (of falling to be classified as complete or finished by virtue of this rule), presented unassembled or disassembled"*
>
> (Emphasis supplied)

11. The learned counsel submits that the impugned goods are designed gold chains in running lengths of 2.8 feet to 206 feet and which require merely cutting into specific smaller lengths as per the requirement of the customers and addition of hooks for the purpose of fastening the same on the neck; mere cutting of the impugned goods into smaller lengths and adding hooks does not change the essential character of the impugned goods as well as use of the same; further, by undertaking cutting and adding hooks, the Appellant has not brought a new product into existence, which is different in nature from that of the impugned goods. Thus, the impugned goods i.e. gold chains in running length have the essential character of the finished goods i.e. neck chains; reliance in this regard is placed on the decision of the Hon'ble **Supreme Court in the case of Comm. of Central Excise Vs. S.R. Tissues Pvt. Ltd., -2005 (186) E.L.T. 385 (S.C.),** wherein it was held that the process of slitting /cutting of jumbo roll of plain tissue paper /aluminum foil into smaller size will not amount to "manufacture", Further, value addition (if any) without any change in the name, character or end-use by mere cutting or slitting of jumbo rolls cannot constitute a criterion to decide what is "manufacture". Further, reliance is also placed on the case of **Faridabad Iron and Steel traders Vs. Union of India-2003 (11) TMI 107- DELHI HIGH COURT**, affirmed by **Hon'ble Supreme Court vide UOI Vs. Faridabad Iron & Steel Traders Association-2005 (181) E.LT. A68 (S.C),** wherein it was held that mere cutting or slitting of steel sheets does not amount to manufacture because the identity of the product remains unchanged. The steel folded in coil remains steel even after cutting. No new,

different and distinct article emerges having distinct name, character and use. Therefore, mere cutting and slitting would not amount to manufacture.

12. The learned counsel further placed reliance on the following cases wherein it was held that mere cutting of a particular product into a smaller size without change in the nature and characteristics of the said product does not amount to manufacture as no new product emerges from such cutting.

a. **Commissioner of Central Excise, Chennai-II Commissionerate Vs. M/s. Tarpaulin International and Others, 2010 (8) TMI 2-Supreme Court**

b. **Commissioner of Central Excise, Mumbai-V Vs. GTC Industries Ltd. - 2014 (302) ELT. 535 (Bom.)**

c. **Nemlaxmi Books India P. Ltd. and Vimal Kumar Sekhani vs. CCE & ST, Surat-II, 2022 (8) TMI 537-CESTAT Ahmedabad**

d. **Rolls Pack Vs. Commissioner of Central Excise, Mumbai, 2017 (8) TMI 1039-CESTAT Mumbai**

e. **Commissioner of Central Excise, Belapur Vs.Upm Kymmene India Pvt. Ltd., 2015 (6) TMI 617-CESTAT Mumbai**

13. The learned counsel submits that; in the instant case, the process of cutting the impugned goods into specific sizes as per the customer's requirement does not change the essential character and nature of the impugned goods. Both pre-and post-cutting, the impugned goods are in the nature of 'gold neck chains'. Hence, the impugned goods are rightly classifiable under Customs Tariff Heading (CTH) 7113.

14. Thus, in view of the above submissions, the impugned goods are correctly classifiable under Customs Tariff Heading (CTH) 7113, only. Accordingly, even in terms of Rule 3(a) of the GRI, the impugned goods will be classified under the specific entry under Customs Tariff Heading

(CTH) 7113 as it satisfies the relevant description and are more specifically covered under Customs Tariff Heading (CTH) 7113.

15. The learned counsel submits that the impugned order has incorrectly upheld the re-classification of the impugned goods under Customs Tariff Heading (CTH) 7108. Customs Tariff Heading (CTH) 7108 covers 'Gold (including gold plated with platinum) unwrought or in semi-manufactured forms or in powder form'. More specifically, Customs Tariff Item (CTI) 7108 1300 covers–'Other semi-manufactured forms'. In this regard, the Appellant submits that on a plain reading of the description of the heading Customs Tariff Heading (CTH) 7108, it is clearly evident that it covers gold in unwrought, semi-manufactured or powder form. It is pertinent to note that as submitted in preceding ground, the impugned goods are in the nature of finished goods which merits classification under Customs Tariff Heading (CTH) 7113. The learned counsel relies on the HSN Explanatory Notes for Chapter 7108 which states that for the purpose of classification of goods under Customs Tariff Heading (CTH) 7108, the goods must be alloys which are in 'unwrought, semi-manufactured or powder forms' containing precious metal. A reference is drawn to the Explanatory Notes to Customs Tariff Heading (CTH) 7106 to state that the provisions therein will apply, mutatis mutandis to Customs Tariff Heading (CTH) 7108. The different forms as provided under both the entries are tabulated below:

Explanatory Notes to CTH 7106	Explanatory Notes to CTH 7108	Remarks
Powder form	Powder form	usually in the form of finely divided powder, obtained by various mechanical or chemical processes. It is used in metallurgy and in the manufacture of metallising preparations for electronic applications and of conducting cements.

Unwrought silver in lumps, grains, ingots, case bars, pellets etc.	Unwrought Gold	in lumps, nuggets, crystals, etc., separated from their gangues.
Semi-manufactured form	Semi-manufactured form	Bars, rods, sections, wire, plates, sheets and strip. These are usually obtained by rolling or drawing; strip and discs, etc., may also be obtained by cutting sheet silver. The heading includes silver thread for use in the textile industry provided it has not been spun or otherwise combined with textile yarn (Section XI). Very fine sterile silver wire used for surgical sutures is, however, classified in heading 30.06. Tubes and pipes (including coiled tubing) provided that they are not made up into specific identifiable articles (e.g., parts of chemical apparatus). Foil (for silvering) is usually obtained by hammering or beating thin sheets of silver separated by sheets of gold-beaters' skin. This foil is generally put up in booklets and may be fixed to a backing of paper, plastics, etc. Purls, spangles and cuttings. Purls are small twists of silver wire used in embroidery or trimmings. Spangles and cuttings, used for the same purposes, are small pieces cut to geometric from (round, star-shaped, etc.) and usually pierced in the middle.

16. The learned counsel submits that; on the perusal of the different forms as reproduced above, it is submitted that the impugned goods are neither in powder form, nor in unwrought form or in semi-manufacture form and thus, do not fall under any of the forms as provided by the Explanatory Notes to Customs Tariff Heading (CTH) 7108. Therefore, the classification confirmed in the impugned order is

erroneous and the impugned goods are correctly classifiable under Customs Tariff Heading (CTH) 7113 of the Customs Tariff Act, 1975.

17. The learned counsel further submits that; the impugned goods are not liable to confiscation under Section 111(d) as the Appellant has not brought any goods which are in prohibition to the provisions of the Customs Act, 1962. In the present case, the impugned goods imported under Customs Tariff Item (CTH) 7113 1990 are 'freely importable' as per the Policy Condition of the ITC(HS). Further, the restriction on the import of gold in terms of the Foreign Trade Policy (FTP) and Reserve Bank of India (RBI) Circular on the aspect of import only by nominated agencies, would not apply to the present case as the said restriction is only with respect to gold which is imported as an input for manufacture of finished goods. Therefore, the impugned goods cannot be said to be improperly imported in terms of Section 111(d) of the Customs Act, 1962; section 111(m) is also not invokable for the reason that in the impugned Bill of Entry, the Appellant has not mis-declared any material particulars. Further, as there is no short payment of duty or incorrect /false information submitted by the Appellant to the Department. Reliance in this regard is placed on the decision of Hon'ble CESTAT **Mumbai in Comm. of Cus., Nhava Sheva Vs. Vodafone Essar Gujarat, 2020 (373) E.LT. 421 (Tri. Mumbai)** wherein it was held that since there is no dispute regarding the description or declaration in respect of the imported goods and the only dispute is regarding the classification of the goods, then confiscation under Section 111 of the Customs Act is not sustainable. Further reliance is placed on **M/s. Samsung India Electronics Pvt., Ltd. Vs. Principal Commissioner of Customs, Air Cargo Complex (Import), New Delhi,-2023 (12) TMI 1155-CESTAT New Delhi.**

18. The learned counsel further submits that the redemption fine under Section 125 of the Customs Act is not imposable as the Appellant acted in a bona fide manner and correctly declared the description and value of the impugned goods in the impugned Bill of Entry; Further in the instant case the dispute pertains to the classification of the

impugned goods. Hence, confiscation under Section 111 of the Customs Act is not sustainable and consequently imposition of redemption fine in lieu of confiscation under Section 125 of the Customs Act is also not sustainable. Reliance in this regard is placed on the **Sandan Vikas Vs. Commr. of Cus. New Delhi-2017 (357) E.L.T. 893 (Tri. - Del.**) wherein it was held that confiscation, redemption fine and penalty are not warranted in cases of genuine dispute on classification.

19. The learned counsel submits that since the goods are not liable for confiscation under Section 111 of the Customs Act, the question of imposition of penalty under Section 112(a) of the Act does not arise. Since the appellant in their submissions related to confiscation above has clarified that there was no mis-declaration of goods, and there is only a dispute regarding the classification of impugned goods, no penalty under Section 112(a) can be imposed; reliance in this regard is placed on **Kores (India) Ltd. Vs. Comm. of Cus., Nhava Sheva-2019 (370) E.L.T. 1444 (Tri.-Mumbai)**, wherein it was held that if the description or declaration in respect of imported goods is not in dispute, then misclassification cannot be a reason for invoking penal provisions against the importer.

20. The learned Authorised Representative (AR) for the Revenue reiterated the findings in the impugned order.

21. Heard both sides and perused the records and the submissions of the appellant and the Revenue.

22. The issues to be decided in the case are;

a. *Whether the impugned goods are classifiable under Customs Tariff Heading (CTH) 7113, more specifically under Customs Tariff Item (CTI) 7113 1990 as declared by the appellant or under Customs Tariff Heading (CTH) 7108, more specifically under Customs Tariff Item (CTI) 7113 19 90 as classified by the customs authorities.*

b. *Whether the goods are liable for confiscation under section 111(d) and section 111(m) of the customs Act, 1962*

c. *Whether the redemption fine and penalty is imposable on re-export of the impugned goods.*

23. I find that the goods were imported under Free Trade Agreement (FTA) and the bill of entry was filed classifying the goods under Customs Tariff Heading (CTH) 7113 with claim of 'nil' Basic Customs Duty exemption under Sl. No. 966(I) of Notification No. 46/2011-Cus. dated 01.06.2011 (FTA Notification") and IGST at the rate of 3% in terms of Sl. No. 13 of Schedule V of the Notification No. 1/2017-IGST (Rate) dated 28.6.2017. The goods were not cleared by the customs and investigation was taken up and show cause notice was issued proposing reclassification under Customs Tariff Item (CTI) 7108 1300. The Appellant-Importer had sought permission for export and goods. However, the case was taken up for adjudication and the learned adjudicating authority confirmed the classification under Customs Tariff Item (CTI) 7108 1300, confiscated the goods under section 111(d) and section 111(m) of the Customs Act, 1962 and allowed re-export of the goods on payment of redemption fine of Rs. 15,00,000/- under section 125 and penalty of Rs. 15,00,000 under section 112 (a) of the Customs Act, 1962. The appellant paid the redemption fine and penalty and filed shipping bill for the re-export of the impugned goods, classifying the goods under Customs Tariff Item (CTI) 7108 1300 and the same was allowed and 'let export 'was accorded by the customs.

24. I find that the customs authorities have reclassified the goods under Customs Tariff Item (CTI) 7108 1300 as opposed to the classification under Customs Tariff Item (CTI) 7113 1990 claimed /declared by the appellant. The department classified the impugned goods under Customs Tariff Item 7113 on the grounds that the goods are in unfinished and incomplete form and therefore they are not classifiable as 'Articles of Jewellery' under Customs Tariff Heading 7113. The relevant Chapter Note 9(a) to Chapter 71 of the Customs Tariff Act, 1975 is extracted as under:

> *"9. For the purposes of heading 7113, the expression "articles of jewellery" means*

*(a) any small objects of personal adornment (gem-set or not) (for example, rings, bracelets, **necklaces**, broaches, ear-rings, watch-chains, fobs, pendants, tie-pins, cuff-links, dress-studs, religious or other medals and insignia),.....*

25. I have perused the photographs of the impugned goods submitted during the hearing. I find that the goods as imported, 'gold neck chains' though are in running length have almost attained the form of a finished article which requires mere cutting to length and adding of the hooks as per the desired length of the customers to become a complete article and therefore as per the Chapter Note 9(a) to Chapter 71 such articles are also classifiable under Customs Tariff Heading (CTH) 7113. Further, Rule 2(a) of the General Rules of Interpretation (GRI) to Harmonised System of Nomenclature (HSN) provides that articles which are incomplete or unfinished, if have attained the essential character of the complete or finished article, shall be classified under the heading of finished article only. It reads as under:

2(a) 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"

26. Further, learned counsel submitted that the impugned goods are generally imported in running length so as to attach the hooks as per the requirement of the customer. The importer had sought re-export of the goods as they are unable to clear to goods in time to meet the demands of the festival season.

27. I find that to classification confirmed by the customs authorities of 'Gold neck chains in running length', the impugned goods under Customs Tariff Heading (CTH) 7108 as 'Gold (including gold plated with

platinum) unwrought or in semi-manufactured forms or in powder form', more specifically under Customs Tariff Item (CTI) 7108 1300 as– 'Other semi-manufactured forms' is incorrect.

28. In view of the above discussion the impugned goods are rightly classifiable under Customs Tariff Item (CTI) 7113 1990 of the Customs Tariff Act, 1975 as declared by the appellant. Therefore, I find that the goods are not liable for confiscation under section 111(d) and section 111(m) of the Customs Act, 1962 and the imposition of redemption fine and penalty for the re-export of the goods is untenable. Accordingly, the impugned order to the extent of imposition of redemption fine and penalty is liable to be set aside. Hence, the impugned order to the extent of imposition of redemption fine and penalty is set aside.

29. Accordingly, the appeal is disposed in the above terms with consequential relief, if any, as per law.

(Order pronounced in open court on 27.04.2026)

(PULLELA NAGESWARA RAO)
MEMBER (TECHNICAL)

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