CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL ALLAHABAD

REGIONAL BENCH - COURT NO. I

(E-Hearing)

Customs CROSS Application No.70098 of 2026
(On behalf of the Respondent)
In
Customs Appeal No.70517 of 2025

(Arising out of Order-In-Appeal No. NOI-CUSTM-000-APP-220-24-25, dated - 01/12/2022 passed by Commissioner (Appeals) CGST & Central Excise, Noida)

Commissioner, Customs, ICD, Dadri

.....Appellant

(ICD, Tilpata, Dadri
Gautam Buddha Nagar
Uttar Pradesh 201301)

VERSUS

M/s Fortune Trading Company **....Respondent**

(Plot No. 99 & 100, Ground Floor, Khasra No. 50/9/1,
Shahabad, Daulatpur, Main Bawana Road, Delhi-110042)

AND

Customs CROSS Application No.70100 of 2026
(On behalf of the Respondent)
In
Customs Appeal No.70518 of 2025

(Arising out of Order-In-Appeal No. NOI-CUSTM-000-APP-221-24-25 , dated - 05/11/2024 by Commissioner (Appeals) CGST & Central Excise, Noida)

Commissioner, Customs, ICD, Dadri

.....Appellant

(ICD, Tilpata, Dadri
Gautam Buddha Nagar
Uttar Pradesh 201301)

VERSUS

M/s Fortune Trading Company **....Respondent**

(Plot No. 99 & 100, Ground Floor, Khasra No. 50/9/1,
Shahabad, Daulatpur, Main Bawana Road, Delhi-110042)

APPEARANCE:

Ms. Chitra Srivastava, Authorized Representative for the Appellant
Shri V. S. Negi, Advocate for the Respondent

CORAM: **HON'BLE MR. P. K. CHOUDHARY, MEMBER (JUDICIAL)**
HON'BLE MR. K. ANPAZHAKAN, MEMBER (TECHNICAL)

MISCELLANEOUS ORDER NO.70293-70294/2026
FINAL ORDER NO.70298-70299/2026

DATE OF HEARING	:	09.07.2026
DATE OF DECISION	:	13.08.2026

K. ANPAZHAKAN:

The brief facts of the case are that M/s Fortune Trading Company, 513-51, 5th Floor, Jaina Tower 1. Janakpuri District Centre, New Delhi-110058 (hereinafter referred to as Respondent/Importer) have filed Bills of Entry No. 3541636 dated 01.12.2022 and 3795626 dated 18.12.2022 for import of goods described as Electric Ride on Toys Parts classifying them under CTH 95030091. The importer also availed benefit of concessional rate of duty under Notification No. 50/2017-Customs dated 30.06.2017 and SAFTA notification No. 50/2018-Customs dated 30.06.2018 for the said import.

1.1. The said consignments were examined and it was observed that the imported goods are parts of electric ride on toys in CKD/SKD condition. These parts would attain the essential character of a complete toy classifiable under CTH 95030010 attracting higher rate of customs duty @60%. It was alleged that the goods were toys and exporter needed BIS Certification and that the importer could not produce any such certificate issued by the foreign exporter. Accordingly, under the reasonable belief that the importer attempted to import prohibited goods, in contravention of the provisions of the toys (Quality Control) order No 2020 read-with Section 2(33) of the Customs Act, 1962, the impugned goods were placed under seizure under Section 110 of the Customs Act 1962.

1.2. The Importer, in the meanwhile filed Writ Tax No. 639 of 2023 before the Hon'ble High Court, Allahabad seeking provisional release of the impugned seized goods. The court ordered vide order dated 17/05/23 to the department to consider the claim of provisional release by passing appropriate order within 3 weeks of presentation of certified copy of the order. Pursuant to this direction of the Hon'ble High Court, Chartered Engineer's Report, Clarification from BIS, the adjudicating authority granted provisional release under Section 110(A) of the Customs Act, 1962 on execution of Bond and Bank Guarantee.

1.3. On completion of investigation, 2 SCNs were issued to the importer to show cause as to why:-

(i) the electric Ride on Toys Parts in CKD/SKD conditions should not be classified under CTH 95030010 as toys;

(ii) the Imported goods should not be confiscated under Section 111(d) of the Customs Act, 1962;

(iii) penalty should not be imposed upon them under Section 112 of the Customs Act, 1962 for attempting import of improper goods.

1.4. The said SCNS were adjudicated vide Order-in-Original No. 67/ADC/Noida/Cus/2023-24 dated 31.01.2024 passed by the Additional Commissioner, Noida Customs ICD-Dadri and Order in Original No. 34/AC/Noida/Cus/2023-24 dated 06.03.2024 passed by the Assistant Commissioner, Noida Customs ICD-Dadri respectively. Summary of orders are as under:

(i) Rejected the declared CTH of goods imported and re-determined the same under the CTH 95030010 as complete toy.

(ii) Confiscated the imported goods under Section 111(d) & 111(m) of the Customs Act, 1962. Redemption Fine amounting to Rs.6,00,000/- and Rs.2,00,000/- respectively imposed on the importer.

(iii) Imposed penalty amounting to Rs.6,00,000/- and Rs.2,00,000/-respectively on the importer u/s 112(a)(i) of the Customs Act, 1962 for his act of omission and commission rendering the goods liable for confiscation u/a 111(d) & 111(m) of the Act ibid.

(iv) Ordered to assess the abovementioned Bills of Entry on payment of Redemption Fine and penalty.

1.5. Being aggrieved by the Orders-in-Original No. 67/ADC/Noida/Cus/2023-24 dated 31.01.2024 and Order in Original No. 34/AC/Noida/Cus/2023-24 dated 06.03.2024, the Respondents preferred appeals, before the Commissioner (Appeals). The Ld. Commissioner (Appeals) vide NOI-CUSTM-000-APP-220-221-24-25 dated 05.11.2024, set aside the Orders-in-Original No. 67/ADC/Noida/Cus/2023-24 dated 31.01.2024 passed by the Additional Commissioner, Noida Customs ICD-Dadri and Order in Original No. 34/AC/Noida/Cus/2023-24 dated 06.03.2024 passed by the Assistant Commissioner, Noida Customs ICD-Dadri respectively and allowed the Appeal No. 43 & 44/CUS/Noida/APPL/NCUS/2024-25 both dated 30.04.2024 filed by M/s Fortune Trading Company 513-51, 5th Floor, Jaina Tower-1, Janakpuri District Centre, New Delhi-110058 with consequential relief.

1.6. Aggrieved against the impugned order passed by the Commissioner (Appeals), Revenue has filed this appeal.

2. The grounds raised by the Revenue in their appeal are summarized as under:
(i) During examination of the consignment it was observed that the goods imported vide Bills of Entry No. 3541636 dated 01.12.2022 and 3795626 dated 18.12.2022 were related to toy cars. It was, further, observed that the imported goods would attain the essential character of a toy classifiable under CTH 95030010 and attracting higher rate of customs duty @ 60%.

(ii) Based on examination report, it appears that the importer imported toys in CKD/SKD condition in the guise of toy parts which would attain the essential character of a toy and, therefore, are classifiable under CTH 95030010 attracting higher rate of customs duty @60%.

(iii) The DGFT vide Notification no. 33/2015-2020 dated 02.12.2019 had made amendment in Policy condition no. 2 to Chapter 95 of ITC (HS), 2017-Schedule -1 (Import Policy) and specified that Import Policy for Toys/Dolls and similar other recreational goods under any chapter will be governed by the BIS Standards as specified in Policy Condition -2 of Chapter 95. The relevant is reproduced is below:-

Notification No. 33/2015-2020 dated 02.12.2019-

2. A new para (capital-D) is added to Section 2 (Indian Quality Standards) to the General Notes Regarding Import Policy of IFC (HS), 2017 as under:

> 2. (D) Import Policy for Toys/ Dolls etc. Import policy for Toys /Dolls and similar other recreational goods under any chapter will be governed by BIS standards as specified in Policy Conditions 2 of Chapter 95."

(iv) The relevant provisions of the Toys (Quality Control) Order dated 25.02.2020 of Ministry of Commerce and Industry (Department of Promotion of Industry and Internal Trade) are reproduced below: -

"2. Application: In this order, unless the context otherwise requires-

(a) This Quality Control Order shall apply to (Toys) Product or material designed or clearly intended, whether or not exclusively. for use in play by children under 14 years of age or any other product as notified by the Central Government from time to time.

(b) This order shall apply to Toys as they are initially received by the children and, in addition, this shall apply after a toy is subjected to reasonably foreseeable conditions of normal use and abuse unless specifically noted otherwise.

3. Conformity to standard and compulsory use of Standard Mark. The goods or articles specified in the column (1) of the Table below shall conform to the corresponding Indian Standard (s) mentioned in the column (2) of the Table and shall bear the Standard Mark under a license from the Bureau as per Scheme-I of Schedule- II of BIS (Conformity Assessment) Regulations, 2018: Provided that nothing in this order shall apply to goods or articles meant for export.

4. Certification and enforcement authority. The Bureau shall be the certifying and enforcement authority for the goods or articles specified in column (1) of the following Table.
(Table not copied - table showing various IS Standards & details)

(v) CBIC has issued Instruction No. 06/2023 dated 13.02.2023 regarding compliance of Bureau of Indian Standard (BIS) standards for toys or parts of toys during import. Para-4 of the said Instruction dated 13.02.223 is reproduced below:

> "4. Further, it is important to note that Toys QCO defines "toys" as "Product or material designed or clearly intended, whether or not exclusively, for use in play by children under 14 Years of age or any other product as notified by the Central Government from time to time". Thus not only do the toys as per Toys QCO have a wider definition than what is generally perceived in the HSN, but also the toys definition applies to toy parts including in a completely knocked down (CKD) or semi-knocked down (SKD) condition, if the said parts retain the essential character of toy defined above."

(vi) From the above provisions, it appears that for import of toys, BIS certification is mandatory and as per Toys (Quality Control) Order dated 25.02.2020 read-with CRIC Instruction No. 06/2023 dated 13.02.2023, besides toys, parts including in completely knocked down (CKD) or semi-knocked down (SKD) condition also require BIS certification, if the said parts retain the essential character of toy defined above. Thus, if the toys or toys in CKD/SKD condition are not duly covered under a BIS certificate, the same would not be allowed to be imported in India. In the instant case, the importer could not produce any such documents evidencing compliance of the provision of the Toys (Quality Control) Order dated 25.02.2020 of the Ministry of Commerce and Industry (Department of Promotion of Industry and Internal Trade) read with Policy Conditions 2 of Chapter 95 of ITC (HS) 2017, hence they were not allowed to import the said goods in India.

(vii) Prohibited goods' have been defined under Section 2(33) of the Customs Act, 1962 which reads as under:-

"prohibited goods" means any goods the import or export of which is subject to any prohibition under this Act or any other law for the time being in force but does not include any such goods in respect of which the conditions subject to which the goods are permitted to be imported or exported have been complied with."

(viii) Since, the Toys (Quality Control) Order 2020 has placed a prohibition for import of toys without having BIS certification in India, hence, the said goods would fall under the category of "prohibited goods" in terms of the provisions of Section 2(33) of the Customs Act, 1962.

ix) Further, the Commissioner(Appeals) has also noted the findings of the adjudicating authority that the importer has imported electric ride on car toy parts without any technology and manufacturing process available with them; that parts can be simply assembled with simple screw driver technology; such assembled toys are more or less complete toys having BIS restriction in terms of Rulle 2(a) of General Rules for the interpretation of the schedule; that the importer has imported the parts (required to make complete toy) of toys with an intent to circumvent the BIS restrictions, that importer has imported goods as 'toys parts' which are toys in CKD/SKD condition and have essential character of complete/ finished toys.

(x) The Commissioner (Appeals) also noted the observation of adjudicating authority that although the importer has contended that they have only imported around 60% of total parts required for electric ride on toys in CKD condition and need lot more parts from the local market for completing the manufacturing process for Toys/Electronic Toys. Without these additional parts, the parts imported by them do not itself constitute essential character of electronic toy. But no plant, machinery is required for assembling Toys imported by the Respondent and the Toys are imported in the CKD condition, which may be assembled with the help of simple hand tools like spanner, screw driver etc. It therefore, emerges that the Toys have been imported in CKD condition under the said Bills of Entry and same may be assembled in India for further sale with the simple screw driver technology. Further, what the importer has stated to procure locally from domestic market are non-essential parts to be used for assembling the imported toys parts in CKD/SKD condition to make them functional. The definition under the Customs (import goods at concessional rate of duty) Rule, 2017 for manufacture is "Manufacture means the processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, Character and use and the term 'manufacture' shall be constructed accordingly."

In the instant case, the imported goods attain character of a 'toy' and no manufacturing procedure is left for completion the toy, except simple assembling, and, therefore, there is no scope for emergence of a new product after assembling the imported goods as the goods were already near to complete toy in CKD condition and have only been imported in guise of toy parts to escape from higher rate of customs duty and BIS compliance.

(xi) The Commissioner (Appeal), Noida has erred in holding that the imported consignment do not have parts that are essential for making a complete article hence the imported goods cannot be considered as a complete toy goods. The imported goods form approximately 60-70% of the complete toy car. But percentage of completion is not linked with the essential character of a 'toy'. As per CBIC's Instruction No. 06/2023 dated 13.02.2023, the toy has been defined as "Product or material designed or clearly intended, whether or not exclusively, for use in play by children under 14 Years of age or any other product as notified by the Central Government from time to time". This definition clearly says that the product or material intended for use in play by children under 14 years of age is a 'toy'. If the imported goods take a shape of a toy(whether operative or not) and are capable of being used in play by children under 14 years of age, it should be treated as 'a toy' not as 'toy parts

(xii) In the instant case, the Commissioner (Appeal) has held that it is clear that the Respondent has imported only 60% of the parts required to make a complete toy car and thus, parts do not make in any way the essential character of the finished toy, more so, since the critical and essential parts viz. motor, battery and chargers have not been imported. Thus, I hold that in present facts of the case wherein the goods imported do not have the essential characteristics of the toy the Board's instruction supra is not applicable.'

Here, the Commissioner (Appeal) has failed to appreciate the facts of the case. Essential character of a toy has nothing to do with the completion of the toy. The imported parts form a car. A car is a 'toy' even without having critical and essential parts like motor, battery and charger, because it has attained the essential character of a toy and is playable by the children under the age of 14 years.

(xiii) In the instant case, the imported goods are 'toys' in CKD/SKD condition which are classifiable under CTH 95030010.

The goods under CTH 95030010 attract higher rate of customs duty @ 60% and need BIS certificate. In the instant case, the importer has imported goods 'toys' in CKD/SKD condition under the garb of 'toys parts' to circumvent the BIS restrictions & to escape from higher rate of duty. The goods were also not covered under BIS certification as the importer could not produce any such certificate issued by the foreign exporter. Therefore, the imported goods are 'prohibited' in nature under Section 2(33) of the Customs Act, 1962 and are liable to confiscation under Section 111(d) of the Customs Act, 1962.

2.1. In view of above, the Revenue prayed that the impugned Order-in-Appeal No. NOI-CUSTM-000-APP-220-221-24-25 dated 05.11.2024 passed by the Commissioner (Appeals) CGST, Noida, is liable to be set aside.

3. The Respondent has made the following submissions in support of their contentions:

(i) The adjudicating authority has totally ignored the chartered engineer report which is a mandatory component for application and interpretation of rule 2(a) as they have mentioned as there are two parts "as presented" and "essential character of the complete or finished article and these two ingredient can only be fulfilled with the help of the opinion of the expert as to goods have been presented in which from and whether they possessed the essential character of the complete or finished article or not.

(ii) The adjudicating authority erroneously in the place of the keeping reliance on the chartered engineer report conveniently ignored the same and on basis of fictions inspection came to the conclusion the goods are finished although in CKD condition and therefore, it is toys and therefore the provision of toys QCO is applicable on the same.

(iii) The adjudicating authority has failed to appreciate the goods have been imported against the annexure issued under the provision of Customs (IGCR) Rules 2022 which provide the facility to the importer cum manufacturer to import the component/parts for manufacturing of the finish product and the Respondent fulfilled that criteria therefore the annexure has been issued and even on their final product he has the RIS certificate.

(iv) The goods which had been imported by the Respondent are the parts of an electric toy car and this is supported by the report of Chartered Engineer also. That the following essential features of the toy car i.e., plastic body and fittings, bonut, bumper, steering wheel, wheel cover, shock absorber, side gates were imported. That however, the essential parts which are required are plastic wheels, battery, 6VX, fasteners nut, bold, screw washers etc.), and hence, only when these other parts of electric toy car in CKD condition which are locally procured would be assembled along with the imported part only then a complete toy car would come into existence.

[v] The tov parts imported are to be used for manufacture of electronic ride on toy as per S. No. 593 of notification No. 50/2017-Cus dated 30.06.2017 read with Customs (IGCR) rules, 2022 However, no electronic parts required to complete the electronic toy were imported. Due to the absence of essential electronic components and other necessary parts, the imported parts do not possess the fundamental characteristics of a complete electronic toy falling under CTH 95030010. Hence, the department's accusations are totally speculative and without foundation.

(vi) The Chartered Engineer in his inspection report dated 12.01.2023 observed that the items imported cannot be considered as complete part. It needs lot more parts to assemble into a complete tov. The goods are in complete knocked down (CKD) condition rather than in Semi knocked down (SKD) condition which need a lot of processes/operations/efforts and tests to complete the toy using other parts procured locally and to comply with BIS certification.

(vii) The Respondent imported the goods in good faith, intending to benefit from Notification No. 50/2017-Cus at Serial No. 591. According to this notification, they imported only parts of the toy with the intention of manufacturing the remaining components and assembling them to create a complete toy car. This suggests that the Respondent believed they were acting within the provisions of the notification, which likely provide specific benefits or exemptions for such cases of importing parts for assembly into finished products.

(viii) The Respondent holds a valid Bureau of Indian Standards (BIS) license for the manufacture and sale of toys in the market, ensuring compliance with BIS standards. This emphasizes the Respondent's commitment to meeting regulatory requirements and producing toys that adhere to established quality and safety standards, as mandated by the BIS.

(ix) The parts imported by the Petitioner are parts of toy car and reliance is placed on Rule 2(a) of the General Rules for the interpretation and the same are reproduced herein below:

> "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.

(x) The scope of Rule 2(a) of the General Rules for the Interpretation Interprets the Customs duty which is applicable to an article imported by any importer. That the import of the said Rule is that even an incomplete or unfinished article, which had an essential character of a complete article, would bear the same duties as applicable to the complete article. Rule 2(a) of the

Interpretive Rule creates a legal fiction for the purposes applicable to the complete article. of imposition of duties, whereby even an unfinished article or an incomplete article is deemed to be treated as the complete article for the purpose of determining the duties applicable thereon. That however the legal deeming fiction cannot be extended as to the availment of the exemption notification has been made correctly or not by the Petitioner.

(xi) It is submitted that a bare perusal of the other parts of the toys which had been procured by the Petitioner at the time of import of goods 1.e. the battery, battery charger, plastic parts/plastic granules had obtained plastic molds as also the metal parts, wheels of the car and only after these components would be attached along with the goods which had been imported that the toy car would be manufactured,

(xii) DIG standards are applicable only when the complete toys are to be sold in the market but no BIS standards would be required for hundreds of parts when the same are to be assembled and manufactured as complete toy The parts imported even if assumed, but not accepted, were in CKD condition, the BIS certification was not required since the same were not meant to be sold in the market and were also subject to end user condition to manufacture electronic ride on toys. When the impugned goods are toys part and QCO is not applicable the confiscation of the goods as well as imposition of penalty is also not justifiable.
(xii) Accordingly, the Respondent prayed for upholding the impugned Order-in-Appeal passed by the Commissioner (Appeals) and reject the appeal filed by the Revenue.

4. Heard both sides and perused the appeal documents.

5. We find that the Respondent has imported two consignments of 'Parts of Electric Ride on Toys' and classified them under CTH95030091. They have claimed the benefit of Exemption Notification No.50/2017-Cus dated 30.06.2017. However, Revenue entertained a view that the imported goods namely, Parts of Electric Toys were actually fully finished Electrical Ride on

Toys imported in CKD/SKD condition, as the said parts have acquired the essential character of the finished/complete Electric Ride on Toys. Thus, Revenue is of the view that the imported goods are complete toys classifiable under the CTH 95030010, attracting higher rate of duty @ 60% and also BIS Toy (Quality Control) Order, 2020 dated 25.02.2020 is applicable to the said goods.

5.1. In this regard, we find that the goods were examined by an empaneled **Chartered Engineer who vide his inspection report dated 19.01.2023,** arrived at the conclusion that the imported parts consist only 60-65% of the total parts required to complete the Toy. The Chartered Engineer's Certificate is reproduced below for ready reference:-

69

Er. Vinod Kumar Goel
B.Sc. Engg F.I.E, F.I.V, AIIISLA
Chartered Engineer, GovtRegdValuer
Surveyor & Loss Assessor
Engineering, Fire, Marine, Etc

#106, Kautilya Apartment, Sec-6
Vasundhara, Ghaziabad-201012, UP
Email: vinodgoel4@gmail.com
Ph: 0120-2698040 , Mob: 09868530109 , 8700670991

Refer Para 6 (d) of circular no 07/2020 Custom dated 05th February 2021

Ref. No.: VKG/FTC/ICD-Dadri-Imp/3541636 Date: 19.01.23

Form B
Refer Para 6(d) of Circular No. 07/2020 dated 05th February 2020

I, Vinod Kumar Goel, Chartered Engineer (on ICD, Tkd/PPG Custom Panel) hereby certify that I have carried out the inspection of the Good/(s), covered under Import Invoice No.MA221022 dt. 22.10.22 issued by M/s. TIANJIN TEXTILE GROUP IMPORT & EXPORT INC, 3, YUNAAN ROAD, TIANJIN , CHINA (imported vide B/E No. 3541636 dt. 01.12.22, BL No. QDLD202210416 dated 28.10.22, thr' 1 Container Nos.CAAU6181060 as per the details mentioned below to ascertain the nature of Goods with approx contents thereof; (But goods are stored in section 49 & stored in domestic container).

I have visually inspected the Good/(s) and certify the following

Sr.No.		
1. (a) (b) (c)	Place of Inspection Date of Inspection Duration of Inspection (in hours)	Dadri Port 12.01.2022 2.00 Hrs
2. (a) (b) (c)	Details of Importer Name Address Importer Exporter Code No	M/s Fortune Trading Company Plot no 99 & 100 , Ground Floor Khasra no 50/9/1 , Main Bawana Road , Delhi -110042 IEC Code : 0516987224 , AACFG6868N
3. (a) (b) (c)	Details of the goods: Name of Manufacturer of the Machine/(s) (Withaddress/country/tel/website, if available) Year of the manufacture of Machine/(s) Serial no. I ID No. or the manufacturer's plate affixed on the Machine/(s)	As per Invoice
(4.	Description of Machine/Parts) Goods as declared	Parts are for Toy cars to be assembled .(Total 29 types Parts are there., as per Invoice & packing list. These are not complete parts , needs lot more parts to assemble .
5.	Whether original invoice relating to Machine/(s) is available?	Yes
6.	If yes, value currency Date of Invoice (please enclose copy)	27,260 USD (FOB Basis)
7.	If no, please estimate the original sale price of the Equipment/(s)	Same as above
8.	Present condition of Equipment/(s) and expected lifespan	New only

VINOD KUMAR GOEL
Reg. No.-F-0119197-4
Dt.-18.11.14
CHARTERED ENGINEER

70

Er. Vinod Kumar Goel
B.Sc. Engg F.I.E, F.I.V, AIIISLA
Chartered Engineer, GovtRegdValuer
Surveyor & Loss Assessor
Engineering, Fire, Marine, Etc

#106, Kautilya Apartment, Sec-6
Vasundhara, Ghaziabad-201012, UP
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Ph: 0120-2698040, Mob: 09868530109, 8700670991

9.	Has any reconditioning or repairs carried out immediately preceding this inspection	NA (New)
10.	If yes, have these been carried out at the expense of the seller or by the purchaser or a third party?	NA (New)
11.	Are there invoices to indicate the cost thereof (please enclose relevant invoices)	NA
12.	If No, then estimated cost thereof	NA
13.	Please briefly describe the nature of repairs and/or refurbishment	NA (New)
14.	Were any charges incurred by the purchaser, for dismantling, packing and transporting the Machine/(s) to the port of export? If yes, please indicate the charges.	Not Applicable
15.	Any catalogues I documentation of the Machine are available? If yes, please provide the details and copies.	Yes

(e) The following means/aids/technical reference material have been used for inspecting The goods: Mobile Camera

Observations :

- The Goods are new & In complete knock down condition.
- Basically These parts are for assembly of Children Toy Cars & consists of following major parts
  1. Plastic Parts for Electric Ride on Toy car : Wheel Covers, Battery Holder, Motors ,Side Mirrors, Seat Back, Pedal, side covers, back cap, Remote control, dash Board , steering wheel , Shock Absorber, dash board , plastic mould , pedal, rod , Harness , Packing material (Stickers)
     1 no Mould Die for Plastic Moulding etc ,
  2. All above parts are in CKD condition .
- Country of origin is China.
- These above parts form approximately 60-65 % of total parts required to assemble the Toy car .
- Other Parts & work to be carried out to complete the Toy car items are :-
  - Battery 6VX - 2 Pcs per Car
  - Car main Body / Chassis
  - Charger

VINOD KUMAR GOEL Reg. No. M-016197-4 Dt.-18.11.14 CHARTERED ENGINEER

71

Er. Vinod Kumar Goel

B.Sc. Engg F.I.E, F.I.V, AIIISLA
Chartered Engineer, GovtRegdValuer
Surveyor & Loss Assessor
Engineering, Fire, Marine, Etc

#106, Kautilya Apartment, Sec-6
Vasundhara, Ghazlabad-201012, UP
Email: vinodgoel4@gmail.com
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- Plastic Wheels 4 pcs
- Fasteners (Nut, bolt, screw, washers , Clamp , etc
- Packing Boxes + Polythene bag .
- Labeling, marking as per BIS norms .

- Apart from above 100% Tests to be carried out at Factory
- All safety tests
- Performance & functional test Stage wise & complete test.
- Most important is BIS certification is mandatory on this product & BIS governing body certification & its regular compliance is compulsory.
- These above parts& other work for assembly & test to be performed is approximately 40 % of the total work.

- Valuation of parts as per Invoice is reasonable

I hereby confirm that Equipment s) does not have any electrical & electronics assemblies (including PCB's, electronics components) destined for direct recycling or final disposal, which may be construed as E- waste.

I/We hereby declare that the particulars and statements made in this certificate are true and correct.

VINOD KUMAR GOEL
Reg. No.-
F018197-4
Dt.)18.11.14
CHARTERED ENGINEER

Signature(with Seal)
Name of the Inspecting Person/Inspector; Vinod Kumar Goel
Designation : Chartered Engineer
Registration Number: F-018197-4 dt 18-11-2014
Address (office): 106, KautilyaApartments , Sector-6 , Vasundhra , Near Budh Chowk, Ghazlabad (UP)201012
E Mail Address :vinodgoel4@gmail.com
Phone Number:9868530109 , 8700670991 ,
Place : Delhi

5.2. From the Report reproduced above, we find that Chartered Engineer has categorically mentioned that the imported parts contains only 60-65% of the parts. The other parts required to complete the Toy car, as arrived at by the Chartered Engineer are as under:-

- Plastic Wheel 4 Pcs per Car
- LED Lights 4 pcs per car
- Battery- 12 volts
- Battery Charger - 1 Pc each car

- Fasteners (Nut, bolt, screw, washers etc.
- Packing Boxes + Polythene bag.
- Labeling, marking as per BIS norms

5.3. We find that the Chartered Engineer has examined the goods imported by the Respondent and submitted a report concluding that the impugned goods contain only 60 to 65 per cent of the parts used in the manufacture of complete toys. Therefore, we find that it is a misnomer to say that the parts of the toys have been imported as Toys in CKD/SKD condition, when the essential parts are missing in the imported consignment.

5.4. The Respondent submits that besides procuring some of the parts from local market, they also manufacture certain items like 'ride wheels' on job work basis. In support of this claim, the Respondent submitted some invoices evidencing procurement of many essential parts from the local market. For ready reference, some invoices submitted by the **Respondent are extracted below:**

GSTIN : 09ANCPA2535P1ZX

Original Copy

TAX INVOICE

SHALLU PLASTIC WORKS

PLOT NO.59, EVERGREEN INDUSTRIAL PARK, KHEKRA HASANPUR, BHAGPAT
UTTAR PRADESH-250101

Invoice No. : SPW/26-27/0062
Dated : 22-04-2026
Place of Supply : Delhi (07)
Reverse Charge : N
GR/RR No. :

Transport : .
Vehicle No. : UP17AT4157
Station : New Delhi
E-Way Bill No. :

Billed to :
FORTUNE TRADING COMPANY
Shed No. 4, GROUND FLOOR, Khasra No. 25/4, Unnamed Road, Shiv Mandir Shahbad Extension, New Delhi, North Delhi, Delhi, 110042
GSTIN / UIN : 07ANSPS9365H1Z2

Shipped to :
FORTUNE TRADING COMPANY
Shed No. 4, GROUND FLOOR, Khasra No. 25/4, Unnamed Road, Shiv Mandir Shahbad Extension, New Delhi, North Delhi, Delhi, 110042
GSTIN / UIN : 07ANSPS9365H1Z2

S.N.	Description of Goods	HSN/SAC Code	Qty.	Unit	Price	Amount(₹)
1.	Battery Operated Car Parts(job Work) *437.SET WHEEL BLACK*	998852	553.91	Kgs.	10.00	5,539.10
						5,539.10
	Add : IGST				@ 18.00 %	997.04
	Less : Rounded Off (-)					0.14
	Grand Total		**553.91**	**Kgs.**	₹	**6,536.00**

Tax Rate	Taxable Amt.	IGST Amt.	Total Tax
18%	5,539.10	997.04	997.04

Rupees Six Thousand Five Hundred Thirty Six Only

Bank Details : BANK NAME: HDFC BANK A/C No.50200093852440
IFS CODE HDFC0004365 BRANCE GEETA COLONY

Terms & Conditions
E.& O.E.
1. Goods once sold will not be taken back.
2. Interest @ 18% p.a. will be charged if the payment is not made with in the stipulated time.
3. Subject to 'Uttar Pradesh' Jurisdiction only.

Receiver's Signature :

for SHALLU PLASTIC WORKS

Narinder

Authorised Signatory

GSTIN:- 07AALFE2582N1ZX

ORIGINAL

ELESTRA TECHNO LLP
GROUND FLOOR, HOUSE NO- 125, VILLAGE - MUKANDPUR,NEW DELHI, NORTH WEST DELHI-110042

Tax Invoice

Invoice No: 124	Transport Mode: By Road
Invoice date: 06/04/2026	Vehicle number:
Reverse Charge (Y/N): No	Date : 06/04/2026
State: Delhi Code - 07	Place : Delhi
Detail of Receiver (Billed to)	**Detail of Consignee (Shipped to)**
Name: FORTUNE TRADING COMPANY	Name:
Address: SHED NO.4 GROUAND,FLOOR,KHASRA NO.25/4 NEAR SHIV MANDIR,SHAHBAD EXTENSION,NEW DELHI 110042 PAN;ANSPS9365H	Address: SHED NO.4 GROUAND,FLOOR,KHASRA NO.25/4 NEAR SHIV MANDIR,SHAHBAD EXTENSION, NEW DELHI 110042
GSTIN: 07ANSPS9365H1Z2	GSTIN: 07ANSPS9365H1Z2
State: Delhi Code - 07	State: Code:

S.NO	PARTICULAR	HSN CODE	QTY	RATE.	TAXABLE AMOUNT
1	BATTERY	8507	400	100.00	40000.00
	Total		400	100.00	40000.00
	Add: IGST				0.00
	Add: CGST				3600.00
	Add: SGST				3600.00
	TOTAL AMOUNT WITH TAX				47200.00

HSN/SAC	TAX RATE	TAXABLE AMT.	IGST AMT.	CGST AMT.	SGST AMT.	TOTAL TAX
8507	5%	0.00	0.00			0.00
	5%	0.00		0.00	0.00	0.00
	12%	0.00	0.00			0.00
	12%	0.00		0.00	0.00	0.00
	18%	0.00	0.00			0.00
	18%	40000.00		3600.00	3600.00	7200.00
	28%	0.00	0.00			0.00
	28%			0.00	0.00	0.00
TOTAL		40000.00	0.00	3600.00	3600.00	7200.00

Amount in Word
FOURTY SEVEN THOUSAND TWO HUNDARD ONLY

Reciver's Signature :-

Bank Details:-
Bank Name: Kotak Mahindra Bank
Bank A/C: 8350532080
Bank IFSC: KKBK0004586

Terms & conditions:-
1:- Goods once sold will not be taken back .
2:- Tax Invoice will be provided upon request.

ELESTRA TECHNO LLP
ELESTRA TECHNO LLP
Partner
Authorised signatory

5.5. The imported parts along with other locally manufactured/acquired parts undergo assembly and testing and after completion transform into a product distinctly identified as 'Electric Ride on Toys' having distinct characteristic and use. The process applied for completion from Parts to Finished product is a process amounting to 'manufacture' within the Customs (import goods at concessional rate of duty) Rules, 2017 and therefore, they are entitled for the benefit of Notification No. 50/2017-Cus dated 30.06.2017 .

5.6. Thus, we observe that the imported items cannot be considered as a fully finished electrical toys in CKD/SKD conditions. Accordingly, we hold that the imported goods are classifiable under CTH 95030091 and therefore eligible for the benefit of exemption as provided by Notification No.50/2017 dated 30.06.2017.

6. Regarding BIS Toy (Quality Control) Order, dated 25.02.2020, we find that during the course of investigation DRI has written a Letter and sought clarification on application of Toys QCO on Toy Parts which has been clarified by BIS vide Letter dated 12.12.2022 which is reproduced below for ready reference:-

136

s-IV Section

File No. 401/04/2023-Cus-III (Computer No. 300567685)

Annex 1

भारतीय मानक ब्यूरो
उपभोक्ता मामले, खाद्य एवं सार्वजनिक वितरण मंत्रालय
भारत सरकार
BUREAU OF INDIAN STANDARDS
Ministry of Consumer Affairs, Food & Public Distribution
Government of India

सत्यमेव जयते
Government of India

12 Dec 2022

Our Ref: CMD-2/16:9873

Sub: Clarification for the applicability of BIS in cases of import of toys in CKD condition- Reg. (Ref: Letter C. No. VIII/ICD/TKD/6AG/Gr.VI/Minutes of Meeting /1790 /2021 /22705 /08/12/222 dated 06.12.2022)

Deputy Commissioner of Customs (Group-VI)
Office of the Commissioner of Customs (Import)
ICD, Tughlakabad, New Delhi
Tkdappraisinggroup6@gmail.com

Sir/Madam

This is with reference to your above referred letter addressed to the Additional Director General, BIS.

2. It is noted that in your letter, you have referred to the Frequently Asked Questions (FAQs) published by BIS with respect to the Compulsory Registration Order (CRO) in the context of the Toys (Quality Control) Order, 2020.

3. It is clarified in this regard, that the Toys (Quality Control) Order, 2020 and the Compulsory Registration Order (CRO) are separate Quality Control Orders with differing scopes. The Toys (Quality Control) Order, 2020 has been notified by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry under Section 16 of the BIS Act, 2016 for making BIS certification (as per BIS Conformity Assessment Scheme-I) compulsory for safety of toys whereas the Compulsory Registration Order (CRO) has been notified by the Ministry of Electronics & Information Technology (MeitY) making BIS certification (as per Scheme-II or Registration Scheme) compulsory for various electronic items.

56

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As such, the FAQs referred to in your letter pertain to the Compulsory Registration Order (CRO) and not the Toys (Quality Control) Order, 2020.

4. Nevertheless, it is informed that providing clarification regarding applicability of a Quality Control Order on any product(s) is not in the domain of BIS and such queries can be addressed to the concerned Ministry/Department/Agency which has issued the QCO.

Page 1 of 1

मानक भवन, 9, बहादुरशाह ज़फर मार्ग, नई दिल्ली 110002
दूरभाष : 23230131, 23233375, 23239402
ई-मेल : info@bis.gov.in वेबसाइट : www.bis.gov.in

Manak Bhavan, 9, Bahadur Shah Zafar Marg, New Delhi-110002
Tel. : 23230131, 23233375, 23239402
e-mail : info@bis.gov.in Website : www.bis.gov.in

137

3010441/2023/Cus-IV Section

File No. 401/04/2023-Cus-III (Computer N

5. However, with respect to your specific query as to whether Toys (Quality Control) Order, 2020 would also be applicable on toys in completely-knocked-down (CKD) conditions i.e. parts of toys which, when assembled, make complete toys, it is submitted that as per the Toys (Quality Control) Order, 2020 toys are defined as " *Product or material designed or clearly intended, whether or not exclusively, for use in play by children under 14 years of age or any other product as notified by the Central Government from time to time* ".Thus prima facie, it is viewed that the Order would apply to "toy parts" only if said parts themselves are also "toys" as defined in the QCO. However, if any such toy parts are regulated through any other Quality Control Order/Technical Regulations, then the provisions of the respective Quality Control Order/Technical Regulations shall apply.

6. The above views of BIS are for the purpose of reference only.

7. This issues with the approval of the Competent Authority.

Yours faithfully,

12/12/2022

(Aditya Das)
Scientist D, CMD-2, BIS
cmd2@bis.gov.in

57

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Page 2 of 2

6.1. From the Certificate issued by BIS we find that BIS specifically clarified that BIS certificate is not applicable to part of toys. Accordingly, we hold that BIS quality control order is not applicable to the parts of toys imported by the Respondent.

7. We find that the learned Commissioner (Appeals) has examined the classification of goods and passed a categorical finding regarding the classification of the impugned goods under CTH 95030091. For ready reference the findings of the learned Commissioner (Appeals) in this regard are furnished below:-

"15. I note that the adjudicating authority has held that the Parts of Electric (Battery Operated) Ride on Toy Car has been Imported by the appellant in CKD/SKD (complete knocked down/Semi knocked down) condition hence the subject goods are liable to be treated as complete toy Is accordingly is liable to be classified under CTH 95030010.

16. I find that the question here is whether the goods Imported in completely knocked down (CKD) condition are unassembled complete goods or just a conglomeration of parts? The Issue needs introspection in totality. Issues are twin-fold. The first issue is that can the goods be considered to be in CKD/SKD condition are complete goods or not, when some essential parts are not there. Second question relates to the applicability of exemption on the goods so imported by the appellant.

17. The general principle that is applicable on these two issues Is given In the statutory rules called General Rules for the Interpretation of the First Schedule of the Customs Tariff Act, 1975. The concerned Rule 2(a) says that when Incomplete goods are presented before customs for clearance and they have the essential character of complete goods, they have to be classified as complete goods. I will examine the different issues Involved with reference to judicial decisions.

18. If all the parts are presented in CKD condition and they have the essential character of a complete article, they have to be assessed as complete article. This has been held in the case of Procal Electronics India Ltd. vs. Commissioner 2005 (185) E.L.T. A58 (S.C.)]. Here the Hon'ble Supreme Court agreed to the Hon'ble Tribunal and the Revenue, holding that once the goods are Imported In CKD condition and presented before Customs as such the goods are classifiable as complete electronic calculator. If some non-essential items are not present In the CKD pack, the latter can still become complete article as ruled in the case of Galaxy Agencies vs.C.C.E-2009(239) ELT 478 (Tri.) and In the case of

Bayerische Motoren - 2006 (193) E.L.T. 138 (A.A.R.), the AAR held that Motor cars Imported in CKD units without seats have to be treated as complete cars.

19. But if the parts missing are essential, the CKD pack cannot constitute a complete article. The Hon'ble Tribunal in the case of Wipro GE Medical vs. CC, 2006 (202) E.L.T: 141 (Trl.) held that the CKD pack does not constitute a complete scanning machine because it did not contain parts. Ilke probes, monitor and keyboard assemblies. A CKD pack containing all the parts to make a Toy car will be classified as a Toy car for basic customs duty under the Schedule but the exemption for components (as in exemption notification No.29/83-Cus) will also be admissible if the exemption is specific for CKD parts. CC vs. Maestro Motors Ltd. vs. 2004 (174) ELT 289 (5C).

20. From the above, It is clear that Rule 2(A) stipulates that if all the parts are presented in CKD condition and they have the essential character of the complete article, they have to be assessed as complete article. If some non- essential Items are not Imported, the CKD pack can still become complete article. But if the parts missing are essential, the CKD pack cannot constitute a complete article.

21. I find that the adjudicating authority has erred in holding in para 34-35 of Order In Original 67/ADC/Nolda/Cus/2023-24 dated 31.01.24 & para 34 of Order In Original No. 34/AC/Nolda/Cus/2023-24 dated 06.03.2024 that "the importer has Imported the Toy parts in knocked down condition that Imparts essential character of toys and after assembly of which, complete toy can be formed. I am of the considered view that a Battery operated Toy car cannot be treated as a 'complete toy' without a battery, charger, body/ chasis, wheels. Wheel rods, fasteners. These are essential for the very basic operation & existence of the toy car and in absence of which battery operated toy car cannot be considered as a complete toy and accordingly, it cannot be sold in market as a fully functional battery operated toy car.

22. In view of above, I am of the opinion that the Importer has rightly classified the imported goods under the category of 'Parts of Electric (Battery Operated) Ride on Toy' and as the consignment do not have parts that are essential for making a complete article hence the imported goods cannot be considered as a complete toy and accordingly cannot be re-classified under CTH 95030010.) This is supported by what Is declared in the Invoices, Bills of Entry, found and reported by the Chartered Engineer. There is no doubt that the adjudicating authorities also concede In the impugned orders that 60-65% of the parts have been imported. Clearly 35-40% have not been. Chartered Engineer Certificate detalls as to what parts and processes are to still to be procured and undertaken. The appellant has submitted documents of domestic procurement of various Items for the manufacture of the electric ride on toys. There is no doubt that the appellant is a manufacturer and owns the requisite License from the BIS for manufacturing the electric ride on toys and abides by all the rigors that follow. It is also clear that there is no issue of valuation. The appellant is. entitled, so applied and procured annexure from the customs authorities for the import of toy parts for the concession rate duty benefit under the provisions of Customs (IGCR) Rules 2022. This permits the appellant to Import toy parts/components at concessional rate of customs duty. The requirement under BIS Registration for the manufacturers of toys used by children under 14 years of age is related to the safety of electric toys. The Chartered Engineer's Certificate clearly mentions that Imported goods do not have any electrical and electronic assemblies (Including PCB's, electronic components) destined for direct recycling or final disposal, which may be construed as e-waste.

7.1. We do not find any infirmity in the finding of the impugned order. Accordingly, we uphold the finding of the impugned order.

7.2. Similarly with regards to the BIS Certificate the Learned Commissioner (Appeals) had given a finding as under:-

"24. I also observe that the adjudicating authority has held that since the goods imported by the appellant are not having BIS certification, hence the impugned goods imported under the impugned Bill of Entry are 'prohibited goods and are liable to confiscation Section 111(d) of the Customs Act, 1962 and had thereafter allowed the option of redemption of the Impugned goods on the payment of the determined Redemption Fine.

25. Before I proceed further, it would be appropriate to examine the relevant provisions of Toys (Quality Control) Order 2020 dated 25.02.2020, effective from 01.01.2021:

"Ministry of Commerce And Industry (Department for Promotion of Industry and Internal Trade) ORDER New Delhi, the 25th February, 2020 S.O. 853(E). In exercise of the powers conferred by sub-sections (1) and (2) of section 16 read with section 17 and sub-section (3) of section 25 of the Bureau of Indian Standards Act, 2016 (11 of 2016), the Central Government, after consulting the Bureau, is of the opinion that it is necessary and expedient so to do in the public interest, hereby makes the following Order, namely: 360/CUS/NOIDA/APPLYNCUS/2022-23

Short title and commencement:

(1) This Order may be called the Toys (Quality Control) Order, 2020.

(2) It shall come into force with effect from 01.09.2020.2. Application. In this order, unless the context otherwise requires

(a) This Quality Control Order shall apply to (Toys) Product or material designed or clearly Intended, whether or not exclusively, for use in play by children under 14 years of age or any other product as notified by the Central Government from time to time; f II 3(H)] 3

(b) This order shall apply to Toys as they are initially received by the children and, In addition, this shall apply after a toy is subjected to reasonably foreseeable conditions of normal use and abuse unless specifically noted otherwise."

From the above, it is evident that the Toys (Quality Control) Order 2020 dated 25.02.2020 is applicable to 'Toys' for use in play by children under 14 years of age. However, in the present case, the appellant has Imported various parts of the toy car and none of the part can be considered as a toy for use in play by children under 14 years of age unless and until a complete toy car is made by using all the parts which are required to assemble and make a fully functional toy car. Hence, the provisions of above, order are not applicable in the present case.”

7.3. We find that the Commissioner (Appeals) has given a categorical finding for holding that provisions of Toys (Quality Control) Order 2020 dated 25.02.2020 is not applicable to the parts of the toys imported by the Respondent.

8. In view of the above findings, we do not find any infirmity in the impugned Order-In-Appeal passed by the learned Commissioner (Appeals). Accordingly, we upheld the Orders-In-Appeal and reject the appeals filed by the Revenue. CROSS Applications filed by the Respondent is also disposed of.

(Pronounced in open court on 13.08.2026)

Sd/-
(P. K. CHOUDHARY)
MEMBER (JUDICIAL)

Sd/-
(K. ANPAZHAKAN)
MEMBER (TECHNICAL)

Nihal