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Dimensions

Part II - Customs, Trade and Product Regulations Bulletin

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PART I: CUSTOMS AND FOREIGN TRADE POLICY

A. Judgements and Rulings

CA certificate and balance-sheet entry sufficient to rebut unjust enrichment for customs refund | Punjab and Haryana High Court | Vanick Oils & Fats Private Limited[1]

Issue for consideration

- Whether a customs refund claim can be legally processed and allowed under Section 27 of the Customs Act when the underlying assessment reflected in the Bill of Entry ('BoE') was not independently disputed or appealed at entry stage?

- Whether an importer can discharge the statutory burden of proof against "unjust enrichment" under the Customs Act, 1962, by relying on a Chartered Accountant's ('CA') certificate and balance sheet entries reflecting the tax as a "receivable"?

Facts

- Vanick Oils & Fats Private Limited imported hydrogenated vegetable oil, availing of 'Nil' rates of Basic Customs Duty ('BCD') and Countervailing Duty ('CVD') under Notification No. 2 & 3/2007-Customs.

- By oversight, the importer inadvertently paid 4% ad valorem Additional Customs Duty that was otherwise fully exempt under Notification No. 20/2007-Customs. The company filed a formal refund application to recover the overpayment.

- The adjudicating authority sanctioned the refund on merits but directed the proceeds to be transferred to the Consumer Welfare Fund, finding that the company failed to prove it had not passed on the tax incidence.

- The Commissioner (Appeals) rejected the claim entirely on the ground that the initial assessment of the BoE had not been formally appealed. The CESTAT reversed this rejection, and the Commissioner of Customs, Ludhiana preferred an appeal before the High Court.

Findings of the High Court

- The High Court did not find any error with the CESTAT ruling with respect to maintainability of refund claims as well as on unjust enrichment. On the issue of maintainability, the CESTAT had followed the rule established in **Aman Medical Products**[2] (distinguishing the Supreme Court ruling in **Priya Blue Industries**[3]), holding that a formal appeal against an assessed BoE is unnecessary if there was no active contest or *lis* between the importer and Revenue at the time of payment. Accordingly, the High Court accepted that paying higher duty due to inadvertence or ignorance does not erase the right to file a refund claim.

- Regarding the evidence to establish absence of unjust enrichment, the High Court held that the CESTAT did not err in accepting the CA certificate when corroborated by financial accounts. The balance sheet showed the customs-duty amount as receivable from the Customs Department, corroborating the CA certificate that the burden had been borne by the respondent and had not been passed on to consumers.

Conclusion

- The High Court dismissed the Revenue's appeal, holding that the importer fully discharged its burden to show the absence of unjust enrichment, and ordered the refund to be paid directly to the assessee.

Dhruva Comments

The judgment adopts a commercially pragmatic approach by recognising that a CA certificate, when corroborated by a balance-sheet entry recording the duty as receivable, can satisfactorily establish that the incidence of duty has not been passed on and prevent legitimate refunds from being credited to the Consumer Welfare Fund. However, the ruling on maintainability must be applied cautiously, since the Supreme Court in **ITC Ltd.**[4] held that even an

[1] CUSAP-9-2016 (O&M)
[2] 2009 (9) TMI 41
[3] 2004 (9) TMI 105
[4] 2019 (9) TMI 802

uncontested self-assessment cannot be bypassed by filing a refund claim directly. Post-ITC decisions have clarified that the BoE assessment must first be modified, depending on the nature of the error, through an appeal under Section 128, amendment under Section 149 or rectification under Section 154 of the Customs Act, 1962 before refund can be claimed.

Import duty payable on actual reduced price despite higher original contract price | CESTAT Mumbai (Larger Bench) | Sun Tex[5]

Issue for consideration

- Whether a renegotiated, lower price agreed upon between an overseas vendor and a subsequent domestic buyer constitutes the valid "transaction value" under Section 14 of the Customs Act, when the original contracting importer deserts the cargo at the port?
- Whether customs authorities can reject the declared transaction value and assess import duty using the original, higher invoice price on the ground that the goods originally entered customs waters under that higher valuation?

Facts

- A consignment of polyester chips was originally shipped to an Indian buyer, Filatex (India) Ltd., at a contracted price of USD 1,400/MT. The said buyer defaulted on the contract, refused to make payment, and abandoned the goods at the port.
- Facing compounding port demurrage and container detention charges, the Chinese supplier renegotiated a distress sale with the respondent, Sun Tex, at a significantly reduced rate of USD 600/MT, on the condition that Sun Tex absorb the accrued port liabilities of USD 505/MT.
- Sun Tex filed a fresh BoE declaring the renegotiated value of USD 600/MT. The customs department rejected this valuation and issued a demand assessing duty at the original USD 1,400/MT invoice value.
- The regular division bench of the CESTAT delivered a split verdict: the Judicial Member accepted the actual price paid as the transaction value. The Technical Member held that the original contractual price of USD 1,400/MT represented the value of the goods in international trade at the time of importation and that subsequent events before clearance could not alter that value. The matter was consequently referred to a third Member for resolving the difference of opinion.

Findings of the CESTAT

- The CESTAT held by majority that the comprehensive legislative amendments made to Section 14 of the Customs Act (w.e.f. October 10, 2007) marked a decisive shift away from "deemed/notional value" concepts toward an actual "transaction value" framework. The law mandates accepting the price actually paid or payable between unrelated parties where price is the sole consideration.
- The CESTAT held that reliance on older judicial precedents like Garden Silk Mills[6] was misplaced because they interpreted the pre-amendment text of Section 14, which was based on the concept of deemed value.
- Section 14 requires the price actually paid or payable for goods sold for export to India, where the parties are unrelated and price is the sole consideration. These conditions were not satisfied in the transaction with Filatex because it neither paid for nor took delivery of the goods. They were satisfied when Sun Tex purchased the goods directly from the overseas supplier, paid the agreed price and acquired title. Therefore, USD 600/MT constituted the transaction value
- Sun Tex and the supplier were unrelated, and there was no additional consideration. The reduced price was commercially explained by the deterioration of the goods and accumulated detention and demurrage charges. Therefore, there was no basis to reject the declared value under Rule 12 of the Customs Valuation Rules, 2007.

[5] 2026 (8) TMI 340

[6] 1999 (113) E.L.T. 358 (S.C.)

Conclusion

- The CESTAT held by majority that the renegotiated price of USD 600/MT represented the correct transaction value for duty assessment. It accordingly dismissed the Revenue's appeal and sustained the order setting aside the enhanced assessment.

Dhruva Comments

The decision reinforces post-2007 position that a reduced price agreed after the goods arrive in India cannot be rejected merely because the original agreement recorded a higher price. For instance, in **Ghasiram Gokulchand**[7], the CESTAT held that the revised agreement must be genuine and the price reduction commercially justified. Sun Tex applies this principle to abandoned cargo sold to a substituted importer. Since the original buyer neither paid for nor took delivery of the goods, the price paid by Sun Tex was accepted as the transaction value under Section 14. The decision will assist importers who can properly document the failure of the original sale and the basis for the reduced price.

SWS not leviable where BCD is nil due to MEIS/SEIS exemption | CESTAT Kolkata | Emami Ltd[8]

Issue for consideration

- Whether Social Welfare Surcharge ('SWS') is payable when BCD is exempt under Notification Nos. 24/2015-Cus. and 25/2015-Cus., both dated 08.04.2015, governing imports under the Merchandise Exports from India Scheme ('MEIS') and Service Exports from India Scheme ('SEIS') schemes?

Facts

- Emami Limited imported twenty-five consignments of Synthetic Menthol between July 2019 and December 2019, availing of BCD exemption under Notification No. 24/2015-Cus and Notification No. 25/2015-Cus.
- The BCD forgone was debited to the MEIS/SEIS scrips in accordance with the notifications. However, the EDI portal also automatically computed SWS at 10% of the BCD forgone and debited it to the scrips.
- Emami made the debit under protest and challenged the assessments of all twenty-five BoEs before the first appellate authority, seeking refund of the SWS debited to the scrips. The appeals were rejected by relying, inter alia, on the Supreme Court's decision in **Unicorn Industries**[9] and the Madras High Court's decision in **Gemini Edibles and Fats India Pvt. Ltd.**[10]

Findings of the CESTAT

- The CESTAT followed its earlier decision in **Emami's** own case.[11] It held that SWS is calculated under Section 110(3) of the Finance Act, 2018 at 10% of the aggregate customs duties levied and collected. Where the aggregate customs duties are nil because of an exemption, the corresponding SWS is also nil.
- The CESTAT relied on CBIC Circular No. 3/2022-Cus. dated 01.02.2022, which clarifies that SWS cannot be computed on a notional customs duty where the aggregate customs duties payable are nil.

Conclusion

- The CESTAT held that Emami was not liable to pay SWS when BCD was exempt under Notification Nos. 24/2015-Cus. and 25/2015-Cus. It set aside the impugned orders and allowed the appeals with consequential relief.

Dhruva Comments

In **Gemini Edibles**, the Madras High Court relied on **Unicorn Industries** and held that SWS is payable because debit of BCD from a duty credit scrip amounts to payment of BCD and SWS is not separately exempted. In contrast, **La Tim Metal** and **Dalmia Cement** held that SWS is not payable because as per the exemption notification BCD is exempt when paid using duty credit scrip. CBIC

[7] 2023 (5) TMI 51 – CESTAT Ahmedabad
[8] 2026 (8) TMI 341 - CESTAT Kolkata
[9] 2019 (370) E.L.T. 3 (S.C.)
[10] 2024 (6) TMI 142 (Mad.)
[11] Final Order No.77304-77500/2024 dated November 14 2024.

Circular No. 3/2022-Cus. supports the latter view. However, the issue remains unsettled because the appeal against **Gemini Edibles** is pending before the Supreme Court. In light of this, it is relevant for the companies to evaluate SWS liability where BCD is either exempt or paid through scrip.

No interest on capital goods imported for use in a MOOWR warehouse but cleared without being used | CESTAT Kolkata | Dalmia Cement (Bharat)[12]

Issue for consideration

- Whether interest under Section 61(2) of the Customs Act is payable when capital goods intended for use in a warehouse operating under Manufacture and Other Operations in Warehouse Regulations ('MOOWR') scheme are subsequently cleared for home consumption without being installed or used in that warehouse.

Facts

- Dalmia Cement (Bharat) Limited imported a Cooler (gearbox) assembly under tariff item 84195090 from Germany and deposited it in its MOOWR-licensed warehouse under an in-bond BoE. The gearbox was intended to be fitted in a cooler used to rapidly cool hot clinker during the manufacturing process.
- Due to subsequent operational and commercial considerations, Dalmia cleared the gearbox in its imported condition for transfer to another unit without installing or using it in the MOOWR warehouse.
- Dalmia filed an ex-bond BoE and paid deferred customs duty. Customs also levied interest under Section 61(2), relying on Paragraph 12 of CBIC Circular No. 34/2019-Customs. Dalmia paid the interest under protest because the goods were urgently required and challenged the levy of interest.

Findings of the CESTAT

- Section 61(1)(a) allows capital goods intended for use in a warehouse operating under Section 65 to remain warehoused until their clearance. Other warehoused goods falling under Section 61(1)(c) may ordinarily remain for one year. However, Section 61(2) requires interest on such other goods if they remain warehoused beyond 90 days. Customs effectively treated the gearbox as falling outside Section 61(1)(a) because it was cleared without being used. It therefore demanded interest under Section 61(2).
- The CESTAT held that Section 61(1)(a) requires an intention to use the capital goods in the warehouse. It does not require their actual installation or use. Dalmia's MOOWR licence application showed that the gearbox was imported for use in its manufacturing operations.
- Relying on **Dalmia Dadri Cement Ltd.**[13], **Steel Authority of India Ltd.**[14], and **BPL Display Devices Ltd.**[15], the CESTAT held that "intended for use" is different from "actually used".
- The CESTAT also followed **ACME Aklera Power**[16], where solar modules remained covered by Section 61(1)(a) even though some modules could not be installed due to later changes in the project design and layout.
- The CESTAT found that Circular No. 34/2019-Customs and the 2020 MOOWR FAQ contained conflicting statements on interest. It therefore decided the case based on Section 61 and the judicial interpretation of "intended for use".

Conclusion

- The CESTAT held that interest under Section 61(2) is not leviable since the initial intended-use condition was satisfied and set aside the interest demand.

Dhruva Comments

The decision provides relief to importers that bring capital goods into a MOOWR warehouse but later

[12] 2026 (7) TMI 1292 - CESTAT Kolkata
[13] 2004 (178) E.L.T. 13 (S.C.)
[14] 1996 (88) ELT 314 (S.C.)
[15] 2004 (174) ELT 5 (S.C.)
[16] Final Order No. 57992/2024

clear them without putting them to use. The 2019 Circular required interest on goods cleared without use, while the 2020 MOOWR FAQ stated that capital goods could be cleared on payment of duty without interest. The Tribunal resolved this conflict by following Section 61 and held that interest is not payable if the capital goods were genuinely intended for use in the warehouse, however cleared without use. Importers should therefore retain documents showing their original intention to use the goods and the reasons for their subsequent non-use or transfer.

Specific tariff entry for gears prevails over vehicle-parts classification | CESTAT Chennai | Toyota Kirloskar Auto Parts[17]

Issue for consideration

- Whether individual automotive gear components are classifiable under tariff item 84834000 as gears and gearing, or under tariff item 8708 50 00 as parts of 'drive axles with differential'?

Facts

- The appellant, Toyota Kirloskar Auto Parts Private Limited (TKAP), imported seven categories of gear components. These included final gear kits, differential side gears, pinions and rear skid-control rotors. The components were imported separately and were used to manufacture gearboxes and rear axle assemblies with differential for vehicles falling under heading 8703.
- TKAP classified the goods under Tariff Item 8483 40 00. Department contended that they were parts of 'drive axles with differential' and were therefore classifiable under Tariff Item 8708 50 00.

Findings of the CESTAT

- Heading 8483 covers gears and gearing. Heading 8703 covers motor cars and other vehicles principally designed for carrying persons. Heading 8708 covers parts and accessories of vehicles falling under Headings 8701 to 8705. Tariff Item 8708 50 00 specifically covers 'drive axles with differential', non-driving axles and their parts.
- The HSN General Explanatory Notes to Section XVII (covering chapter 87) prescribe three conditions for classification as a vehicle part. The goods must not be excluded by Note 2 to Section XVII. They must be suitable for use solely or principally with vehicles of Chapters 86 to 88 (Note 2 to Section XVII). They must also not be more specifically covered elsewhere in the Tariff.
- The imported goods were intended for vehicles falling under Heading 8703. However, they were not complete drive axles or 'differentials'. They were individual gears imported separately. These goods were specifically described under Heading 8483. Therefore, they failed the third condition for classification under Heading 8708. Relying on the Supreme Court's decision in **Welkin Foods**[18], the CESTAT applied General Rules for Interpretation ('GRI') - 1. It held that the terms of the headings and the applicable notes resolved the dispute.

Conclusion

- The CESTAT held that the imported gear components were correctly classifiable under Tariff Item 8483 40 00 and not under Tariff Item 8708 50 00.

Dhruva Comments

At a time when the classification of automotive parts is under intense scrutiny, this decision provides useful clarity. Similar decisions in **Best Cast**[19] and **Eicher**[20] classified gearbox parts and clutches under Heading 8483 instead of Heading 8708. The Supreme Court in Uni Products[21] also classified car mats under their specific heading for textile floor coverings, although they were manufactured for cars. However, the outcome can differ depending on the product and applicable Headings and Chapter/Section Notes. In **G.S. Auto**[22], specialised automotive fasteners were classified under Heading 8708. In **Cast Metal**[23]

[17] 2026 (7) TMI 1863 - CESTAT Chennai
[18] 2026 INSC 19
[19] 2001 (127) E.L.T. 730 (Tri.–Chennai), appeal dismissed in 2001 (133) E.L.T. A258 (S.C.)
[20] 2002 (142) E.L.T. 136 (Tri.–Chennai)
[21] 2020 (372) E.L.T. 465 (S.C.)
[22] 2003 (152) E.L.T. 3 (S.C.)
[23] 2015 (325) E.L.T. 471 (S.C.)

vehicle-specific hinges and handles were also classified under Heading 8708.

Importers should therefore examine each automotive component separately. The tariff headings, Section and Chapter Notes, and HSN Explanatory Notes must be considered together. Technical drawings, product literature and manufacturing records should clearly establish the nature, function and condition of the goods at the time of import. These documents should also show whether the goods are more specifically covered under another tariff heading.

Interactive Flat Panels with integrated computing capability classified as ADPM, not monitors | CESTAT New Delhi | Promark Techsolutions[24]

Issue for consideration

- Whether Interactive Flat Panels imported in SKD condition, with an in-built operating system, CPU, memory and storage, are classifiable as Automatic Data Processing Machines ('ADPMs') under Tariff Code 8471 41 90 or as monitors under Tariff Code 8528 59 00.

Facts

- Promark imported 264 units of 75-inch Interactive Flat Panels in SKD condition. The panels had an Android operating system, CPU, GPU, RAM, internal storage and an Open Pluggable Specification ('OPS') slot.
- The Department treated the panels as monitors and proposed their classification under Tariff Code 8528 59 00. Promark contended that the panels could process and store data, run programs and operate independently. It therefore claimed classification as ADPMs under Tariff Code 8471 41 90.

Findings of the CESTAT

- Heading 8471 covers ADPMs. Tariff Code 8471 41 90 covers other ADPMs having a CPU and input and output units in the same housing. Heading 8528 covers monitors and projectors.
- Chapter Note 5(A) to Chapter 84 lays down four conditions for a machine to qualify as an ADPM. It must store programs and data, be freely programmable, perform arithmetic computations specified by the user and execute a processing program through logical decisions without human intervention.
- The panels had an operating system, CPU, GPU, memory and internal storage. Users could install and run programs. The OPS slot also permitted the installation of another operating system. The Tribunal therefore held that all four conditions under Chapter Note 5(A) were satisfied.
- The panels could process and store data and operate independently. They were therefore different from monitors under Heading 8528, which ordinarily display signals received from another device.
- The Tribunal followed Ingram **Micro India**,[25] which had classified similar Interactive Flat Panels under Tariff Code 8471 41 90. It held that the large display was only a product feature and did not determine the principal function of the goods.

Conclusion

- The CESTAT classified the Interactive Flat Panels under Tariff Code 8471 41 90 as ADPMs.

Dhruva Comments

The Customs Tariff was amended in 2025 to increase the duty rate against Tariff Item 8528 59 00. However, its description and the relevant tariff headings were not changed. Following this amendment, CBIC Circular No. 12/2025-Customs stated that Interactive Flat Panels are classifiable under Tariff Item 8528 59 00.Customs advance rulings have differed. For instance, **Compuage Infocom**[26] and **Supertron Electronics**[27] classified Interactive Flat Panels with independent computing capability under Tariff Item 8471 41 90, while **Netlink ICT**[28] followed the Circular

[24] 2026 (7) TMI 1562 - CESTAT New Delhi
[25] 2022 (2) TMI 308 – CESTAT New Delhi
[26] 2023 (1) TMI 1307 - Authority for Advance Rulings Customs, Mumbai
[27] 2023 (12) TMI 1495 - Customs Authority for Advance Rulings, New Delhi
[28] 2025 (12) TMI 1740 - Customs Authority for Advance Rulings, Mumbai

and classified them under Tariff Item 8528 59 00. The CESTAT supported Heading 8471 in multiple decisions. The Supreme Court also dismissed the Revenue's appeals inter alia in **BenQ India**[29]. However, these decisions concerned imports made before the Circular and did not examine the post-2025 framework. The challenge of post-2025 framework is pending before Courts. Importers should adopt a classification based on the technical features of their products and, where applicable, may consider challenge of proceedings pursuant to the Circular as well.

B. Notifications

India-UK CETA customs benefits and Rules of Origin take effect | Notifications[30]

Statutory link and effective dates

- Notification No. 29/2026-Customs was issued under Section 25(1) of the Customs Act, 1962 to implement the customs-duty concessions under the India–UK CETA.
- Notification No. 62/2026-Customs (N.T.) was issued under Section 5(1) of the Customs Tariff Act, 1975 to notify the India–UK CETA Rules of Origin.
- Both notifications took effect on July 15, 2026.

Preferential duty framework

- The notification introduces preferential Basic Customs Duty rates, Agriculture Infrastructure and Development Cess rates and Health Cess rates across a wide range of tariff lines, along with tariff-rate quota (TRQ) benefits for specified motor vehicles.

Rules of Origin

- The Rules of Origin specify when goods qualify as originating in the United Kingdom. Goods must be wholly obtained, produced exclusively from originating materials or satisfy the applicable product-specific rule where non-originating materials are used. For imports into India, the claim must be supported by an Origin Declaration completed by the UK exporter or producer. The Indian importer must also comply with the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020.

Prohibition on import of goods produced using forced labour – Insertion of Para 2.20B and Para 11.64 in Foreign Trade Policy 2023 (FTP) | Notification[31]

Statutory link & effective date

- **Statutory link**: Issued by the Central Government under Section 3 read with Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 ('FTDR Act'), modifying Paragraphs 1.02 and 2.01 of the FTP. The notification inserts Paragraphs 2.20B and 11.64 in the FTP.
- **Effective date**: The policy amendments officially become enforceable after the expiry of 30 days from the date of its publication in the Official Gazette.

Amendments to the FTP

1. **The prohibitive import block (Para 2.20B)**

- **The mandate**: The import of goods produced or manufactured, wholly or in part, through the use of forced labour is prohibited.
- **Product-specific notifications:** The Central Government may specify from time to time, by notification, the goods whose import shall be prohibited under this paragraph, having regard to the findings of such enquiry or such other material as it may consider appropriate.
- **Enquiry procedure**: The procedure for conducting an enquiry by the DGFT into the use of forced labour in the production of such goods shall be as prescribed in the HBP.

2. **The definition of forced labour (Para 11.64)**

- The definition of forced labour is added under Chapter 11 to as follows: "Forced Labour" means

[29] 2026 (3) TMI 3 – S.C. Order
[30] Notification No. 29/2026-Customs dated July 14, 2026 and Notification No. 62/2026-Customs (N.T.) dated July 3, 2026

[31] Notification No. 23/2026-27 [F. No. K-31013/1/2026-DIR-NAFTA – PART(4)] dated July 13, 2026.

all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily, as defined under the ILO Forced Labour Convention, 1930 (No. 29).

Dhruva Comments

The notification creates a framework for restricting imports linked to forced labour. It does not identify any particular goods, country or producer. The Central Government may identify the goods through a separate notification based on a DGFT enquiry or other relevant material. The enquiry procedure is prescribed in the HBP.[32] Therefore, the notification does not by itself create a presumption or permit the summary detention of every shipment suspected of involving forced labour.

The measure also had an immediate trade-policy consequence. The USTR took India's adoption of the framework into account and placed Indian goods in the lower 10% Section 301 tariff tier, instead of the 12.5% tier generally applied to economies without such measures. The additional duty took effect on July 24, 2026, subject to specified exemptions.[33] The Government of India estimates that these exemptions cover about 45% of India's exports to the United States, while the remaining 55% are subject to the additional 10% duty.[34]

DGFT introduces inventory-based e-commerce export framework under FTP | Notification[35]

Statutory link

- Issued by the Central Government under Section 5 of the FTDR Act, read with Paragraph 1.02 of the FTP.

Purpose of the framework

- The framework allows a DGFT-registered e-commerce exporter ('EoR') to buy Indian-origin goods from GST-registered Indian sellers ('SoRs') after receiving confirmed orders from foreign buyers, hold those goods and export them. It permits inventory-based e-commerce for exports, including by foreign-invested entities, but does not permit stock to be built without confirmed orders or sold by the EoR in India.

Eligibility, separate entity and product conditions

- **The separate entity mandate**: Where an e-commerce entity proposes to undertake export operations under Para 5.2.15.2.5 of the Consolidated FDI Policy as amended vide Press Note No. 3 (2026 Series), dated July 23, 2026, such operations shall be carried out through a separate legal entity incorporated for this purpose. The Consolidated FDI Policy creates a limited exception to the general prohibition on FDI in inventory-based e-commerce. It permits the inventory model only for exporting goods manufactured or produced in India, subject to the FTP, the HBP and the applicable FEMA requirements.

- **Shareholding transparency**: Where an e-commerce company establishes a separate entity to act as the EoR, the EoR must disclose its shareholding and whether it is a subsidiary, associate, controlled entity or other affiliated entity of that e-commerce company.

- **Origin and product restraints**: Only goods of Indian origin shall be eligible under this Framework. The SoR shall be responsible for ensuring and declaring the correct origin of goods in accordance with applicable laws and the relevant origin criteria. A list of ineligible goods may be notified by DGFT from time to time.

Export inventory management

- The EoR must separately identify, segregate and maintain its export inventory. It must also maintain a digital repository linking procurement from each SoR, the status of the inventory and the relevant export documents. The detailed requirements are prescribed in the HBP.

[32] Paragraph 2.50A

[33] https://ustr.gov/sites/default/files/files/Press/Releases/2026/FLIP%20301%20Investigation%20Final%20Action%20FRN%207-23-26%20FINAL.pdf

[34] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2289348&lang=1&reg=3

[35] Notification No. 27/2026-27 [F.NO. 01/89/180/23/AM-25/PC-9-PART-(2)] dated August 5, 2026.

Payment and allocation of export benefits

- **Payment to the SoR**: The EoR shall make payment to the SoR promptly upon acceptance or deemed acceptance of the goods, and in any event no later than 7 days from the date of acceptance or deemed acceptance. Payment shall not depend upon receipt of payment from the overseas buyer, return of goods by that buyer or any other event outside the SoR's control.

- **Export benefits**: The EoR shall be entitled to claim Export Rebates and Refunds ('ERR'), including Duty Drawback, RoDTEP, RoSCTL, or any other notified scheme involving direct monetary or transferable financial benefit. ERR shall not include non-transferrable duty remission instruments such as advance authorisation or EPCG authorisation. A GST refund received by the EoR under the GST law is an EoR entitlement and not shareable with the SoR.

- **Apportionment math**: The EoR shall apportion and disburse the ERR among the SoRs whose goods form part of the export consignment, in proportion to the free-on-board ('FOB') value attributable to the goods of each such SoR as declared in the shipping bill. This obligation applies only after the EoR claims ERR for the relevant consignment.

- **Administrative deductions**: The EoR may retain an administrative charge from the ERR pool. The balance amount, after deduction of such administrative charge, shall constitute the Seller-attributable export benefits and shall be disbursed to the SoR.

Reverse logistics & absolute domestic sale prohibition

- **Returned consignments**: The EoR shall own and manage all reverse logistics processes for returned or rejected consignments. Returned or rejected consignments shall not, under any circumstances, be sold or supplied in the domestic market by the EoR, whether directly or through any other person or entity.

- **Cost absorption**: The costs associated with the reverse logistics shall be borne by the EoR.

Operational framework for inventory-based cross-border e-commerce exports

- By way of Public Notice dated August 05, 2026[36], DGFT inserts detailed procedure under Chapter 9 of the Handbook of Procedure, 2023, introducing Aayaat Niryaat Form-9A (ANF-9A) for EOR registration.

- EORs must maintain export-inventory records accessible to the DGFT, notify any changes to the registration details within 30 days, ensure to cap administrative rebates at 10% of export rebate and obtain compliance certificate from specified professionals within 90 days of each financial year end covering end to end EOR details.

- EORs must disclose to the SORs the overseas sale price, order status, shipment tracking and brand identity to sellers.

- Lists the procedure to be followed with respect to goods returned by EOR to SOR for failing to meet the required parameters.

- Provides a dispute-resolution mechanism between EORs and SOR via the Regional Authority aiming dispute resolution within 30 days.

Dhruva Comments

The background to this framework is the general prohibition under the FDI Policy on foreign investment in inventory-based e-commerce. Press Note No. 3 (2026 Series) creates a limited exception for inventory-based e-commerce used exclusively to export goods manufactured or produced in India. It does not permit foreign-funded e-commerce entities to undertake inventory-based domestic B2C sales. The Press Note also states that the relaxation will take effect from the date of the corresponding FEMA notification. Foreign-invested entities should therefore confirm the FEMA position before commencing operations.

The FTP notification above creates the policy framework, while Public Notice No. 25/2026-27 prescribes the operating procedure. Despite being

[36] Public Notice No. 25/2026-27 dated 5 August 2026

described as an inventory model, the EoR cannot build stock in anticipation of future demand. It may acquire title only after receiving a confirmed overseas order. The Public Notice also caps the EoR's administrative charge at 10% of ERR, requires seller-attributable benefits to be paid within 30 days of receipt, requires an annual compliance certificate and prescribes a five-year record-retention period. The supply from the SoR to the EoR does not become zero-rated merely because the EoR will subsequently export the goods. The parties should separately examine the applicable GST treatment and clearly define acceptance, deemed acceptance, quality checks, returns and allocation of export benefits in their agreement.

Extension allowed for re-export of temporary imports | Notification[37]

Statutory link

- Issued in amendment of Notification No. 8/2016-Customs dated February 05, 2016, which exempts eligible goods temporarily imported for display or use at specified events.

Extension of the two-year re-export period

- Notification No. 8/2016-Customs generally requires the goods to be re-exported within six months. For imports by the Central Government, a State Government, a Union territory Administration, a diplomatic mission or a notified international organisation, the Commissioner may grant extensions of six months at a time, subject to an overall limit of two years. The amendment now empowers the Board, in a particular case and upon sufficient cause being shown, to extend this two-year limit by such further period as it considers appropriate

Dhruva comments

Earlier, the Commissioner could grant extensions to the specified importers only up to the two-year limit. The amendment authorises CBIC to extend this limit further. It does not change the general six-month re-export period applicable to other importers. Eligible importers seeking relief beyond two years should submit a reasoned request with supporting documents, preferably before the existing permitted period expires.

DGFT synchronizes ITC (HS) 2022 with the Finance Act, 2026 (Import & Export Policy) | Notifications on Import Policy[38] and Export Policy[39]

Statutory link & effective dates

- **Statutory link:** Issued by DGFT to align both Schedule-I (Import Policy) and Schedule-II (Export Policy) of ITC (HS) 2022 with the Finance Act, 2026.

- **Effective dates:** Both sets of amendments have been notified with immediate effect.

Scope of the revision:

I. In Schedule-I (Import Policy)

- ITC(HS) Codes and related Policy Conditions are inserted/deleted/amended/split/merged under ITC(HS) 2022, Schedule I to be in sync with Finance Act, 2026.

- The amendments are made in the description of ITC(HS) Codes to be in sync with Finance Act, 2026.

II. Schedule-II (Export Policy)

- The modifications/amendments are made in Section Notes, Chapter-wise Main Notes, Sub-Heading Notes and Supplementary Notes to be in sync with the Finance Act, 2026.

- ITC(HS) Codes are introduced/deleted/amended/split/merged under ITC(HS) 2022, Schedule II to be in sync with Finance Act, 2026.

Dhruva Comments:

These notifications amend the Import Policy and Export Policy schedules under ITC (HS) 2022. They update the relevant codes, descriptions, notes and policy conditions to reflect the changes made by the Finance Act, 2026. Importers and exporters should identify affected products, map deleted codes to the

[37] Notification No. 28/2026-Customs dated July 10, 2026.

[38] Notification No. 24/2026-27 dated July 22, 2026

[39] Notification No. 26/2026-27 dated July 27, 2026

new or split codes and check the applicable policy status and conditions. Product master data, licences, authorisations and customs declarations should be updated accordingly.

C. Circulars

CBIC prescribes a standard deficiency memo for Section 74 drawback claims| Circular[40]

Standardised deficiency memo format

The circular observes that there is no uniform format for issuing deficiency memos while processing drawback claims under Section 74 of the Customs Act, 1962. It prescribes the format in Annexure I for uniform use. Exporters must cure deficiencies within 30 days of receipt of the deficiency memo, failing which the claim is treated as not filed. The officer must tick the documents or information that are missing and applicable to the claim, including:

- Annexure II (application proforma) and drawback calculation sheet
- Copy of the Shipping Bill, export invoice and packing list, and export Bill of Lading
- Copy of the Bill of Entry, import invoice and packing list
- Evidence of customs duty payment
- Declaration of non-claim of IGST, where applicable
- Certificate from the jurisdictional GST officer confirming that input tax credit or refund of IGST or compensation cess has not been claimed, where applicable
- Notarised affidavit, and RBI permission for re-export, wherever required

Dhruva Comments

Rule 5(4) of the Re-export of Imported Goods (Drawback of Customs Duties) Rules, 1995 requires Customs to return an incomplete drawback claim through a deficiency memo and allows the exporter 30 days to correct the deficiencies. As no uniform format existed, the Circular now prescribes a standard format for use across Customs formations.

Manual submission of documents and statements for duty-free container imports discontinued | Circular[41]

Statutory link

- Issued by CBIC in relation to Notification No. 104/94-Customs dated March 16, 1994, read with Circular No 31/2005-Cus dated July 25, 2005, and Circular 51/2020-Cus dated November 20, 2020, governing import of duty-free containers and re-export thereof.

Revised monitoring framework

- The circular discontinues the earlier manual process under which shipping lines separately intimated Customs of container numbers and identification details on movement outside the customs area, with bonds manually debited and credited against manifest data. The revised framework requires:
- Automated DG Systems reports flagging containers not re-exported within six months
- Availability of these reports through the ICEGATE portal
- Continued execution of the prescribed bond without surety by shipping lines, Non-Vessel Owning Common Carrier ('NVOCC'), steamer agents and authorised agents
- Coordination between customs formations, DG Systems and port/terminal operators to automate container movement records and for development of electronic gate systems by ports and terminals

Dhruva Comments

Circular No. 31/2005-Customs required manual monitoring until an automatic matching system was developed. The present Circular replaces transaction-wise manual monitoring with reports published on ICEGATE. It does not change the conditions of the exemption. The bond must continue, and the containers must be re-exported within six

[40] Circular No. 31/2026-Customs dated July 4, 2026

[41] Circular No. 32/2026-Customs dated July 11, 2026.

months or any permitted extended period. Shipping lines and NVOCCs should reconcile manifest and electronic gate records and promptly address containers shown as overdue. Full removal of manual intervention will depend on system integration at each port or terminal.

D. Trade and Public Notices

DGFT enables electronic preferential CoO under India–UK CETA | Trade Notice[42]

Effective date & platform

- **Effective date**: The facility became operational when the India–UK CETA entered into force on July 15, 2026.
- **The unified portal**: All preferential Certificates of Origin ('CoO') for Indian exports to the United Kingdom will be managed through the Trade Connect ePlatform (www.trade.gov.in). Exporters can utilize their existing DGFT portal credentials without creating new logins.

Dual-issuance framework & technical mandates

- Exporters can opt for one of the two distinct application tracks based on supply chain needs:

Track 1: Preferential eCoO on a self-declaration basis

- **Mandatory digital links**: The generation of self-declared certificates is fully automated but highly gated. The filing user must be linked to the master Importer-Exporter Code ('IEC') using a valid digital signature certificate ('DSC') or Aadhaar authentication. The profile name must match the DSC string exactly.
- **Ink-signature uploads**: Applicants are required to upload a scanned copy of their physical ink signature into the platform during the generation stage.
- **The system pipeline**: Selecting India UK CETA (Self-Declaration) routes the file to an automatic status of Auto Approved Pending Issuance. Clicking Generate Self-Declared CoO issues the certificate immediately with no government fees.
- **Dual output formats**: The system generates two distinct PDF layouts, both stamped with functional QR codes and digital signatures:
- Electronic copy: Employs the uploaded scanned signature in the designated signatory box.
- Physical copy: Leaves the signatory box blank, requiring the exporter to sign by hand after printing.

Track 2: Preferential eCoO via authorized agencies

- **Agency selection**: Exporters must select India-UK CETA (Agency Issued) and choose from the list of notified, authorized agencies available on the portal.
- **The output format**: Upon agency approval, the system generates an Electronic Copy carrying the QR code, digital signature, the stamp of the issuing agency, and the image of signature of the issuing officer.

Automatic jurisdictional verification routing

- **Targeted verification audits**: During the application flow, the exporter must select the specific branch address from their IEC data profile.
- **Automated mapping**: The platform uses this branch selection to automatically fetch and map the file to the jurisdictional Regional Authority of the DGFT or the relevant Special Economic Zone ('SEZ').
- **Genuineness check**: Foreign customs authorities can verify the genuineness of a presented eCoO by navigating to trade.gov.in -> Certificate of Origin -> Verify Certificate and entering the unique certificate ID string to view the eCoO details.

Dhruva Comments

Trade Connect is the common electronic platform used to apply for, issue and verify preferential CoOs under India's FTAs/PTAs. This Notice extends to the India–UK CETA the dual mechanism already available

[42] Trade Notice No. 11/2026-2027 [F. No. 01/02/54/AM21/EG&TF] dated July 13, 2026.

under, for example, India–EFTA TEPA. Exporters may choose an agency-issued CoO or a no-fee, auto-approved self-declared CoO. Most other Indian trade agreements continue to require agency certification. Auto-approval only generates the certificate; it does not confirm compliance with the origin rules. Exporters using this route should maintain product-wise origin calculations, bills of materials, supplier declarations and production records for verification. The CETA also allows a UK importer to claim preference without a CoO based on its own knowledge and records establishing that the goods are originating. The importer must provide this evidence if UK Customs seeks verification.

DGFT notifies the procedure for allocating automative TRQs under India-UK CETA | Public Notice[43]

Statutory link

- Issued by the DGFT under Paragraphs 1.03 and 2.04 of the Foreign Trade Policy 2023, modifying Para 2.92 and Appendix-2A (Annexure VII) of the Handbook of Procedure ('HBP').

Automotive TRQs and concessional duty rates

- The notice sets out the allocation procedure for three automotive tariff rate quota ('TRQ') categories for Completely Built Units ('CBUs') originating in the UK:

1. **Internal combustion engine (ICE) passenger cars (HS 8703)**

   Tariff quotas are segmented into a 15-year sliding matrix based on engine capacity:

   - **High-capacity CBUs [>3000cc (Petrol) / >2500cc (Diesel)]**: Year 1 in-quota duty drops sharply to 30.0% (against a standard baseline) capped at a quota of 10,000 units. The BCD drops to 10.0% by Year 5 with an expanded volume of 19,000 units.

   - **Mid-capacity and low-capacity CBUs [above 1500cc and up to 3000cc (Petrol)/2500cc (Diesel) and low capacity CBUs upto in 1500cc]**: Year 1 in-quota tariffs are fixed at 50.0% with a quota size of 5,000 units each. The BCD drops to 10.0% by Year 5 with an expanded volume of 9,000 units each.

2. **New energy passenger vehicles (EV / Hybrid / Hydrogen CBU HS 8703)**

- TRQs start from Year 6 and depend on the CIF value of the vehicle:

- **Vehicles below £40,000 CIF**: No TRQ is applicable

- **Vehicles between £40,000 to £80,000 CIF**: In-quota tariff starts at 50.0% in Year 6 (quota size 400) and slides to 10.0% by Year 10 (quota size 1,200).

- **Vehicles above £80,000 CIF**: In-quota tariff slides from 40.0% in Year 6 (quota size 4,000) down to 10.0% by Year 10 (quota size 12,000).

3. **ICE goods transportation vehicles (CBU HS 8704)**

- **In-quota tariff**: BCD in Year 1 is fixed at 37.0% (quota of 2,500 units), phasing down to 8.8% by Year 5 with an expanded ceiling of 3,500 units.

- **Out-of-quota tariff**: BCD is fixed at 41.8% in Year 1 phasing down to 33% by Year 5.

Key compliance norms and procedural aspects

- **Strict gatekeeping**: Only Original Equipment Manufacturers (OEMs) or dealers/channel partners carrying explicit, documented OEM authorizations are legally eligible to apply for an allocation.

- **Mandatory pre-purchase accords**: Each electronic application must attach an active pre-purchase agreement issued by the UK OEM, certifying the precise volume of vehicles agreed for supply during that calendar year.

- **Pro-rata slicing**: If total industry application volumes sit below the national quota cap,

[43] Public Notice No. 19/2026-27 [F. No. 01/89/180/110/AM-25/PC-2(A)/E-45719] dated July 9, 2026.

requests are fully granted. If applications exceed the stated limit, the available quota will be allocated proportionately based on the quantities requested under the pre-purchase agreements.

- **Under-utilization**: If an importer does not use a significant share of its allocation, this will be considered while determining its allocation for the next TRQ year.
- **Temporal mapping & debits**: This framework operates on a calendar-year ('CY') basis.[44] TRQ authorisations are electronically transmitted to Electronic Data Interchange System ('ICES'). Import against the TRQ are permitted only via automatic electronic debiting in the ICES system.
- **Pass through of duty benefit**: Importers shall endeavour to pass on the financial benefits of the concessional customs tariff directly to final buyers or consumers in India.

Dhruva Comments

Under the India–UK CETA, most goods receive tariff concessions without any quantity limit. TRQs are used only for specified motor vehicles. A TRQ does not restrict imports. It restricts the quantity that can receive the lower duty rate. Imports beyond the quota remain permitted at the applicable out-of-quota rate. India provides TRQs for UK-origin ICE passenger cars and ICE goods vehicles from Year 1. The TRQ for electric, hybrid and hydrogen passenger cars starts only from Year 6 and excludes vehicles below £40,000 CIF. The UK provides a reciprocal TRQ for Indian electric, hybrid and hydrogen passenger cars from Year 6. Public Notice No. 19/2026-27 above prescribes the DGFT allocation procedure for imports into India. The duty rates are implemented separately through Notification No. 29/2026-Customs. Importers must obtain a DGFT TRQ authorisation, ensure electronic debit in ICES and establish UK origin. Applicants should request realistic quantities because significant under-utilisation may affect their allocation in the following year.

[44] January 1 to December 31

DGFT invites TRQ applications for specified imports under India–UK CETA for CY 2026 | Public Notice[45]

Statutory link & filing window

- **Statutory link**: Issued in direct continuation of the core automotive framework announced under Public Notice No. 19/2026-27 dated July 9, 2026 discussed above.
- **Filing window**: New applications under this mid-year launch track were opened from July 21, 2026, up to August 4, 2026. The deadline was subsequently extended to August 9, 2026.

Pro-Rated volume caps for CY 2026 clearances

- Because the bilateral agreement entered into force mid-year, the annual Year 1 quantitative limits have been scaled down to specific pro-rata limits for allocation on the portal. The hard quantitative limits for Completely Built Units (CBUs) are split as follows:

1. **ICE Passenger Cars (HS Heading 8703 - CBUs)**

   To qualify, vehicles must be completely unregistered anywhere globally prior to importation.

- **High-capacity CBU's [>3000 cc (Petrol) / >2500 cc (Diesel)]**: Quota capped at 4,658 units.
- **Mid-capacity CBU's [above 1500 cc to 3000 cc (Petrol) / above 1500 cc to 2500 cc (Diesel)]**: Quota capped at 2,329 units.
- **Low-capacity CBU's (upto 1500 cc)**: Quota capped at 2,329 units.

2. **ICE goods transportation vehicles (HS Headings 8704 - CBUs)**

- **Scope exclusion**: Excludes all electric or hydrogen fuel commercial vehicles.
- **The volume cap**: Restricted to a maximum allocation of 1,164 units across India.

[45] Public Notice No. 22/2026-27 [F.No. 01/89/180/110/AM-25/PC-2(A)/E-45719] dated July 20, 2026.

Procedural controls & enforcement nexus

- **The Appendix framework**: Import procedures for these pro-rated volumes should comply with the eligibility rules for OEMs and OEM-authorised dealers or channel partners and the electronic ICES debit procedure detailed in Annexure-VII of Appendix 2A of the HBP.

Extension of last day for TRQ Application:

- By way of Public Notice[46] dated August 5, 2026, the last date for submission of the online TRQ application has been extended till August 9, 2026

Dhruva Comments

This Notice does not create new TRQ categories or duty rates. It opens the first application window and notifies the pro-rated quantities available for CY 2026 under Public Notice No. 19/2026-27. An importer that does not receive a TRQ allocation cannot claim the in-quota duty rate. However, the DGFT may invite further applications if part of the quota remains unallocated. Imports without a TRQ allocation will attract the duty otherwise applicable at the time of import, including the notified out-of-quota CETA rate where its conditions are satisfied.

Inviting TRQ Applications under India-Oman Comprehensive Economic Partnership Agreement (CEPA) for Financial Year (FY) 2026-27 | Public Notice[47]

Statutory link & filing window

- **Statutory link**: Issued by the DGFT in direct continuation of Public Notice No. 20/2026-27 dated July 13, 2026.
- **Filing window**: Applications are invited from August 4, 2026 to August 19, 2026.

Pro-Rated TRQ Volume Caps for FY 2026-27 Clearances

- The notice specifies the pro-rated quantities available for FY 2026-27 for dates, marble, ethylene glycol, linear alkylbenzene, specified polymers and aluminium products.

Additional documents for specified products

- **Marble blocks**: Applicants must submit a valid Chartered Engineer ('CE') Certificate matching the mandatory template in Annexure-A. The certificate must state the installed processing capacity, machinery installed and production undertaken during FY 2023-24, FY 2024-25 and FY 2025-26.
- **Marble slabs**: Importers must submit a valid pre-purchase agreement with the supplier in Oman.
- **PET flakes**: Applicants must submit a No Objection Certificate ('NOC') from the Ministry of Environment, Forest and Climate Change ('MoEF&CC') in accordance with Office Memorandum No. 23/66/2019-HSMD dated August 23, 2022.

Dhruva Comments

This Notice does not create the TRQs or prescribe the concessional duty rates. Public Notice No. 20/2026-27 sets out the general allocation procedure, while Notification No. 20/2026-Customs gives effect to the in-quota duty rates. The present Notice opens the application window and specifies the pro-rated quantities available for the remaining part of FY 2026-27 following the commencement of the India–Oman CEPA on June 1, 2026. Importers must obtain a DGFT TRQ authorisation, establish Omani origin and ensure electronic debit of the authorisation in ICES. The additional documents are product-specific: the CE certificate applies to marble blocks, the pre-purchase agreement to marble slabs and the MoEF&CC NOC to PET flakes. They do not create a general manufacturer or end-user requirement for every product covered by the TRQs.

[46] Public Notice No. 26/2026-27 dated August 05, 2026

[47] Public Notice No. 24/2026-27 [F.No. 01/89/180/07/AM-26/PC-2(A)/E-46336] dated August 03, 2026.

PART II: SPECIAL ECONOMIC ZONE

Special Economic Zones (Second Amendment) Rules, 2026[48] | APR filing and annual performance review timelines extended[49]

Effective date

- Enforceable with immediate effect from its formal date of publication in the Official Gazette (July 9, 2026).

Core amendments

The amendment extends the timeline for filing the Annual Performance Return ('APR') by an SEZ Unit. It also extends the timeline for the Approval Committee to review the Unit's annual performance.

1. Extension of APR filing timeline under Form H

- Condition 7 of Form H requires an SEZ Unit, after commencing production or services, to submit its APR in Form I to the Development Commissioner and the Specified Officer.

- The time for filing the APR has been extended from 180 days to nine months following the close of the financial year.

2. Extension of annual performance review timeline under Annexure-I

- Annexure-I requires the Approval Committee to review the Unit's performance and compliance with its approval conditions.

- The deadline for completing this review has been shifted from the end of the second quarter to the end of the third quarter of the following financial year.

Dhruva Comments

The 2016 amendment had extended the APR filing period from 90 days to 180 days and the Approval Committee's review timeline from the first quarter to the second quarter. The present amendment further extends these periods to nine months and the third quarter, respectively. It does not change the information required in Form I or the criteria for reviewing the Unit's performance

PART III: REGULATORY

A. Judgements and Rulings

Special-purpose vehicles confined to enclosed premises fall outside "motor vehicle" definition | Supreme Court | Container Corporation of India[50]

Issue for consideration

- Whether an Inland Container Depot ('ICD') can be classified as a "public place" under Section 2(34) of the Motor Vehicles Act, 1988 ('MVA')?

- Whether a Reach Stacker, a heavy container-handling machine restricted to operational usage within an ICD, qualifies as a "motor vehicle" under Section 2(28) of the MVA, thereby enabling compensation claim under Section 166 of the MVA?

Facts

- A visitor at the ICD Tughlakabad, New Delhi, suffered severe injuries resulting in a 90% physical disability and pelvic crushing when run over by a mobile Reach Stacker.

- The Motor Accident Claims Tribunal ('MACT') summarily dismissed the compensation claim on January 09, 2018, under Order VII Rule 11 of the Civil Procedure Code ('CPC'), ruling that the machine was excluded from the statutory definition of a "motor vehicle".

- On appeal, the Delhi High Court reversed the Tribunal's order on September 05, 2019, holding that the machine fell within the definition of a motor vehicle. This prompted the Container

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[48] Notification G.S.R. 609(E) / F. No. K-43022/83/2025-SEZ

[49] Issued by the Central Government (Department of Commerce) in exercise of the powers conferred by section 55 of the Special Economic Zones Act, 2005 (28 of 2005).

[50] 2026 (7) TMI 1954

Corporation of India ('CONCOR') to prefer a statutory appeal before the Supreme Court.

- Factually, the Reach Stacker has an unladen weight of 71.8 MT and a fully laden weight of 102 MT, vastly exceeding the road-weight thresholds (49–55 MT) notified for public highways by the Ministry of Road Transport and Highways. It cannot ply on public roads in its functional form, requires complete dismantling for transit, and operates exclusively on specially reinforced internal terminal pathways.

Findings of the Court

- The Supreme Court held that an ICD is an explicitly designated customs-bonded area notified under Section 7 of the Customs Act, 1962 ('the Customs Act'). Relying on the precedent **Tarachand Logistic Solutions (2025)**[51], the Court ruled that because the general public lacks an inherent right of access, terminal paths cannot be construed as a "public place" under Section 2(34) of MVA.
- Applying the core statutory principles revived in the early 2026 ruling **Ultratech Cement Ltd. v. State of Gujarat**[52], the Court noted that while the vehicle is wheeled and mechanically propelled, its dominant utility is specialized container-handling inside restricted layouts. Consequently, it falls squarely within the statutory exclusion under Section 2(28) of the MVA meant for vehicles of a special type adapted for use only in a factory or enclosed premises.
- The Court highlighted that the machine was never registered under Section 39 of the MVA, confirming it was not recognized as an ordinary road-going vehicle by transport authorities.
- Distinguishing older counter-precedents, the Apex Court clarified that prior rulings widening the definition involved mobile machinery designed or adapted for concurrent use on general public roads (such as road rollers), which is fundamentally distinct from an exclusively enclosed-premises apparatus.

Conclusion

- The Supreme Court set aside the High Court's judgement and restored the MACT order, confirming that an ICD is not a public place and a Reach Stacker is not a motor vehicle under the MVA.

Dhruva Comments

Although the dispute arose from a compensation claim under the MVA, the Supreme Court relied on decisions concerning motor vehicle taxation. The Court held that the dominant utility of the machinery, its suitability for road use, and the place and manner of its use are relevant in determining whether it is a "motor vehicle" under Section 2(28) of the MVA. The ruling may therefore be relevant under statutes that expressly adopt the definition in Section 2(28) of the MVA. For example, Section 2(76) of the Central Goods and Services Tax Act, 2017 ('CGST Act') defines "motor vehicle" by reference to Section 2(28) of the MVA. However, the ruling does not lay down a general rule for classification under all indirect tax laws. Its application will depend on the language of the relevant statute and the facts of each case

B. Other Regulatory Updates

Draft mandatory labelling requirements for textile apparel and made-up articles published for comments| Ministry of Textiles[53]

- India notified the draft to the WTO Committee on Technical Barriers to Trade on July 16, 2026. The last date for comments is September 1, 2026.
- The draft applies to domestically manufactured and imported textile apparel, clothing accessories, protective wear and made-up articles sold in India. It principally covers Chapters 61, 62 and 63 of the HSN. It also refers to textile articles under certain other headings. Fabrics,

[51] 2025 (8) TMI 1845
[52] 2026 (1) TMI 644
[53] Ministry of Textiles – Draft Regulation on Labelling and Marking for Textile Apparel and Made-Up Articles.

yarns, greige textiles, bespoke garments and specified technical textiles are excluded.

- Every covered product must carry a permanent and legible label containing:
  - fibre composition by percentage of mass;
  - care instructions;
  - country of origin;
  - details of the manufacturer, brand owner or importer;
  - safety instructions, where applicable; and
  - traceability information through a barcode, QR code or similar method.
- The label must be in English and Hindi. It must remain legible for at least 20 domestic washes or five dry-cleaning cycles. The requirements are based mainly on IS 15798 (Part 2) and IS 14452/ISO 3758.
- The Textiles Committee may inspect premises, draw samples and test products. Unlabelled products will be treated as non-conforming. Where the responsible manufacturer or importer cannot be traced, the person from whose premises the sample is drawn may be held responsible.
- Goods manufactured or imported before the regulations take effect may be sold for six months. Surveillance and warnings will apply during the following six months. Penalties may be imposed thereafter. Other applicable requirements under Legal Metrology, BIS Quality Control Orders and DGFT regulations will continue to apply.

Dhruva Comments

The existing Legal Metrology framework requires basic declarations such as the manufacturer or importer, country of origin, size, MRP and consumer-care details. The draft goes further by making fibre composition, standard care symbols, label durability and digital traceability mandatory for domestic and imported textile articles. The proposal is a technical regulation under the WTO Agreement on Technical Barriers to Trade. Consumer information and prevention of misleading declarations are recognised objectives under that Agreement.

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