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M/S PRAGATI SILICONS PVT. LTD.  
v.  
COMMISSIONER OF CENTRAL EXCISE, DELHI

APRIL 26, 2007

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[ASHOK BHAN AND DALVEER BHANDARI, JJ.]

*Central Excise Tariff Act, 1985*

C *Headings 87.08 and 87.14—Parts and accessories of motor vehicles—Plastic name plates—Held—They added to convenient use of motor vehicle and served useful purpose of giving an identity to them—They were covered by broader term 'accessory'.*

D *Harmonized Commodity Description and Coding System (HSN)—Explanatory Notes—Note 2(b) to Section XVII, with Chapter 87 as part—Scope of—Exclusion from definition of parts and accessories of '...similar goods of plastics (Chapter 39)'—Plastic name plates—Held—As reference has been made to Chapter 39, its provisions controlled scope of 'similar goods of plastics', and it would mean goods similarly defined in Chapter 39—In absence of specific headings in Chapter 39 regarding name plates, they could not be excluded from Chapter 87 and included within a residuary provision in Chapter 39.*

F *Central Excise Act, 1944—Section 35L (b)—Appeal to Supreme Court—Issue neither raised before nor decided by Custom, Excise & Gold (Control) Appellate Tribunal, though argued before original authority as well as Commissioner of Appeals, and decided by both against assessee—Consideration by Supreme Court—Held—Though the Court had option to remit case to Tribunal, but to avoid unnecessary delay and expense to parties, it was appropriate for itself to decide the issue—It was more so as the issue had been decided by authorities below.*

G *Words and phrases—'Accessory'—In context of Headings 39.26, 87.08 and 87.14 of Central Excise Tariff Act, 1985, and Note 2(b) to Section XVII to Explanatory Notes of Harmonized Commodity Description and Coding System (HSN).*

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The assessee-appellant is a manufacturer of plastic name plates for motor vehicles. They claimed their classification under headings 87.08 [Parts and accessories of the motor vehicles of heading Nos.87.01 to 87.05] and 87.14 [Parts and accessories of vehicles of heading Nos.87.11 to 87.13] of Central Excise Tariff Act, 1985. This was approved by the respondent, revenue department. However, a show cause notice was issued to them to re-classify the name plates under heading 39.26 [Other articles of plastics] of the Act of 1985. But this notice was dropped and an order-in-original was passed stating that the appropriate classification of the name plates was under Chapter 87 of the Act of 1985. Subsequently, the Commissioner of Central Excise exercising powers under section 35E of the Central Excise Act, 1944 reviewed the above order and an appeal was filed before the Commissioner (Appeals), which was allowed, classifying the plastic name plates under heading 39.26 of the Act of 1985. Aggrieved by this, the appellant filed an appeal before the Custom, Excise & Gold (Control) Appellate Tribunal, but it was rejected. Hence the present appeal under Section 35L(b) of the Act of 1944.

Appellant contended that the headings under Chapter 87 of the Act of 1985 should gain primacy as they are more specific while the heading under Chapter 39 of the Act of 1985 is residuary and more general in nature.

Respondent relied on Note 2(b) to Section XVII of the Explanatory Notes in the Harmonized Commodity Description and Coding System [HSN], which stated that 'parts and accessories' did not include parts of general use, as defined in Note 2 to Section XV, of base metal (section XV), or similar goods of plastics (Chapter 39), and contended that since Note 2 to Section XV, defined 'parts of general use' as including name plates, sign plates, number plates, etc., their plastic equivalents will also get excluded from the scope of Chapter 87 of the Act of 1985 and ought to be classified under Chapter 39 thereof.

Allowing the appeal, the Court

HELD: 1. Plastic name plates are 'parts and accessories' of motor vehicles and since they are not excluded from Section XVII, the appropriate classification is under headings 87.08 and 87.14. [Para 32] [668-G]

2.1. The Tribunal has only examined whether the name plates can be considered 'parts' of motor vehicles. It has not at all considered whether these name plates can be considered 'accessories' of motor vehicles.

[Para 11] [660-B]

A 2.2. An 'accessory' by its very definition is something supplementary or subordinate in nature and need not be essential for the actual functioning of the product. [Para 20] [664-F]

*Annapurna Carbon Industries Co. v. State of Andhra Pradesh*, [1976] 2 SCC 273, relied on.

B *The New Collins Concise Dictionary of the English Language*, (1982), *Advanced Law Lexicon* (3rd edition, 2005) referred to.

2.3. Name plates add to the convenient use of the motor vehicle. They serve a very useful purpose inasmuch as it gives an identity to the vehicle. Each vehicle comes with different brand name and in different models having distinct features. The manufacturers of different type of models of vehicles market them under a name and the vehicles are recognized and referred to by the name plate affixed on them. Name plates convey to the consumers the distinct features it carries. Undoubtedly they add effectiveness and value to the vehicle and are at the very least accessories of the vehicle. Thus, even if there was any difficulty in the inclusion of the plastic name plates as 'parts' of the motor vehicles, they would most certainly have been covered by the broader term 'accessory'. In this view of the matter, the Tribunal has erroneously come to the conclusion that 'plastic name plates' are not 'parts and accessories' of motor vehicles for the purposes of headings 87.08 and 87.14. [Para 20] [664-G-H; 665-A-B]

F *Mehra Bros. v. The Joint Commercial Officer, Madras*, [1991] 1 SCC 514, *Union Carbide India Ltd. v. State of AP*, [1995] Supp 2 SCC 267, *Commissioner of Central Excise, Delhi v. Allied Air-conditioners Corp. (Regd.)*, [2006] 7 SCC 735 and *Central Excise, Calcutta v. Jay Engineering Works Ltd., Calcutta* [1989] Supp 1 SCC 128, reiterated.

3.1. The language in Note 2(b) of the HSN Explanatory Notes to Section XVII cannot be interpreted to exclude plastic name plates from the scope of Section XVII. [Para 31] [668-F]

G 3.2. Undoubtedly, name plates of base metal stand excluded from the scope of Section XVII by virtue of being "parts of general use" as defined and specifically mentioned in Chapter XV. Now, with respect to plastic name plates, if the reference to Chapter 39 had not been made, then there would be no controversy at all. In such a case, all plastic products similar to those defined in Chapter XV would be excluded, regardless of an omission to specifically

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mention them within Chapter 39. [Para 29] [668-B-C]

3.3. However, the minute a reference is made to Chapter 39, it is the provisions in Chapter 39 that control the scope of "similar goods of plastics". Thus, when Note 2(b) refers to similar goods of plastics as in Chapter 39, it must be interpreted to mean similarly defined goods in Chapter 39. And since no definition or reference exists in Chapter 39 regarding name plates, etc., one cannot find any exclusion with respect to these goods from Chapter 87. In the absence of specific headings in Chapter 39, it is not possible to accept the exclusion of the plastic name plates from Chapter 87 and include it within a residuary provision in Chapter 39. [Para 30] [668-D-E]

4. The issue whether, despite the inclusion of the plastic name plates within the scope of the 'parts and accessories', certain other provisions operate to remove or exclude plastic name plates from Chapter 87, was neither raised before nor decided by the Tribunal although this point had been argued before the authority in original as well as the Commissioner of appeals. Both of them decided this point against the appellant. Option before the Court was either to remit the case to the Tribunal for a decision on this point or decide the same itself as this point had been decided by the authorities below. However, to avoid the unnecessary delay and expense to the parties, the Court thought it appropriate to decide the point itself. [Para 21 and 22] [665-C-E]

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 5345 of 2001.

From the Final Order No. 239/2001-B dated 30.4.2001 of the Customs, Excise & Gold (Control) Appellate Tribunal, West Block, R.K. Puram, New Delhi in Appeal No. E-3322/2000-B.

B.L. Narasimhan, Alok Yadav and M.P. Devanath for the Appellant.

K. Radhakrishnan, B. Sunita Rao, Shanti Bhushan Chaubey and B. Krishna Prasad for the Respondent.

The Judgment of the Court was delivered by

**BHAN, J.** The assessee-appellant (hereinafter referred to as "the appellant"), being aggrieved by the Final Order No.239/2001-B dated 17-04-2001 passed by the Custom, Excise & Gold (Control) Appellate Tribunal (hereinafter referred to as "the Tribunal") in Appeal No.E/3322/2000-B, has filed the present appeal under section 35L(b) of the Central Excise Act, 1944 (hereinafter referred to as "the Act"). The Tribunal by the impugned order has

A rejected the appeal filed by the appellant seeking the classification of "plastic name plates" under Chapter 87 as 'parts and accessories' of motor vehicles and instead classified it as 'other plastic products' under Chapter 39.

### FACTS

B 1. The appellant is a small-scale unit, manufacturing plastic name plates for motor vehicles in accordance with the specifications and designs supplied by the customers, who are the vehicle manufacturers. The entire production of the appellant is sold to the vehicle manufacturers alone.

C 2. Between 1986 and 1994, the classification lists filed by the appellant claimed the classification of name plates under headings 87.08 and 87.14 and the same were approved by the Department from time to time. On 02-08-1994, a show cause notice was issued by the Assistant Collector of Central Excise, Ambala proposing to re-classify the name plates under heading 39.26 as articles of plastics. The notice was however subsequently dropped and an order-in-original dated 08-11-1994 was passed stating that the appropriate classification of the name plates was under Chapter 87.

D 3. Subsequently, the Commissioner of Central Excise, New Delhi exercising powers under section 35E of the Act reviewed the above order and filed an appeal before the Commissioner (Appeals). The Commissioner (Appeals) by the order dated 31-10-2000 allowed the appeal of the Revenue and classified the plastic name plates under heading 39.26. Aggrieved by the order of the Commissioner (Appeals), the appellant filed an appeal before the Tribunal, which was rejected by the impugned order.

E 4. The Tribunal rejected the appeal of the appellant primarily by recording F the following findings:

- a. It held that "a motor vehicle is a complete vehicle without affixation of emblems or name plates" and that "it cannot be treated as a part without which the motor vehicle is not complete";
- G b. It distinguished the case of *Collector of Central Excise, Calcutta v. Jay Engineering Works Ltd., Calcutta*, [1989] Supp 1 SCC 128 stating that it examined name plates as inputs and not as parts of the fan;
- c. The fact that a name plate can be used only in respect of the product whose name it carries does not make it a part of the

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motor vehicle;

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- d. That Heading 39.26 specifically covered articles of plastics and since it was not in dispute that the impugned goods were made of plastics, they were classifiable only under heading 39.26.

5. Thus, the essential question for consideration is: Whether these 'plastic name plates' are to be classified under headings 87.08 and 87.14 as 'parts and accessories' of motor vehicles or under heading 39.26 as other articles of plastics?

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6. Before advertng to the submissions made by the opposing Counsels for the parties in respect of the above question, it is worthwhile to mention the competing headings relevant to the present discussion.

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*COMPETING HEADINGS:*

7. The relevant portions of heading 87.08 and 87.14 are reproduced below for reference:

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"87.08 Parts and accessories of the motor vehicles of heading Nos.87.01 to 87.05

87.14 Parts and accessories of vehicles of heading Nos.87.11 to 87.13"

8. The relevant portions of heading 39.26 are reproduced below for reference:

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39.26 Other articles of plastics

*ISSUES FOR DETERMINATION*

9. Having laid out the facts and the relevant headings in the present matter, we can now proceed to the legal issues that we are required to decide upon. Based on the arguments of the Counsels for the parties, the following issues arise for determination:

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a. Whether 'plastic name plates' are classifiable under headings 87.08 and 87.14 by falling within the scope of term 'parts and accessories' of motor vehicles;

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b. Alternatively, even if they do fall within the scope of 'parts and accessories' of motor vehicles, whether there is any provision in the Explanatory Notes that specifically excludes 'plastic name

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A plates' from headings 87.08 and 87.14?

ISSUE NO.1

10. The first issue that we are required to examine is whether 'plastic name plates' can be considered 'parts and accessories' of motor vehicles.

B 11. The Tribunal has answered the above question in the negative. Significantly, the Tribunal has only examined whether the name plates can be considered 'parts' of motor vehicles. It has not at all considered whether these name plates can be considered 'accessories' of motor vehicles. The relevant portion of the judgment of the Tribunal is reproduced below:

C According to Sarkar's 'Words and Phrases of Excise & Customs', Second Edition, part is "an element of a sub-assembly, not normally useful by itself and not amenable to further disassembly for maintenance purpose". In common parlance parts are used in the manufacture of the final product and without which the final product cannot be conceived of. *A motor vehicle is a complete vehicle without affixation of emblems or name plates and we agree with the submissions of the learned DR that it cannot be treated as a part without which the motor vehicle is not complete ....* A name plate can certainly be used only in respect of the product whose name it carries but it does not make it a part of the motor vehicle on this ground. Heading 39.26 specifically covers articles of plastics and as it is not in dispute that the impugned goods have been made of plastics they would be classifiable under heading 39.26 only.

[Emphasis supplied]

F 12. The submissions made by Mr. Radhakrishnan, Counsel for the Revenue echo the position taken by the Tribunal above.

G 13. Counsel for the appellant however submits that the test to determine whether the name plates are 'parts and accessories' of the test according to Note 3 to Section XVII of the Explanatory Notes in the Harmonized Commodity Description and Coding System [hereinafter referred to as "Explanatory Notes"], is the 'sole and exclusive' use. Counsel for the appellant submits that the name plates are solely and exclusively used for motor vehicles, since all the name plates are sold to manufacturers of vehicles and nothing enters the spare parts market for use elsewhere. He further submits that the name plates are permanently affixed to the vehicle from the assembly line itself. He also drew

our attention to two circulars of the Department [Chandigarh Collectorate Trade Notice No.94-CE/90 dated 30-0-1990 and Calcutta II Collectorate Trade Notice No.10/87 dated 19-02-1987] where 'plastic boxes' and 'helmet-locking devices', items which are according to him less necessary, are directed to be considered 'parts and accessories' of motor vehicles. Finally, he submits that the headings under Chapter 87 should gain primacy as they are more specific while the heading under Chapter 39 is residuary and more general in nature. Thus, Counsel for the appellant has challenged the decision of the Tribunal.

14. In the light of the rival submissions made by the counsel for the parties before us, we are required to determine whether the Tribunal has correctly held that 'plastic name plates' do not fall within the purview of headings 87.08 and 87.14. As far as these two headings are concerned, it is possible to include two kinds of goods therein - those which are either 'parts' of motor vehicles or those which are 'accessories' of motor vehicles. While a case can be made for the inclusion of name plates in Chapter 87 as 'parts' as well as 'accessories' of motor vehicles, we are not examining the former category. Without going into the question of whether name plates fall within the definition of 'parts' of motor vehicles, for the present purpose, we are restricting ourselves only to the interpretation of the broader term, 'accessories'. Thus, regardless of whether name plates can be considered 'parts' of motor vehicles, we are determining whether at the very least, name plates can be considered 'accessories' of motor vehicles.

15. The term 'accessory' is defined in *The New Collins Concise Dictionary of the English Language* (1982) as "a supplementary part or object, as of a car, appliance, etc". Other definitions for the accessory are found in the *Advanced Law Lexicon* (3rd edition, 2005) and include the following:

"Something of secondary or subordinate importance;

...

Something contributing in subordinate degree to a general result or effect; an adjunct or accompaniment;

...

Accessory is an article or device that adds to convenience or effectiveness of, but is not essential to, main machinery."

A 16. This Court has considered and decided as to what the meaning of the term 'accessory' is in a few earlier cases. In *Annapurna Carbon Industries Co. v. State of Andhra Pradesh*, [1976] 2 SCC 273, the Court was required to examine whether "arc carbon" was an 'accessory' to cinema projectors or other cinematographic equipment under item 4 of 1st Schedule to Andhra Pradesh General Sales Tax Act, 1957. Answering in the affirmative, the Court  
B opined that:

We find that the term "accessories" is used in the schedule to describe goods which may have been manufactured for use as an aid or addition. A sense in which the words accessory is used given in  
C Webster's Third New International Dictionary as follows:

"An object or device that is not essential in itself but that adds to the beauty, convenience, or effectiveness of some-thing else".

Other meanings given there are: "supplementary or secondary to something of greater or primary importance": "additional": "any of several mechanical devices that assist in operating or controlling the tone resources of an organ". "Accessories" are not necessarily confined to particular machines for which they may serve as aids. The same item may be an accessory or more than one kind of instrument.  
D (Para10)

E It will be noticed that the entry we have to interpret includes "parts" as well as "accessories" which are required for use in projectors or other cinematographic equipment. We think that the Andhra Pradesh High Court correctly held that the main use of the arc carbons Under consideration was duly proved to be that of production of powerful light used in projectors in cinemas. The fact that they can also be  
F used for search lights, signalling, stage lighting, or where powerful lighting for photography or other purposes may be required, could not detract from the classification to which the carbon arcs belong. *That is determined by their ordinary or commonly known purpose or user.* This, as already observed by us, is evident from the fact that  
G they are known as cinema arc carbons" in the market. This finding was enough, in our opinion, to justify the view taken by the Andhra Pradesh High Court that the goods under consideration are covered by the relevant entry No. 4. (Para11)

[Emphasis supplied]

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17. The above decision was relied upon in the case of *Mehra Bros. v. The Joint Commercial Officer, Madras* [1991] 1 SCC 514. The primary issue before the Court in this case was whether 'car seat covers' could be considered 'articles adapted to use generally as parts and accessories of motor vehicles'. The Court, holding that car seat covers and upholstery were in fact accessories to motor vehicles, observed as follows:

"In Black's Law Dictionary, Fifth Edition at p. 13 'accessory' has been defined as "anything which is joined to another thing as an ornament, or to render it more perfect, or which accompanies it, or is connected with it as an incident, or as subordinate to it, or which belongs to or with it, adjunct or accompaniment, a thing of subordinate importance. Aiding or contributing in secondary way of assisting in or contributing to as a subordinate". (Para 3)

...

*In our view the correct test would be whether the article or articles in question would be an adjunct or an accompaniment or an addition for the convenient use of another part of the vehicle or adds to the beauty, elegance or comfort for the use of the motor vehicle or a supplementary or secondary to the main or primary importance. Whether an article or part is an accessory cannot be decided with reference to its necessity to its effective use of the vehicle as a whole. General adaptability may be relevant but may not by itself be conclusive. Take for instance Stereo or Air-conditioner designed and manufactured for fitment in a motor car. It would not be absolutely necessary or generally adapted. But when they are fitted to the vehicle, undoubtedly it would add comfort or enjoyment in the use of the vehicle. Another test may be whether a particular article or articles or parts, can be said to be available for sale in an automobile market or shops or places of manufacture; if the dealer says it is to be available certainly such an article or part would be manufactured or kept for sale only as an accessory for the use in the motor vehicle. Of course, this may not also be a conclusive test but it is given only by way of illustration. Undoubtedly some of the parts like axle, steering, tyres, battery etc. are absolutely necessary accessories for the effective use of the motor vehicle. If the test that each accessory must add to the convenience or effectiveness of the use of the car as a whole is given acceptance many a part in the motor car by this process would fall outside the ambit of accessories to the motor car. That would not*

A appear to be the intention of the legislature..... (Para 5)

[Emphasis supplied]

B 18. The view taken regarding the term 'accessory' in the above two cases has been reiterated in the cases of *Union Carbide India Ltd. v. State of AP*, [1995] Supp 2 SCC 267 and *Commissioner of Central Excise, Delhi v. Allied Air-conditioners Corp. (Regd.)*, [2006] 7 SCC 735.

C 19. The Court was also faced with similar circumstances in the case of *Jay Engineering* (supra). In this case, the Respondent was the manufacturer of electric fans, and brought into its factory name plates under tariff item 68 of the erstwhile Central Excise Tariff. The name plates were affixed to the fans before marketing them. Here, the Court emphasized on the necessity of name plates for the marketing of the product. The Court observed:

D "In those circumstances, in our opinion, the Tribunal was right in arriving at the conclusion that the nameplate was not a piece of decoration. Without the nameplate, the electric fans as such, could not be marketed; and that the dealer was entitled to the benefit of the notification No. 201/79-CE for the purpose of obtaining pro forma credit. Fans with name plates, have certain value which the fans without the name plates, did not have. If that be so, then the value added for the accretion of nameplate was entitled to pro forma credit in terms of the said notification. *It is true that an electric fan may perform its essential functions without affixation of the nameplate, but that is not enough. Electric fans do not become marketable products without affixation of name plates.* (Para 9)

F [Emphasis supplied]

G 20. It is evident therefore, that an 'accessory' by its very definition is something supplementary or subordinate in nature and need not be essential for the actual functioning of the product. Applying the test laid down in *Mehra Bros. case* (supra), it cannot be denied that name plates add to the convenient use of the motor vehicle. Name plates serve a very useful purpose inasmuch as it gives an identity to the vehicle. Each vehicle comes with different brand name and in different models having distinct features. The manufacturers of different type of models of vehicles market them under a name and the vehicles are recognized and referred to by the name plate affixed on them. Name plates convey to the consumers the distinct features it carries.

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Undoubtedly they add effectiveness and value to the vehicle and are at the very least accessories of the vehicle. Thus, even if there was any difficulty in the inclusion of the plastic name plates as 'parts' of the motor vehicles, they would most certainly have been covered by the broader term 'accessory'. In this view of the matter, we are of the opinion that the Tribunal has erroneously come to the conclusion that 'plastic name plates' are not 'parts and accessories' of motor vehicles for the purposes of headings 87.08 and 87.14.

*ISSUE NO.2*

21. The second issue before consideration is whether, despite the inclusion of the plastic name plates within the scope of the 'parts and accessories', certain other provisions operate to remove or exclude plastic name plates from Chapter 87.

22. This point was neither raised before nor decided by the Tribunal although this point had been argued before the authority in original as well as the Commissioner of appeals. Both of them decided this point against the appellant. Option with us is either to remit the case to the Tribunal for a decision on this point or decide the same ourselves as this point had been decided by the authorities below. After hearing the Learned Counsel for the parties and after applying our mind on this point we have formed the opinion that to avoid the unnecessary delay and expense to the parties it would be appropriate for us to decide the point ourselves.

23. In this regard, it has been submitted by Counsel for the Revenue that the Explanatory Notes in the Harmonized Commodity Description and Coding System [hereinafter referred to as "HSN"] to Section XVII (which includes Chapter 87) make it clear that plastic name plates are excluded from the scope of Chapter 87 and are therefore required to be classified under the residuary provision in Chapter 39.

24. Since the submission of the Revenue is based purely on the HSN Explanatory Notes, it is essential to reproduce the relevant parts of the HSN Explanatory Notes. The notes below relevant headings, heading 87.08 and 87.14, state as follows:

“This heading covers parts and accessories of the motor vehicles of headings 87.01 to 87.05, provided the parts and accessories fulfil both the following conditions:

- (i) They must be identifiable as being suitable for use solely or

- A principally with the above-mentioned vehicles; and
- (ii) *They must not be excluded by the provisions of the Notes to Section XVII (see the corresponding General Explanatory Note).*"

[Emphasis supplied]

- B An almost identical explanation exists under the Notes to heading 87.14.

25. The effect of the above HSN Explanatory Notes is to specifically exclude from the scope of these headings what is excluded in the general notes to the entire Section (Section XVII), of which Chapter 87 is a part. The General Explanatory Note to Section XVII states as follows:

- C Section Notes.

...

- D 2. - The expressions "parts" and "parts and accessories" do not apply to the following articles, whether or not they are identifiable as for the goods of this section:-

...

- E (b) *Parts of general use, as defined in Note 2 to Section XV, of base metal (section XV), or similar goods of plastics (Chapter 39)*

- F 3.- References in Chapters 86 to 88 to "parts" or "accessories" do not apply to parts or accessories which are not suitable for use solely or principally with the articles of those Chapters. A part or accessory which answers to a description in two or more of the headings of those Chapters is to be classified under that heading which corresponds to the principal use of that part or accessory.

[Emphasis supplied]

- G Further explanation regarding Note 2 reads as follows:

- (A) Parts and accessories excluded by Note 2 to Section XVII

...

- H (2) *Parts of general use as defined in Note 2 to Section XV, for example, ... number plates, nationality plates, etc. (such goods of base metals fall in Chapter 83, and similar goods of plastics fall*

in *Chapter 39*).

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26. Referring to Note 2 of Chapter XV,

Section Notes.

...

2.- Throughout the Nomenclature, the expression "parts of general use" means:

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...

(c) Articles of headings...83.10....

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Finally, Heading 83.10 is entitled "SIGN PLATES, NAME PLATES, ADDRESS PLATES AND SIMILAR PLATES..., OF BASE METAL..." and includes various kinds of name plates in further sub-headings.

27. Based on the submissions made by Counsel for the Revenue, the central question before us is: whether the abovementioned Section Note 2(b) excludes plastic name plates from the scope of Section XVII? Thus, we are required to look into the meaning and interpretation of Section Note 2(b). The Counsel for the Revenue contends that since Note 2 to Section XV defines "parts of general use" as including name plates, sign plates, number plates, etc., their plastic equivalents [by virtue of Note 2(b)] will also get excluded from the scope of Chapter 87. Thus, he submits that they ought to be classified under Chapter 39.

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28. We however find it difficult to accept this submission in the light of the language used in Note 2(b). Note 2(b) excludes from the scope of Section XVII "Parts of general use, as defined in Note 2 to Section XV, of base metal (section XV), or similar goods of plastics (*Chapter 39*)". What we have to examine is the scope of the last part of the Note. Admittedly, there are two ways of interpreting this phrase. The interpretation suggested by the Revenue is to read the exclusion of "similar goods of plastics", in synchrony with the exclusion that applies to the goods of base metal. In this respect, he drew our attention to the further explanation that is provided on Note 2(b), where number plates are given as an example and it is further provided that "such goods of base metals fall in *Chapter 83*, and similar goods of plastics fall in *Chapter 39*". According to the Revenue, this makes it amply clear that the "parts of general use" includes name plates of both, base metal and plastic and therefore fall out of the scope of Section XVII.

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A 29. We are not impressed with this submission. It is true that on first  
 blush, it appears that if the base metal name plates are excluded, so must  
 similar plastic goods be excluded. However, we do not think that this is the  
 correct position, primarily because of the reference made in Note 2(b) to  
 Chapter 39. Undoubtedly, name plates of base metal stand excluded from the  
 scope of Section XVII by virtue of being "parts of general use" as defined  
 B and specifically mentioned in Chapter XV. Now, with respect to plastic name  
 plates, if the reference to Chapter 39 had not been made, then there would  
 be no controversy at all. In such a case, all plastic products similar to those  
 defined in Chapter XV would be excluded, regardless of an omission to  
 specifically mention them within Chapter 39. In other words, without any  
 C reference to Chapter 39 in Note 2(b), the only control on the meaning of  
 "similar goods of plastics" would be the description of goods included within  
 Chapter XV.

30. However, the minute a reference is made to Chapter 39, it is the  
 provisions in Chapter 39 that control the scope of "similar goods of plastics".  
 D Thus, when Note 2(b) refers to similar goods of plastics as in Chapter 39, it  
 must be interpreted to mean similarly defined goods in Chapter 39. And since  
 no definition or reference exists in Chapter 39 regarding name plates, etc., we  
 cannot find any exclusion with respect to these goods from Chapter 87. For  
 example, when the exclusion regarding base metal name plates is made, it is  
 so because there exist specific and detailed headings in that Chapter. But in  
 E the absence of such specific headings in Chapter 39, we are unable to accept  
 the exclusion of the plastic name plates from Chapter 87 and include it within  
 a residuary provision in Chapter 39.

31. Thus, we are of the opinion that the language in Note 2(b) cannot  
 F be interpreted to exclude plastic name plates from the scope of Section XVII.

#### CONCLUSION

32. In conclusion, since plastic name plates are 'parts and accessories'  
 of motor vehicles and since they are not excluded from the Section XVII, the  
 G appropriate classification is under headings 87.08 and 87.14.

33. For the reasons stated above, the appeal is allowed. There shall be  
 no order as to costs.

V.S.

Appeal allowed.

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