Circular No. 32/96-Cus.
dated 12/6/96

F.No. 528/48/96- CUS (TU)

Government of India
Ministry of Finance
Department of Revenue, New Delhi

Subject: Notification No. 211/83- Cus. - Applicability to spares imported by Ship repair units Reg.

I am directed to say that doubts have been raised regarding applicability of notification No.211/83- Customs dated 23rd July, 1983 to spare parts imported for repair of ocean going vessels, by a ship repair unit, in view of the decision of the CEGAT in the matter of Collector of Customs Bombay vs. Keshari Steels 1994 (71) ELT, 768, Making a distinction between "components" and "spares".

2. The issue has been examined. It is observed that in the case under reference, the issue before CEGAT related to scope of the term "component parts appearing in notification no 242/76 cus., dated 2.8.76 which provided concessional duty to "refractory bricks of special shape or quality for use as component parts of industrial furnace". In this notification the term "component" was not qualified by end use. The mater before the CEGAT was whether the term refers to parts to be used in initial assembly only or to parts to be used in subsequent replacement also. In this context CEGAT held that the word "component" is indicative that the same part when initially used in the assembly or manufacture of the machine". Contrary to the situation in CEGAT's case the term "component" in the notification no. 211/83 cus., dated 23rd July 1983 has been used in conjunction with the terms "for repair of an ocean going vessel", thus prescribing the end use of the goods in notification itself. As such the issue in this case is different from that before CEGAT in the above cited case.

As stated above in case of Not. no. 211/83 cus., the terms used are "component for repair of an ocean going vessel", by a ship repair unit. It is, therefore, clarified that notification will cover all parts imported for repair of an ocean going vessel, by a ship repair unit. This is of course subject to the fulfilment of other conditions laid down, the notification.

Sd/-
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