Circular No. 8/98
dated 11/2/ 98

F.No. 450/13/98-Cus. IV

Government of India

Ministry of Finance

Department of Revenue

Central Board of Excise & Customs, New Delhi

Subject :- Fraudulent availment of exemption from payment of import duty under Section 90 and Notfn. No. 211/ 83 on ship spares and stores for ships - modus operandi regarding.

It has come to the notice of the Board that many parties had fraudulently cleared imported cargo from Bonded warehouses under Sec. 90 of the Customs Act, 1962 duty free for delivery to Naval Ships. Similar clearances were also noticed duty free under Notfn. No. 211/ 83 for use as ship spares. The modus-operandi in both cases were to clear the goods from the bonds and divert them to the local market. Though they were destined to Shipping Corporation of India and Naval Ship, goods never reached there.

2. In all these cases, it was observed that the mandatory provision for escorting the goods were not adhered to which facilitated diversion of the goods to domestic market.

3. Board desires that the provisions regarding clearance and escorting of goods imported as "ship stores" or "ship spares" should be unscrupulously followed. The suitable actions may kindly be taken to guard against this type of frauds, necessary standing orders to all departmental officers may be issued/ reiterated.

Sd/-
(Vijay Kumar)
Under Secretary to the Govt. of India

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