

F.NO. 386/33/96-JC
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs

New Delhi, the 7, April, 2000

Subject: Components and Spare Parts --- definition -clarified

As you may be aware, in the context of interpretation of certain notification extending benefit to 'Components/parts' of an equipment, dispute have often arisen whether the same benefit could be claimed if the same item is being imported for use as a spare part.

2. The Supreme Court in its order dated 2.11.99 in the Civil Appeal No. 10744-45/95 in the case of M/s Hindustan Sanitaryware and Industries Ltd and another Vs Commissioner of Customs Calcutta has finally settled the issue regarding this distinction sought to made between a "Spare part" and the component part. As may be observed, the Apex Court has approved the decision of the larger Bench of the Tribunal in the case of Jindal Strips Ltd. Vs CC, Bombay (1997) (94) ELT 234) wherein the tribunal took the view that the spare part, though used for re-placement of a worn out component, was nevertheless a "Component part". Thus if there was no qualifying restricting word attached to "Component parts" in the notification to suggest that it is only for initial assembly or for manufacture of equipment, the term "Component part" will cover the item when imported for use as "Spare part".

3. The Board desires that the field formations may be informed about the decision of the Supreme Court, so that, pending disputes could be settled expeditiously.