

GENERAL EXEMPTION NO. 83

Exemption to goods imported for execution of an export order for jobbing. — In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 81/95-Customs, dated the 31st March, 1995, the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts the goods imported into India from the **whole of the duty of Customs** leviable thereon which is specified in the first Schedule to the Customs Tariff Act, 1975 (51 of 1975) and from **whole of the additional duty** leviable thereon [under sub-sections (1), (3) and (5) of section 3] of the said Customs Tariff Act, subject to the following conditions, namely :-

- (i) that the goods are imported for execution of an export order placed on the importer by the supplier of goods for jobbing;
- (ii) that the goods so imported, including resultant products, are re-exported to the supplier of the goods or to any other person which the said supplier may specify within six months from the date of clearance or within such extended period as the ²[Assistant Commissioner of Customs or Deputy Commissioner of Customs] may allow :

Provided that where the goods are in the nature of patterns, drawings, jigs, tools, fixtures, moulds, tackles and instruments, such goods may be allowed by the ³[Assistant Commissioner of Customs or Deputy Commissioner of Customs] to be retained subject to payment of customs duties leviable as on the date of import without allowing any depreciation except for items specified in the negative list of import in the Export and Import Policy for which the importer shall obtain and produce, necessary permission in terms of paragraph 7.12(v) of the Export and Import Policy :

Provided further that the wastage arising during the process of jobbing, as determined in terms of Standard Input-Output norms published by the Government of India in the Ministry of Commerce in ⁴[the Handbook of Procedure (Vol. 2)] and to where such Standard Input-Output norms for the resultant product have not been published, the satisfaction of the ⁵[Assistant Commissioner or Deputy Commissioner] of Customs ⁶* * *] shall be disposed off in the manner as may be specified by the said ⁷[Assistant Commissioner or Deputy Commissioner] of Customs ⁸* * *];

- (iii) that the goods are utilised only for the discharge of export obligation and no part thereof shall be sold, loaned, transferred or otherwise used or disposed of;
- (iv) that the FOB value of the resultant products exported is at least 10% more than the C.I.F. value of all goods imported in relation to the said resultant products :

⁹[**Provided** that where the resultant products are textile and clothing goods falling under chapters 50 to 63 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), the value addition under this condition shall be of any positive value;]

- (v) that the jobbing is undertaken in accordance with the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996 .

Provided that where the jobbing is to be undertaken by or through cottage industry without being confined to any specific premises, the importer shall execute a bond with such surety or security and in such form and for such sum as may be specified by the ¹⁰[Assistant Commissioner of Customs or Deputy Commissioner of Customs], binding himself to pay on demand an amount equal to the duty leviable on the goods imported but for the exemption contained herein, in respect of which the conditions specified in this notification have not been complied with ¹¹[together with interest at the rate of fifteen per cent per annum from the date of clearance of goods];

- (vi) that the imports and exports are undertaken through sea ports at Bombay, Calcutta, Cochin, Kandla, Mangalore, Marmagao, Madras, Nhava Sheva, Paradeep, Tuticorin and Visakhapatnam or through any of the airports at Ahmedabad, Bangalore, Bombay, Calcutta, Coimbatore, Delhi, Hyderabad, Jaipur, Madras, Srinagar, Trivandrum and Varanasi or through any of the Inland Container Depots at Bangalore, Coimbatore, Delhi, Gauhati, Hyderabad, Kanpur, Ludhiana, Moradabad, Pimpri (Pune) and Pitampur (Indore) :

Provided that the Commissioner of Customs may by special order and subject to such conditions as may be specified by him, permit import and export through any other sea port, airport, or Inland Container Depot or through a land customs station.

1 Substituted (w.e.f. 1-7-2017) by Notification No. 26/2017-Cus., dated 29-6-2017.

2 Substituted by M.F. (D.R.) Notification No. 61/99-Cus., dated 11-5-1999.

3 Substituted by M.F. (D.R.) Notification No. 61/99-Cus., dated 11-5-1999.

4 Corrected vide Corrigendum F. No. 605/201/2001-DBK, dated 21-11-2002.

5 Substituted by M.F. (D.R.) Notification No. 61/99-Cus., dated 11-5-1999.

6 Omitted (w.e.f. 1-7-2017) by Notification No. 26/2017-Cus., dated 29-6-2017.

7 Substituted by M.F. (D.R.) Notification No. 61/99-Cus., dated 11-5-1999.

8 Omitted (w.e.f. 1-7-2017) by Notification No. 26/2017-Cus., dated 29-6-2017.

9 Inserted by Notification No. 1/99-Cus., dated 1-1-1999.

10 Substituted by M.F. (D.R.) Notification No. 61/99-Cus., dated 11-5-1999.

11 Inserted by Notification No. 105/2003-Cus., dated 10-7-2003.

[(vii) that the goods being imported are not prohibited items specified in the ²[ITC (HS) Classification of export and imports items as declared by the Government of India, in the Ministry of Commerce.]]

Explanation. - In this Notification, -

- (i) "Export and Import Policy" means the Export and Import Policy 1 April 1997 - 31 March 2002, published ³[vide notification of the Government of India in the erstwhile Ministry of Commerce No. 1/1997-2002, dated the 31st March, 1997 or the Export and Import Policy April, 2002 - March 2007, published vide notification of the Government in the Ministry of Commerce & Industry (Department of Commerce) No. 1/2002-07, dated 31st March, 2002.]
- (ii) "Goods" means raw materials, ⁴[components, intermediates, semi-finished goods, consumables, parts,] packing materials including hangers for garments, patterns, drawings, jigs, tools, fixtures, moulds, tackles, instruments, and computer hardware and software, as are directly related to the export order and supplied free of cost by the foreign buyer.

[Notification No. 32/97-Cus., dated 1-4-1997 as amended by Notifications No. 1/99-Cus., dated 1-1-1999; No. 50/99-Cus., dated 29-4-1999; No. 89/99-Cus., dated 6-7-1999; No. 105/2003-Cus., dated 10-7-2003 and No. 26/2017-Cus., dated 29-6-2017.]

DEPARTMENTAL CLARIFICATIONS / CASE LAW

Aircraft parts imported free of cost for jobbing and on cancellation of order by foreign supplier, re-export allowed on remittance of 10% of CIF value. Further Customs duty also not leviable on imported goods. — *Kerala Hi-tech Industries Ltd. v. Commissioner* — 2001 (132) E.L.T. 593 (Tri. - Bang.).

Cassia (whole) was imported free of cost for jobbing i.e., extraction of Cassia oil crude and export thereof. Input output norms under Advance licence not to be insisted upon when licence itself is not required. — *General Traders v. Commissioner* - 2000 (124) E.L.T. 971 (Tribunal). *This order was affirmed by the Hon'ble Supreme Court in 2001 (129) E.L.T. A79 (S.C.).*

Demand - Jurisdiction - Deputy Commissioner can demand duty under Customs Section 28 after denial of exemption under Notification No. 32/97-Cus. — *N.B. Footwear v. Commissioner* — 2007 (209) E.L.T. 102 (Tri. - Chennai).

Drawback/DEPB. - Benefit of Notification No. 32/97-Cus. is not conditional upon not availing drawback/DEPB benefits. — *Sierra Trading (P) Ltd. v. Commissioner* — 2011 (269) E.L.T. 246 (Tri. - Chennai).

Export obligation, non-fulfilment of. — Importer unable to undertake job work and re-export on account of stringent norms and conditions imposed by European Union countries. Condition (iii) of Notification No. 32/97-Cus. is not violated as no part of imported goods was sold, loaned, transferred or otherwise disposed off and entire quantity, barring a small part of goods was available in stock. — *Alsa Marine & Harvests Ltd. v. Commissioner* — 2007 (216) E.L.T. 405 (Tri.-Chennai).

Job work. - Manufacture and export of final product viz. 'Galatine capsules' to raw material supplier. Following common law principle that what is done by a duly constituted agent will be treated as having been done by the principal, condition as to 'manufacturer' set out in Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996 is duly complied with and hence benefit of Notification No. 32/97-Cus. is available. — *Commissioner v. G.R. International* — 2007 (210) E.L.T. 604 (Tri. - Chennai).

Re-export of moulds imported for manufacture of goods for export purpose, after expiry of time-limit. Export obligation in terms of Notification No. 32/97-Cus., fulfilled and moulds also re-exported, hence demand of Customs duty and penalty not sustainable. — *Indo-US Mim Tec. Pot. Ltd. v. Commissioner* — 2007 (209) E.L.T. 113 (Tri. - Bang.).

Re-export of tools/dies, extension of time. — Inability to re-export tools/dies within prescribed time in circumstances beyond control of importer as factory placed under liquidation. Time hence was extended. — *Indespa Metal Components P. Ltd. v. Commissioner* — 2008 (221) E.L.T. 317 (Tri.- Chennai).

Squids. - Majority of quantity imported with duty concession were used in manufacture of exported items. Use of whole quantity of the imported quantity in manufacture of exported items not necessary under Notification No. 32/1997-Cus. — *Commissioner v. Torry Harris Sea Foods Limited* — 2006 (206) E.L.T. 1086 (Tri. - Bang.).

GENERAL EXEMPTION NO. 84

Exemption to Capital goods, components and spares from customs duty, additional duty and special additional duty when imported under EPCG scheme. — In exercise of the powers conferred by sub-section (1) of Section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts goods specified in the Table annexed hereto from so much of the duty of Customs leviable thereon which is specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) as is in excess of the amount calculated at the rate of five percent *ad valorem* and from the whole of the additional duty and special additional duty leviable thereon respectively ⁵[under sub-sections (1), (3) and (5) of section 3 and section 3A] of the said Customs Tariff Act.

1 Inserted by Notification No. 50/99-Cus., dated 29-4-1999.

2 Substituted by Notification No. 89/99-Cus., dated 6-7-1999.

3 Corrected vide Corrigendum F. No. 605/201/2001/DBK, dated 21-11-2002.

4 Substituted by Notification No. 1/99-Cus., dated 1-1-1999.

5 Substituted (w.e.f. 1-7-2017) by Notification No. 26/2017-Cus., dated 29-6-2017.