Circular No 18/2004
Feb 20, 2004

F.No. 528/118/2003-Cus(TU)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs

Subject : Scope of Notification No. 32/97-Cus. for jobbing-reg.

I am directed to say that divergence of practice regarding the application of Circular No. 32/97-Cus. has been noticed.

2. Notification No. 32/97-Cus. dated 1-4-97 provides exemption from Customs duty for material when imported into India for execution of an export order. The issue to be looked into whether the benefit would be applicable when the manufacture of goods involves substantial usage of indigenous goods along with the imported goods in the said notification.

3. Since jobbing has not been defined in the Notification No. 32/97-Cus, there is a doubt regarding the types of activities permitted under the term jobbing.

4. The issue was deliberated at the Conference of the Chief Commissioner of Customs at Visakhapatnam on 25th and the 26th September, 2003 [point no. A-18]. It was noted at the Conference that there is a Supreme Court Judgement , which defines jobwork and distinguishes the same from manufacturing and differences between the two activities are also elaborated. Some of the participants however expressed the view that if local content is also added, it is not possible to calculate the value addition (minimum 10% as per the subject notification). The definition of jobbing is given in the Exim Policy but it covers wide-ranging operations.

5. The conference took the view that use of indigenous materials will not take the process undertaken out of "job-work" of jobbing. The filed formations should take a broad view and at the same time, take reasonable precautions.

6. The Board has accepted the recommendation of the Conference and it is accordingly clarified that use of indigenous materials in jobbing work will not take the process undertaken out of "job-work" of jobbing. The definition of jobbing may be derived from the scope of the term "job-work" clarified by Hon"ble Supreme Court in para 17 of their judgment in the case of Prestige Engineering (India) Ltd. Vs. CCE Meerut.

7. The field formations may finalise the pending assessment, if any, accordingly.

8. Please acknowledge receipt of this circular.

9. Hindi version will follow.

H.K. Sharma
STO (TU)

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