



(2) The General Rules for the Interpretation of the First Schedule to the said Customs Tariff Act, 1975 shall mutatis mutandis apply for classifying the export goods listed in the said Schedule.

(3) Notwithstanding anything contained in the said Schedule, all artware or handicraft items shall be classified under the heading of artware or handicraft (of constituent material) as mentioned in the relevant Chapters.

(4) Drawback at the rates specified in the said Schedule shall be applicable only if the procedural requirements for claiming drawback as specified in rules 11, 12 and 13 of the said rules, unless otherwise relaxed by the competent authority, are satisfied.

(5) The rates of drawback specified in the said Schedule shall not be applicable to export of a commodity or product if such commodity or product is-

(a) manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962);

(b) manufactured or exported in discharge of export obligation against an Advance Licence or Advance Authorisation issued under the Duty Exemption Scheme of the relevant Export and Import Policy or the Foreign Trade Policy:

Provided that where exports are made against **Advance Licences** issued on or after the 1st April, 1997, in discharge of export obligations in terms of notification No. 31/97 - Customs, dated the 1st April, 1997, or against **Duty Free Replenishment Certificate Licence** issued in terms of notification No. 48/2000-Customs, dated the 25th April, 2000, or against **Duty Free Replenishment Certificate Licence** issued in terms of notification No. 46/2002-Customs, dated the 22<sup>nd</sup> April, 2002, or against **Duty Free Replenishment Certificate Licence** issued in terms of notification No. 90/2004-Customs, dated the 10<sup>th</sup> September, 2004, drawback at the rate equivalent to Central Excise allocation of rate of drawback specified in the said Schedule shall be admissible subject to the conditions specified therein;

(c) manufactured or exported by a unit licensed as **hundred per cent Export Oriented Unit** in terms of the provisions of the relevant Export and Import Policy and the Foreign Trade Policy;

(d) manufactured or exported by any of the units situated in **free trade zones** or export processing zones or special economic zones;

(e) manufactured or exported by **availing the rebate** of duty paid on materials used in the manufacture or processing of such commodity or product in terms of rule 18 of the Central Excise Rules, 2002;

(f) manufactured or exported in terms of sub-rule (2) of **rule 19 of the Central Excise Rules, 2002;**

(g) manufactured or exported availing of the facility under the **Duty Entitlement Pass Book Scheme.**

(6) The rates of drawback are inclusive of drawback for packing materials used, if any.

(7) The term **dyed**, wherever used in the said Schedule in relation to textile materials, shall include yarn or piece dyed or predominantly printed or coloured in the body.

(8) The drawback shall be payable only if the amount is **one per cent** or more of free on board value, except where the amount of drawback per shipment exceeds **five hundred rupees.**

(9) Whenever a **composite article** is exported for which any specific rate has not been provided in the said Schedule, the rates of drawback applicable to various constituent materials can be extended to the composite article according to net content of such materials on the basis of a self-declaration to be furnished by the exporter to this effect and in cases of doubt or where there is any information contrary to the declarations, the proper officer of customs shall cause a verification of such declarations.

(10) The term **article of leather** in Chapter 42 of the said Schedule shall mean any article wherein 60% or more of the outer visible surface area (excluding shoulder straps or handles or fur skin trimming, if any) is of leather notwithstanding that such article is made of leather and any other material.

(11) The term **dyed** in relation to fabrics and yarn of cotton, shall include bleached or mercerized or printed or mangle.

(12) The term **dyed** in relation to textile materials in Chapters 54 and 55, shall include printed or bleached.

CBEC has issued **Circular No. 13 /2008-Cus.** (F.NO. 609/40/2008-DBK) Dated 29<sup>th</sup> August, 2008 highlighting the important changes in the revised drawback schedule. The same may be downloaded from CBEC website **www.cbec.gov.in** and perused for details. It is hereby brought to notice that:

- i). Like in previous years, the drawback rates have been determined on the basis of certain broad parameters including, inter alia, the prevailing prices of inputs, standard input/output norms (SION), share of imports in the total consumption of inputs and the applied rates of duty. The incidence of **duty on HSD/Furnace Oil** has been factored in

the drawback calculation. The **incidence of service tax** paid on taxable services which are used as input services in the manufacturing or processing of export goods has also been factored. It may be ensured that the exporters do not avail of the refund of this tax through any other mechanism while claiming the all industry rate of drawback.

- ii). The Drawback Schedule includes **several new items**. These include coffee (raw beans), in bulk, coffee (roasted and /or decaffeinated), in bulk, tea, in bulk, tea in consumer packs including tea bags(sachets), instant coffee, parts/components of harness and saddlery made of leather or non leather including textiles or synthetic materials, stainless steel jewellery, brass bushes and optical fibre cables.
- iii). The drawback rates have undergone changes in line with the changes in prices of inputs, duties etc. Thus the Drawback rates have been decreased in most cases.
- iv). The drawback rates have been increased from 7.6% to 9% and 6.5% to 7.6% on **flax yarn and flax fabric**, respectively. Similarly in the case of **coffee, tea, wooden artware and optical fibres** the drawback rates have been increased.

The notification and the new Drawback Schedule may be gone through carefully to note the changes made therein. **Any error / omission noticed during the implementation of the rates may be brought to the notice of the undersigned immediately for suitable corrective action.**

Attention is also drawn to Public Notice 54 /07 Dated 06.12.2007 whereby certain documents are prescribed to be submitted at the time of examination of the cargo. All officers of Jawaharlal Nehru Custom House concerned with examination of export goods are hereby directed to ensure compliance with the notes and conditions of the Notification/ Schedule, wherever required, and the Public Notice 54 /07 dated 06.12.2007 so that consequential delays at the stage of processing of drawback claims may be avoided. Difficulties faced, if any, may please be brought to the notice of the undersigned immediately.

Sd/-

(K.L. Goyal)

Commissioner  
of Customs (Export)