

No. EPCH/DBK-RATES/2009-10

30<sup>th</sup> November, 2009

To,  
**All Members**

**Sub- Announcement of Duty Drawback Rates- Rates remains same & new handicrafts items added**

Sir / Madam,

As you all are aware , the economic slow down has seriously affected the bottom-line of many of handicrafts exporters, however, the incentive provided in the form of duty drawback play an important role in keeping the profit margins of many of the exporters intact .

The Council has been constantly taking up the issue of duty drawback rates with all concerned Departments including the Chairman, drawback committee on regular basis.

We are delighted to inform you that drawback rates remain same as earlier. The drawback rates have been announced by the Department of Revenue, Ministry of Finance, Govt. of India, vide Notification No. 175/2009-Customs (N.T.) and Circular No. 33/2009-Customs dated 27.11.2009 had **notified the continuation of the existing Drawback rates** as announced vide its Notification No. 103/2008-Customs dated 29.08.2008 w.e.f. 01.09.2008 as amended .

Also, the drawback rates provided for bells, gongs, statuettes, ornaments, picture frames etc of Aluminium and Iron & steel (**830603 and 830604**); Jars, perfume bottles, candle plate / coasters, votive, lotion bottle/soap dish, ornamental spheres/stars/ bells made of glass (**70139991**); and Lanterns/lamps made predominantly of glass (**940506**) are the same as the drawback rates presently applicable to artware/handicraft items made of the respective constituent material. The new entries have been created with a view to minimize disputes in classification of artware/handicraft items (*reproduced at the bottom of the circular*).

Further, lamps made of brass, copper, iron and aluminium are already covered under tariff items 940502, 940503, 940504 & 940505 respectively of the drawback schedule. These tariff items may also be taken to include lanterns made of the respective constituent material and the criteria of predominance of constituent material which has been incorporated in the tariff item 940506 (Lanterns/lamps made predominantly of glass) may be adopted for classification of items in these tariff items also.

*Contd—*

**The extracts of Notification No. 175/2009 – Customs (N.T.) Dated 27.11.2009 are as under:-**

*“(b) in the Schedule,-*

- (ii) in Chapter 70, after tariff item 70139990 and the entries relating thereto, the following tariff item and the entries shall be inserted, namely :-*

Tariff Item	Description of goods	Unit	Drawback when Cenvat facility has not been availed		Drawback when Cenvat facility has been availed	
			Drawback Rate	Drawback cap per unit in Rs.	Drawback Rate	Drawback cap per unit in Rs.
“70139991	Jars , Perfume Bottles, Candles Plate/Coasters, Votive, Lotion Bottle/Soap Dish, Ornamental Spheres/Stars/Bells	Kg.	9.4%	43	Nil”	

- (iv) in Chapter 83, for the tariff items 830603 and the entries relating thereto, the following tariff items and the entries shall be substituted , namely*

“830603	of iron and steel	Kg.	12.5%	20.2	1%	1.6
830604	of aluminium	Kg.	9.1%	37.2	1%	4
830699	Others	Kg.	9%	9	1%	1”

- (v) in Chapter 94, for the tariff items 940505 and the entries relating thereto, the following tariff items and the entries shall be substituted , namely*

“940506	Lanterns/Lamps predominantly of glass	Kg.	9.4%	43	11%	44”
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The drawback Notification No. 175/2009-Customs (N.T.) and Circular No. 33/2009-Customs dated 27.11.2009 are also attached herewith for your ready reference and the same is also available on the Council’s website [www.epch.com](http://www.epch.com).

Thanking you,

Yours faithfully,

**[ RAKESH KUMAR ]**  
EXECUTIVE DIRECTOR

**EXTRACTS OF NEW DRAWBACK RATES TAKEN FROM CBEC WEBSITE [www.cbec.gov.in](http://www.cbec.gov.in) NOTIFIED BY DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVT. OF INDIA VIDE NOTIFICATION NO. 175/2009-CUSTOMS (N.T.) AND CIRCULAR NO. 33/2009-CUSTOMS DATED 27.11.2009 HAD NOTIFIED THE CONTINUATION OF THE EXISTING DRAWBACK RATES AS ANNOUNCED VIDE ITS NOTIFICATION NO. 103/2008-CUSTOMS DATED 29.08.2008 W.E.F. 01.09.2008 AS AMENDED.**

Tariff Item	Description of goods	Unit	A		B	
			Drawback when Cenvat facility has not been availed		Drawback when Cenvat facility has been availed	
			Drawback Rate	Drawback cap per unit in Rs.	Drawback Rate	Drawback cap per unit in Rs.
1	2	3	4	5	6	7
<b>3307</b>	<b>Pre-shave, shaving or after shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included, prepared room deodorizers, whether or not perfumed or having disinfectant properties</b>					
33074100	Perfumed Agarbatti / Incense Sticks / Dhoop / Loban	Kg.	10.5%	29	1.8%	4.8
3307000099	Others		1%		1%	
4414	Wooden frames for paintings, photographs, mirrors or similar objects		1%		1%	
4419	Tableware and kitchenware, of wood		1%		1%	
4420	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; statuettes and other ornaments, of wood; wooden articles of furniture not falling in chapter 94		3.5%		3.5%	

4421	Other articles of wood		1%		1%	
4823901806	Decorative handicraft articles made of papier mache		5.1%		0.5%	
4823000099	Others		1%		1%	
<b>5605</b>	<b>Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal</b>					
560501	Immitation Zari	Kg.	2.7%	13.6	2.7%	13.6
560502	Others	Kg.	2%	10.1	2%	10.1
<b>5809</b>	<b>Woven fabrics of metal thread and woven fabrics of metallized yarn of heading 56 05, of a kind used in apparel, as furnishing fabrics or for similar purposes, not elsewhere specified or included</b>					
580901	Imitation Zari	Kg.	2.7%	13.6	2.7%	13.6
580902	Others	Kg.	1.8%	9	1.8%	9
<b>5810</b>	<b>Embroidery in the piece, in strips or in motifs</b>	Kg.	5.7%	25.2	1.9%	8.4
<b>7020</b>	<b>Others articles of Glass</b>					

**Added 70139991 Vide Notification No. 175/2009 –Customs (N.T.) Dated 27.11.2009**

<b>70139991</b>	Jars , Perfume Bottles, Candles Plate/Coasters, Votive, Lotion Bottle/Soap Dish, Ornamental Spheres/Stars/Bells	Kg.	9.4%	43	Nil	
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70200090	Glass Artware / Handicrafts	Kg.	9.4%	43	NIL	
7020000099	Others		1%		1%	
<b>7117</b>	<b>Imitation Jewellery</b>					
7117909001	Brass Jewellery	Kg.		58.5		18
7117909002	Aluminium Jewellery	Kg.		36		Nil

7117909003	Plastic Imitation Jewellery with or without embellishments	Kg.		3.6		0.5
7117909004	Plastic Bangles with or without embellishments	Kg.		3.6		0.5
7117909005	Stainless Steel Jewellery	Kg.		25		1.5
<b>7326</b>	<b>Other articles of Iron and Steel</b>					
732601	Handicrafts of Cast Iron	Kg.	12.5%	20.2	1%	1.6
732602	Other Handicrafts of Iron & Steel	Kg.	12.5%	20.2	1%	1.6
732603	Handicrafts / Artware of Galvanised Iron with Brass	Kg.	13%	19.7	1%	1.5
732606	Handicraft/Artware of stainless steel	Kg.	12.5%	44	1%	3.5
7326009	Other articles	Kg.	8.5%	9.8	1%	1.1
<b>7419</b>	<b>Other articles of copper</b>					
741901	Other articles of Copper	Kg.	15%	137	1%	9
741902	Other articles of Brass	Kg.	15%	113	1%	8
741903	Artware / Handicrafts of Brass	Kg.	15%	113	1%	8
741904	Artware / Handicraft of Copper	Kg.	15%	150	1%	10
<b>7616</b>	<b>Other articles of Aluminium</b>					
761601	Aluminium Artware / Handicrafts	Kg.	9.1%	37.2	1%	4
761602	Others	Kg.	8.3%	22.6	1%	3
<b>8306</b>	<b>Bells, Gongs and the like, non-electric, of base metal; statuettes and other ornaments, of base metal; photograph, picture or similar frames, of base metal; mirrors of base metal</b>					
830601	Of brass and other copper alloys	Kg.	15%	113	1%	7.5
830602	Of Copper	Kg.	15%	150	1%	10

**Added 830603; 830603; 830699 Vide Notification No. 175/2009 –Customs (N.T.) Dt 27.11.2009**

<b>830603</b>	<b>of iron and steel</b>	<b>Kg.</b>	<b>12.5%</b>	<b>20.2</b>	<b>1%</b>	<b>1.6</b>
<b>830604</b>	<b>of aluminium</b>	<b>Kg.</b>	<b>9.1%</b>	<b>37.2</b>	<b>1%</b>	<b>4</b>
<b>830699</b>	<b>Others</b>	<b>Kg.</b>	<b>9%</b>	<b>9</b>	<b>1%</b>	<b>1</b>

<b>92</b>	<b>Musical Instruments; parts and accessories of such articles</b>					
9201	Pianos, including automatic pianos; harpsi-chords and other keyboard stringed instruments		4.5%		1.5%	
9202	Other string musical instruments ( for example guitars, violins, harps)		4.5%		1.5%	
9205	Other wind musical instruments (for example clarinets, trumpets, bagpipes)		4.5%		1.5%	
9206	Percussion musical instruments (for example, drums, xylophones, cymbols, castanets, maracas)		4.5%		1.5%	
9207	Musical instruments, the sound of which is produced, or must be amplified, electrically (for example, organs, guitars, accordions)		4.5%		1.5%	
<b>9403</b>	<b>Other furniture and parts thereof</b>					
940303	Other furniture articles made out of other materials including wood, bamboo or cane		4.5%		1.5%	
<b>9405</b>	<b>Lamps and Lighting fittings including searchlights and spotlights and parts thereof, not elsewhere specified or included; illuminated signs , illuminated name-plates and the like, having a permanently fixed light source, and parts thereof not elsewhere specified or included</b>					
940501	Hurricane Lantern made of Tin Plate	Kg.	9%	6.7	1%	0.8
940502	Lamps made of Brass	Kg	15%	113	1%	7.5
940503	Lamps made of Copper	Kg.	15%	150	1%	110
940504	Lamps made of Iron	Kg.	12.5%	20	1%	1.6
940505	Lamps made of Aluminum	Kg.	9.1%	37	1%	4

**Added 940506 Vide Notification No. 175/2009 – Customs (N.T.) Dated 27.11.2009**

<b>“940506</b>	<b>Lanterns/Lamps predominantly of glass</b>	<b>Kg.</b>	<b>9.4%</b>	<b>43</b>	<b>11%</b>	<b>44”</b>
940599	Others		4.9%		1.5%	
<b>9504</b>	<b>Articles for Funfair, Table or parlour games, including pintable, billiards, special tables for casino games and automatic bowling alley equipment</b>					
950401	Carom Board, with or without coins and strikers	Piece	8.5%	80	7.2%	68
<b>9505</b>	<b>Festive, Carnival or other entertainment articles, including conjuring tricks and novelty, jokes</b>		2.7%		1%	

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[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART-II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)

**Notification No. 175/2009 - Customs (N.T.)**

New Delhi, the 27<sup>th</sup> November, 2009

G.S.R. 850 (E). – In exercise of the powers conferred by sub-section (2) of section 75 of the Customs Act, 1962 (52 of 1962), sub-section (2) of section 37 of the Central Excise Act, 1944 (1 of 1944), and section 93A and sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994), and in pursuance of rules 3 and 4 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995, the Central Government, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.103/2008-Customs (N.T.), dated the 29th August, 2008 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 627 (E) dated the 29<sup>th</sup> August, 2008, namely:-

In the said notification, -

(a) under the heading 'Notes and Conditions', after serial number (19), the following shall be inserted, namely, -

“(20) The drawback rates prescribed in the said Schedule against tariff items 711301 and 711302 shall apply only to goods exported by airfreight, post parcel or authorised courier through the Custom Houses as specified in para 4A.12 of the Hand Book of Procedures (Vol. I), 2009-14 published vide Public Notice No.1/2009-14 dated 27<sup>th</sup> August, 2009 of the Government of India in the Ministry of Commerce and Industry, after examination by the Customs Appraiser/Superintendent (Jewellery Expert) to ascertain the quality of gold/silver and the quantity of net content of gold/silver in the gold/silver jewellery. The Free on Board (FOB) value of any consignment through authorised courier shall not exceed rupees twenty lakhs.

(21) The drawback rates prescribed in the said Schedule against tariff items 711301 and 711302 shall not be applicable to goods manufactured or exported in discharge of export obligation against any scheme of the relevant Export and Import Policy or the Foreign Trade Policy of the Government of India which provides for duty free import/replenishment/procurement from local sources of gold/silver.”

(b) in the Schedule, -

(i) in Chapter 64, for the tariff item 640311 and the entries relating thereto, the following tariff items and the entries shall be substituted, namely:-

“640311	Leather safety footwear with protective metal toe-cap	pair	10.5%	175	2%	33
640399	Others		1%		1%”	

(ii) in Chapter 70, after tariff item 70139990 and the entries relating thereto, the following tariff item and the entries shall be inserted, namely:-

“70139991	Jars, Perfume Bottles, Candle Plate/Coasters, Votive, Lotion Bottle/Soap Dish, Ornamental Spheres/Stars/Bells	Kg.	9.4%	43	Nil”	
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(iii) in Chapter 71, for tariff item 7113 and the entries relating thereto, the following tariff items and the entries shall be substituted, namely:-

"7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal					
711301	Articles of jewellery and parts thereof, made of gold	Gms.	Rs.20.60 per gram of net gold content (.995 or more purity) in the jewellery		Rs.20.60 per gram of net gold content (.995 or more purity) in the jewellery	
711302	Articles of jewellery and parts thereof, made of silver	Kg.	Rs. 1,030/= per kg of net silver content (.999 purity) in the jewellery		Rs.1,030/= per Kg of net silver content (.999 purity) in the jewellery	
711399	Others		Nil		Nil"	

(iv) in Chapter 83, for the tariff item 830603 and the entries relating thereto, the following tariff items and the entries shall be substituted, namely,-

"830603	of iron and steel	Kg.	12.5%	20.2	1%	1.6
830604	of aluminium	Kg.	9.1%	37.2	1%	4
830699	Others	Kg.	9%	9	1%	1"

(v) in Chapter 94, after tariff item 940505 and the entries relating thereto, the following tariff item and the entries shall be inserted, namely:-

"940506	Lanterns/Lamps predominantly of glass	Kg	9.4%	43	Nil"	
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(vi) in Chapter 95, after tariff item 95069962 and the entries relating thereto, the following tariff item and the entries shall be inserted, namely:-

"95069963	Rounder's bat, Wooden	piece	11%	44	11%	44"
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[F. No. 609/67/2009-DBK]  
(RAJESH KUMAR AGARWAL)  
UNDER SECRETARY TO THE GOVERNMENT OF INDIA

Note: The principal notification No.103/2008-Customs (N.T.) was published in the Gazette of India, vide number G.S.R. 627(E), published in the Gazette of India, Extraordinary, part II, Section 3, Sub-section (i) dated the 29th August, 2008 and was last amended by notification No.2/2009-Cus (N.T.) dated 2<sup>nd</sup> January, 2009, vide number G.S.R. 8 (E) dated 2<sup>nd</sup> January, 2009.

**CIRCULAR NO.33/2009-CUSTOMS**

F.NO.609/67/2009-DBK  
GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
CENTRAL BOARD OF EXCISE & CUSTOMS

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New Delhi, the 27th of November, 2009

To

All Chief Commissioners of Customs  
All Chief Commissioners of Customs & Central Excise/Central Excise  
All Director Generals under CBEC/ DG, CEIB/ CDR, CESTAT  
All Commissioners of Customs, Customs (Preventive)  
All Commissioners of Customs & Central Excise/Central Excise

Sir/Madam,

**Subject: Introduction of new entries in the Drawback Schedule and clarification on certain issues-reg.**

The Ministry has issued notification No. 175/2009 Customs (NT) dated 27th November, 2009 introducing the following new entries in the present Drawback Schedule:-

- a) Gold and silver jewellery (711301 & 711302);
- b) Rounder's bat, wooden (sports goods) (95069963);
- c) Bells, gongs, statuettes, ornaments, picture frames etc of Aluminium and Iron & steel (830603 & 830604);
- d) Leather Safety Footwear with protective metal toe (640311);
- e) Jars, perfume bottles, candle plate/ coasters, votive, lotion bottle/soap dish, ornamental spheres/ stars/ bells made of glass (70139991);
- f) Lanterns/ lamps predominantly of glass (940506).

2. The notification is available at CBEC website [www.cbec.gov.in](http://www.cbec.gov.in) and may please be perused for details. The drawback rates and caps on other items remain unchanged. Thus, the drawback schedule which was announced vide notification NO. 103/2008-Cus (NT) dated 29<sup>th</sup> August, 2008 as amended shall continue to be in operation until a revised schedule is notified.

3. The drawback rates provided for gold & silver jewellery will only be applicable for exports made through the ports /custom houses as specified in para 4A.12 of the Hand Book of Procedures (vol.1), 2004-2009 after examination by the jewellery expert appraisers/superintendents to ascertain the quality of gold/silver and the quantum of gold/silver in the exported items. It may be noted that the drawback rate provided for gold & silver jewellery is a specific rate in terms of rupees per unit weight of net content of gold/silver in the jewellery. The drawback rates for gold & silver jewellery are equal to the prevalent import duty on gold/silver.

4. The drawback rates provided for gold & silver jewellery and parts thereof shall not be applicable to goods manufactured or exported in discharge of export obligation against any scheme of the relevant Export and Import Policy or the Foreign Trade Policy of the Government of India which provides for duty free import/replenishment/procurement from local sources of gold/silver.

5. It is requested that the export of gold and silver jewellery and parts thereof, which are high value items and for which a drawback entry is being introduced for the first time, may be

closely monitored. A monthly report indicating the quantum of such exports and drawback availed may be sent to the board for the next six months beginning December 2009 and upto May 2010.

6. The drawback rates provided for bells, gongs, statuettes, ornaments, picture frames etc of Aluminium and Iron & steel; Jars, perfume bottles, candle plate/ coasters, votive, lotion bottle/soap dish, ornamental spheres/ stars/ bells made of glass; and Lanterns/ lamps made predominantly of glass are the same as the drawback rates presently applicable to artware/handicraft items made of the respective constituent material. The new entries have been created with a view to minimise disputes in classification of artware/handicraft items.

7. It may be seen that lamps made of brass, copper, iron and aluminium are already covered under tariff items 940502, 940503, 940504 & 940505 respectively of the drawback schedule. These tariff items may also be taken to include lanterns made of the respective constituent material and the criteria of predominance of constituent material which has been incorporated in the tariff item 940506 (Lanterns/ lamps made predominantly of glass) may be adopted for classification of items in these tariff items also.

8. Representations have been received from FIEO, the Indian Silk Export Promotion Council and others that embroidered silk fabric should be extended the same drawback rate as plain silk fabric. Silk fabric with embroidery is being classified under heading 5810 of the drawback schedule at some ports. The drawback rate applicable on embroidery under heading 5810 of the drawback schedule is at 5.7% with cap of Rs. 25.2/kg. On the other hand, the drawback rate for silk fabric falling under heading 500701 of the drawback schedule is 9.8% with cap of Rs. 295/kg. The issue has been examined by the Board. The drawback rates for heading 5007 were based on the understanding that silk fabrics, whether plain or embroidered, would be classified under this heading. It is therefore clarified that till a new drawback schedule is notified, silk fabrics with/without embroidery may be extended the same rate as prescribed against the applicable sub headings under heading 5007 of the drawback schedule. Past cases, if any, pending on this score may be settled accordingly.

9. A suitable Public Notice and Standing Order may be issued for the guidance of the trade and staff. Difficulties faced, if any, in implementation of the Circular may be brought to the notice of the Board at an early date.

Receipt of the Circular may kindly be acknowledged.

Yours faithfully,  
**(PRAMOD KUMAR)**  
**TECHNICAL OFFICER (DBK)**

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TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)**

New Delhi, dated the 29<sup>th</sup> August, 2008

**Notification No. 103 /2008 - CUSTOMS (N.T.)**

**G.S.R. (E).** In exercise of the powers conferred by sub-section (2) of section 75 of the Customs Act, 1962 (52 of 1962), sub-section (2) of section 37 of the Central Excise Act, 1944 (1 of 1944), and section 93A and sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994) read with rules 3 and 4 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 (hereinafter referred to as the said rules) and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.68/2007-Customs (N.T.), dated the 16<sup>th</sup> July, 2007 [GSR 485 (E), dated the 16<sup>th</sup> July, 2007] except as respects things done or omitted to be done before such supersession, the Central Government hereby determines the rates of drawback as specified in the Schedule annexed hereto (hereinafter referred to as the said Schedule) subject to the following notes and conditions, namely:-

**Notes and conditions:**

(1) The tariff items and descriptions of goods in the said Schedule are aligned with the tariff items and descriptions of goods in the First Schedule to the Customs Tariff Act, 1975(51 of 1975) at the four-digit level only. The descriptions of goods given at the six digit or eight digit or modified six or eight or ten digits are in several cases not aligned with the descriptions of goods given in the said First Schedule to the Customs Tariff Act, 1975

(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) The figures shown in columns (4) and (6) in the Schedule refer to the rate of drawback expressed as a percentage of the free on board ( f.o.b.) value or the rate per unit quantity of the export goods, as the case may be.

(5) The figures shown in columns (5) and (7) in the said Schedule refer to the maximum amount of drawback that can be availed of per unit specified in column (3).

(6) The figures shown under the drawback rate and drawback cap appearing below the column "Drawback when Cenvat facility has not been availed" refer to the total drawback (customs, central excise and service tax component put together) allowable and those appearing under the column "Drawback when Cenvat facility has been availed" refer to the drawback

allowable under the customs component. The difference between the two columns refers to the central excise and service tax component of drawback. If the rate indicated is the same in both the columns, it shall mean that the same pertains to only customs component and is available irrespective of whether the exporter has availed of Cenvat or not.

(7) 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.

(8) 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 as contained in paragraph 7.14, read with paragraph 7.17 of the Export and Import Policy 1997-2002 or manufactured or exported availing of the facility under the Duty Entitlement Pass Book Scheme as contained in paragraph 4.3 of the Export and Import Policy 2002-2007, notified under section 5 of the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992), read with paragraph 4.37 of the Hand Book of Procedures (Volume 1) issued in pursuance of the provisions of paragraph 2.4 of the said

policy or manufactured or exported availing of the facility under the Duty Entitlement Pass Book Scheme as contained in paragraph 4.3 of the Foreign Trade Policy 2004-2009, notified under section 5 of the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992), read with paragraph 4.37 of the Hand Book of Procedures (Volume 1) issued in pursuance of the provisions of paragraph 2.4 of the said policy.

(9) Where the export product is not specifically covered by the description of goods in the said Schedule, the rate of drawback may be fixed, on an application by an individual manufacturer or exporter in accordance with the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995.

(10) The rates of drawback specified against the various tariff items in the said Schedule in specific terms or on ad valorem basis, unless otherwise specifically provided, are inclusive of drawback for packing materials used, if any.

(11) 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.

(12) Wherever specific rates have been provided against tariff item in the Schedule, 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.

(13) The expressions “when Cenvat facility has not been availed”, used in the said Schedule, shall mean that the exporter shall satisfy the following conditions, namely:-

(i) The exporter shall declare, and if necessary, establish to the satisfaction of the Assistant Commissioner of Customs or Assistant Commissioner of Central Excise or Deputy Commissioner of Customs or Deputy Commissioner of Central Excise, as the case may be, that no Cenvat facility has been availed for any of the inputs or input services used in the manufacture of the export product;

(ii) if the goods are exported under bond or claim for rebate of duty of central excise, a certificate from the Superintendent of Customs or Superintendent of Central Excise in-charge of the factory of production, to the effect that no Cenvat facility has been availed for the goods under export, is produced:

Provided that the certificate regarding non-availment of Cenvat facility shall not be required in the case of exports of handloom products or handicrafts (including handicrafts of brass artware) or finished leather and other export products which are unconditionally exempt from the duty of central excise.

(14) 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.

(15) 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.

(16) The term “dyed” in relation to fabrics and yarn of cotton, shall include “bleached or mercerized or printed or mélange.”

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

(18) In respect of the tariff items appearing in Chapter 64 of the said Schedule, leather shoes, boots or half boots for adult shall comprise the following sizes, namely: -

- (a) French point or Paris point or Continental Size above 33;
- (b) English or UK adult size 1 and above;
- (c) American or USA adult size 1 and above.

(19) In respect of the tariff items appearing in Chapter 64 of the said Schedule, leather shoes, boots or half boots for children shall comprise the following sizes, namely: -

- (a) French point or Paris point or Continental Size upto 33;
- (b) English or UK children size upto 13;
- (c) American or USA children size upto 13.

2. All claims for duty drawback shall be filed with reference to the tariff items and descriptions of goods shown in columns 1 and 2 of the said Schedule respectively.

3. This notification shall come into force on the 1<sup>st</sup> day of September, 2008.

**[F.No.609/40/2008-DBK]**

**(Najib Shah)**

**JOINT SECRETARY TO THE GOVERNMENT OF INDIA**

**F.NO. 609/40/2008-DBK**  
**Government of India**  
**MINISTRY OF FINANCE**  
**DEPARTMENT OF REVENUE**

**New Delhi, Dated the 29<sup>th</sup> August, 2008**

**Sub: All Industry Rates of Duty Drawback, 2008-09 – Reg.**

The Ministry has announced the revised All Industry Rates of Duty Drawback vide notification No. 103 /2008-Cus (NT) dated 29.08.2008. **The rates of drawback have been made effective from 01.09.2008.** The notification may please be downloaded from CBEC website [www.cbec.gov.in](http://www.cbec.gov.in) and perused for details.

2. 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. The Commissioners may ensure that the exporters do not avail of the refund of this tax through any other mechanism while claiming the all industry rate of drawback.

3. 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. The Schedule may please be perused for details.

4. 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. The more important changes are discussed below:

**i) Textiles and Textile Articles (Chapters 50-63)**

a) **Silk:** In the case of silk, the drawback rate for higher quality silk fabrics has been decreased from 10.8% with a drawback cap of Rs. 325/kg to 9.8% with a drawback cap of Rs.295/kg. The rate for fabrics of noil silk has also been revised downwards.

b) **Wool:** In the case of wool tops, woollen yarn and fabrics the drawback rates have been decreased by 18% - 21% approximately. The caps have also been revised downwards.

c) **Cotton Yarn and Fabrics:** The earlier drawback rate for grey cotton yarn of less than 60 counts was 6% (grey) / 7.1% (dyed). The rate for cotton yarn of 60 counts and more was 9.5% (grey) / 10.6% (dyed). The new rate now is 4% for cotton yarn (grey) and 5% for cotton yarn (dyed) irrespective of the counts of the yarn. As for cotton fabrics, the new rate is 4.6% (grey) / 5.5% (dyed) with a drawback cap of Rs.14per kg (grey) / Rs.20per kg (dyed). The new drawback rate for lungies and Real Madras Handkerchiefs is 5.5% with a cap of Rs.20/kg, the same as applicable for dyed fabrics. In the case of denim fabrics the new rate is 5.7% with a cap of Rs.21.5/kg as against the earlier rate of 8.5% with a cap of Rs.32/kg.

d) **Man-made Filaments and Man-made Staple Fibres:** In the case of synthetic / artificial filament yarn (Chapter 54), only customs component of Drawback rates has been prescribed. The drawback rate for Synthetic Filament Yarn now is 2.2% (grey) / 2.6% (dyed) and for artificial filament yarn 2.1% (grey) / 2.5% (dyed) as against the earlier customs rate of 3% (grey) / 3.5% (dyed) for both types of filament yarn. In the case of woven fabrics of synthetic filament yarn, the new drawback rate is 8.4% (grey) / 9.4% (dyed). Insofar as synthetic / artificial fibres (Chapter 55) are concerned, again only the customs component of drawback rates has been fixed. The new drawback rate is 2.4% for synthetic staple fibres and 2% for artificial staple fibres. In the case of yarn of synthetic staple fibres, the rates fixed are 10.2% (grey) and 12.1% (dyed). In case of woven fabrics of synthetic staple fibres and/ or man-made filament yarn falling under drawback schedule tariff item 5515 the new rates are 9.2% (grey)/10.3%(dyed).

e) **Carpets and Floor Coverings:** The new drawback rate for hand knotted woolen carpets is 11% with a cap of Rs.616 per sqm. as against the earlier rate of 13.3% with a cap of Rs.745 per sqm. For silk carpets, the new

drawback rate is 14.5% with a cap of Rs.2573 per sqm. as against the earlier rate of 17.5% with a cap of Rs.3105 per sqm. The drawback rate on cotton durries is fixed at 10.5% with a cap of Rs.29/kg as against the earlier rate of 11.5% with a cap of Rs.32/kg.

f) **Ready Made Garments:** In the ready made garment sector, the new drawback rate for knitted blouses/shirts/tops of cotton is 8.8% with a cap of Rs.42 per piece as against the earlier rate of 11% with a cap of Rs.53 per piece. The new rate for knitted blouses/shirts/tops of man-made fibre is 10.5% with a cap of Rs.44 per piece as against the earlier rate of 11.5% with a cap of Rs.48 per piece. For knitted blouses/shirts/tops of cotton and man made fibre blend, the new drawback rate is 9.8% with a cap of Rs.44 per piece as against the earlier rate of 11.2% with a cap of Rs.50 per piece. The drawback rates on woven garments have been revised accordingly. As for ready made garments made up of silk and wool, the rate provided is 8.8% with varying caps.

g) **Made Ups:** In the made up category, the new drawback rate for bed linen, table linen, toilet linen, kitchen linen and curtains of cotton is 8.2% with a cap of Rs.99 per kg as against the earlier rate of 10.1% with a cap of Rs.122 per kg. The new drawback rates are fixed at 9.5% on made-ups of manmade fibres and 8.8% on made-ups of silk/wool as against earlier rates of 10.4% and 9.8%.

## ii) **Leather and Leather Articles (Chapters 41-42 & 64)**

a) The new drawback rate for finished leather is 6.3% with a cap of Rs.6.7 per sq.ft. as against the earlier rate of 7.5% with a cap of Rs.8 per sq.ft. Likewise, the new drawback rate for leather footwear for adults is 10.5% with a cap of Rs.96 / 142 per pair as against the earlier rate of 11.5% with a cap of Rs.105/155 per pair. In the case of leather apparel the rate provided is 9.9% with a cap of

Rs.575 per piece as against the earlier rate of 11.4% with a cap of Rs.650 per piece. The drawback rates on other leather items viz. suit cases, handbags and gloves have also been revised downwards.

b) The new drawback rate for saddlery and harness made of leather is 9%. The corresponding rate for saddlery and harness made of non-leather is 8.6%. A new entry has been incorporated to include parts/components of harness and saddlery made of leather or non leather including textiles or synthetic materials with a rate of 8.6% with a cap of Rs.90 per pc.

## iii) **Base Metals and Articles of Base Metals (Chapters 72-83)**

a) The drawback rates on semi-finished steel, flat rolled products and bars and rods of stainless steel and other alloy steels has been reduced from 2% to 1% (Customs component).

b) In Chapter 74 (Copper and Articles thereof), the drawback rates on copper cathodes, wire bars and rods have not undergone any change. The drawback rate on brass builder hardware and handicrafts of brass has been decreased from 18% with a cap of Rs.135/kg to 15% with a cap of Rs.113/kg. The same is the case with artware/handicrafts of copper where the drawback rate has been decreased from 18% with a cap of Rs.180/kg to 15% with a cap of Rs. 150/kg.

c) In the case of stainless steel cutlery falling under Chapter 82, the drawback rate has been decreased to 12.5% in line with duty drawback on stainless steel utensils. The drawback rate on brass hardware items and other similar items under chapter 83 has also been decreased to 15% on par with brass handicrafts.

## iv) **Machinery and Equipment (Chapters 84 and 85)**

In the case of machinery items falling within Chapter 84, by and large, the earlier drawback rates have been marginally reduced. In the case of electrical machinery and equipment under Chapter 85, the rates have been revised downwards marginally.

## v) **Bicycle & Bicycle Parts (Chapter 87) and Sports Goods (Chapter 95)**

The drawback rates on bicycles and bicycle parts have been revised downwards. The new rates are 12% for bicycles and 12%-13.5% on parts thereof. The drawback rates on sports goods have also been revised downwards by 12.5% to 20%. The drawback rate on the residual heading for sports goods has been decreased from 4% to 3.6%. The drawback rate on toys has also been decreased to 5.4% from the earlier rate of 6%.

**vi) Writing Instruments (Chapter 96)**

The earlier drawback rate on ball point pen was 8.5% with a cap of Rs.225 per 100 pcs. The drawback rate on this item has been revised downwards to 7.1% with a cap of Rs.188 per 100 pcs. The drawback rate on felt tipped pens has also been decreased from 13.3% with a cap of Rs.275 per 100 pcs to 11.1% with a cap of Rs.230 per 100 pcs. Further, on high value fountain pens (Rs.500 & above) the drawback has been provided @ 2.7% as against the earlier rate of 3%.

**vii) Miscellaneous**

a) The new rates of duty drawback on MEG is 1.6% as against the earlier rate of 3%, on DEG 1.9% as against the earlier rate of 3% and on TEG 1.4% as against the earlier rate of 2.5%. The new rate of drawback on linear alkaline benzene (LAB) is 0.7% as against the earlier rate of 3%. The drawback rate on PTA has been kept at 1.8% as against the earlier rate of 1.9%.

b) In case of polymers (such as HDPE, LDPE, Poly Propylene) also drawback rates have been decreased.

c) For all kinds of zinc oxide the new drawback rate is 1% (customs) as against the earlier rates of 6.3% /3.5% / 1% . In the case of perfumed agarbattis, the drawback rate has been decreased from 12% with a cap of Rs.33/kg to 10.5% with a cap of Rs.29/kg.

**viii) Items on which drawback rates have been increased**

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.

5. **It is clarified that where All Industry Rate of Duty Drawback is prescribed as 'Nil', the exporters are eligible for claiming brand rate of drawback under Rule 6 or 7 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 subject to the conditions mentioned therein.**

6. The notification and the new Drawback Schedule may be gone through carefully to note the changes made therein. Though all care has been taken in formulating / publishing the rates, the possibility of inadvertent errors / omissions cannot be ruled out. **It is requested that any error / omission noticed during the implementation of the rates may be brought to the notice of the Board immediately for suitable corrective action.**

7. A suitable Public Notice for information of the Trade and Standing Order for guidance of the staff may be issued. Difficulties faced, if any in implementation of the changes may be brought to the notice of the Board at once.

Kindly acknowledge receipt of this Circular.

Yours faithfully,

(Najib Shah)  
Joint Secretary to Government of India  
29<sup>th</sup> Aug-08  
Telefax: 23341079