

FAX : 0431 - 2411583



TELEPHONE : 0431 - 2411195.

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE
No.1, WILLIAMS ROAD, TRICHIRAPALLI - 620 001.

TRADE NOTICE : 13 / 2008.

DATED : 12 .09.2008.

Sub:- C.Ex. - Notification No. 103/2008 Cus (NT) dated 29.08.2008 & Circular No. 13/2008 Cus dated 29.08.2008 in f.No. 609/40/2008 DBK regarding the All Industry Rates of Duty Drawback, 2008-09 - Reg.

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Copy of Notification No. 103/2008 Cus (NT) dated 29.08.2008 & Circular No. 13/2008 Cus dated 29.08.2/8008 in F.No. 609/40/2008 DBK regarding the All Industry Rates of Duty Drawback, 2008-09 is communicated herewith.

2. The contents of the Trade Notice may be brought to the knowledge of all constituent members of Trade Associations / Chambers of Commerce

(Issued from file C.No.IV/16/136/2008 - C.Ex.Pol.)

- Sd /-

(VASA SESHAGIRI RAO)
ADDITIONAL COMMISSIONER

Encl.: As above.

To

As per mailing list II / III

Copy to file IV/16/02/2008 C.Ex. Pol

**Copy of the Notification No.103/2008 - CUSTOMS (N.T.) dated 29.08.2008 in
F.No.609/40/2008-DBK**

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 16th July, 2007 [GSR 485 (E), dated the 16th 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 22nd April, 2002, or against Duty Free Replenishment Certificate Licence issued in terms of notification No. 90/2004-Customs, dated the 10th 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 1st day of September, 2008.

Copy of the Circular No. 13 /2008-Cus. dated 29.08.2008 in F.NO. 609/40/2008-DBK

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 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.
