

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

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 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 29th 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)