



F. No. 609/68/2004-DBK
Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Excise & Customs
New Delhi

Customs Circular No. 3/2005-Cus.

Dated 18th January, 2005

All Industry Rates of Duty Drawback, 2004-2005 - Reg.

Ministry of Finance, Department of Revenue, Government of India, New Delhi vide its Customs Circular No. 3/2005-Cus. dated 18th January, 2005 have announced the Revised All Industry Rates of Duty Drawback with effect from 19th January, 2005. The announcement made with reference to engineering products are reproduced below :

The Ministry has announced the revised All Industry Rates of Duty Drawback vide Notification No. 8/2005-Cus (NT) dated 18.1.2005. These rates shall come into force with effect from 19.1.2005. The Notification may be downloaded from CBEC website www.cbec.gov.in and perused for details.

2. 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) published by DGFT, share of imports in the total consumption of inputs and the applied rates of duty. As education cess is being collected as duties of Excise/Customs, the element of education cess has been factored in the drawback rates. The production, import and price data used for calculation of drawback rates have been obtained from the various sources, such as, the field formations of Central Excise/Customs, the Export Promotion Councils and trade bodies, Government publications and other reputed journals. The wastage norms given in the SION vary from product to product in the same Product Group. Therefore, norms have been taken on an average basis. The changes in drawback rates reflect the changes in applied duties and changes in prices.

3. A significant feature of the new Drawback Schedule is that the rates for most products have been expressed in terms of Metric Tonne/kg in lieu of earlier ad valorem rates. Further, following the SION, the rates previously expressed in terms of numbers, pieces and gross have now been changed to Metric Tonne/kg. This will meet the requirements of transparency and more importantly, will help prevent disputes and litigations arising from alleged over-invoicing of exports.

4. The existing Drawback Schedule does not provide for drawback of excise duty in respect of several entries. To make the Schedule attractive and useful for exporters, the drawback rate for excise portion has been added at several places. Needless to mention, the drawback can be availed of only when cenvat credit has not been taken.

5. Taking into account the suggestions of trade and industry, several new entries have been created in the Drawback Schedule. A new

Chapter (Chapter 72) has been introduced covering pig iron, iron ore pellets, ferro-alloys and steel products. In all, 29 new entries have been created.

6. There are several products in the Drawback Schedule, where the main inputs are exempt from Customs Duty. It has been decided to withdraw the All Industry Rate for these products. The exporters of such products can, of course, avail of the brand rate of duty drawback. As such, 46 entries have been deleted from the existing Schedule.

7. The drawback rates have undergone significant changes in sympathy with the changes in prices of inputs, duties etc. However, on certain items the rates have not been changed because of lack of relevant data. The Drawback Schedule may be perused for details. The more important changes are outlined below :-

(vi) **Machinery & Electrical Machinery (Chapters 84 and 85)**

The rates of drawback for goods falling within these Chapters have been calculated as per standard input-output norms where the same are available, e.g. motor vehicle parts (84.01, 84.02, 84.48 to 84.51), agricultural implements and appliances (84.24), cycle & cycle rickshaw tube valves (84.47) and marine cables etc. The rates on all items have gone up due to increase in prices of inputs. The excise portion of drawback has been allowed in all cases. In respect of dispensing pumps (84.03 to 84.07), hand pumps (84.08 & 84.09), centrifugal pumps (84.10 & 84.11), ceiling fans (84.13 to 84.15), refrigeration and heating equipment (84.18 to 84.23) and fan regulators (84.16), the existing rates are being continued. However, on gaskets (84.52), the drawback rate has been reduced from 11.6% (customs) to 8.85% (Customs).

In Chapter 85, there are several entries/products where the major inputs are allowed to be imported duty free. All these entries have been deleted from the Schedule. The entries deleted are 85.03 (cast alloy permanent magnets), 85.24 (transformers), 85.36 (floppy diskettes), 85.43 to 85.48 (picture tubes) 85.50 to 85.52 (fly back transformer and deflection coil), 85.53 (TV tuner), 85.56 to 85.59 (capacitors) 85.60 to 85.62 (resistors), 85.63 to 85.67 (PCBs), 85.71 (switches), 85.81 to 85.91 (monitor tubes), 85.92 to 85.95 (semiconductor devices), 85.96 (magnet assemblies) and 85.97 (ferrite components).

(vii) **Motor Vehicles, Bicycles & Parts Thereof (Chapter 87)**

In Chapter 87, for parts of motor vehicles falling under various headings, the rates have been calculated as per SION. Now, the drawback rates have two components, namely, customs and central excise as against the existing allocation for customs portion only. For certain items the inputs are only zinc and nickel. The rates have been calculated taking into account reduction in duty on these metals and price changes.

In the case of bicycles and parts thereof, the rate of drawback for excise portion has been calculated as per standard input-output norms, where available and domestic steel price. Speaking overall, the excise portion of drawback has been reduced by about 20%. The customs portion of drawback has



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been marginally revised upwards due to addition of the element of education cess.

(viii) **Instruments & Appliances and Other Manufactured Products (Chapters 90-96)**

In Chapter 90, the drawback rate for surgical blades (90.07) has been reduced due to decrease in duty on stainless steel from 20% to 15%. The drawback rate on fountain pens, ball point pens etc. (96.03) has been reduced from 11.6 % of FOB value subject to a maximum of Rs. 6.10 per piece to 9.5% of FOB value subject to a maximum of Rs. 4.90/piece in keeping with the duty reduction on plastics and metals.

8. 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 errors/omissions due to inadvertence 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.

**F. No. 609/68/2004-DBK
Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Excise and Customs
New Delhi**

Notification No. 8/2005-Customs (N.T.)

Dated 18th January, 2005

Ministry of Finance, Department of Revenue, Government of India, New Delhi vide its Customs Notification No. 8/2005-Customs (N.T.) dated 18th January, 2005 have announced the Revised All Industry Rates of Duty Drawback with effect from 19th January, 2005. The announcement made with reference to engineering products are reproduced below :

G.S.R. (E). In exercise of the powers conferred by rule 3, read with rule 4, of the Customs and Central Excise Duties 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. 26/2003-Customs (N.T.), dated the 1st April, 2003, 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 Table annexed hereto (hereinafter referred to as the said Table), subject to the conditions specified in the General Notes hereunder, namely :-

General Notes :

1. Drawback at the rates specified in the said Table 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.

2. The rates of drawback specified in the said Table 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 issued under the Duty Exemption Scheme of the relevant Export and Import Policy and the Foreign Trade Policy :

Provided that where exports are made against Advance Licences issued on or after 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 Table 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 zone;
- (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 and 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 and 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 and that shall remain in force until 31st March, 2009.

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

4. The rates of drawback specified against the various serial or sub-serial numbers in the said Table in specific terms or on *ad valorem*



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basis, unless otherwise specifically provided, are inclusive of drawback for packing materials used, if any.

5. The goods covered by serial or sub-serial numbers 84.13 to 84.15, 87.43 and 87.44 in the said Table when exported in completely knocked down or semi-knocked down condition, by deletion of certain components or assemblies, the drawback indicated in the relevant serial or sub-serial numbers shall be payable on such goods, subject to the condition that the free on board value of such goods exported is not less than 80% of the free on board value of the completely assembled unit, and for this purpose, the exporter shall produce evidence, to the satisfaction of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, of the contemporary free on board value of the relevant completely assembled units.

6. The term “dyed”, wherever used in the said Table in relation to textile materials, would include yarn or piece dyed or predominantly printed or coloured in the body.

7. Wherever specific rates have been provided against any serial or sub-serial number in the said Table, 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.

8. The expression “when CENVAT facility has not been availed”, used in the said Table, shall mean that the exporter has to satisfy the following conditions, namely :-

(i) The exporter declares, and if necessary, establishes 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 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 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, the certificate regarding non-availment of CENVAT facility shall not be required.

9. In a case where electric fans, falling under serial or sub-serial nos. 84.13 to 84.15 of the said Table, are exported alongwith regulators falling under serial or sub-serial nos. 84.16 or 84.17 of the said Table, then additional drawback shall be payable at the rate specified against serial or sub-serial nos. 84.16 or 84.17 of the said Table.

10. If bicycles or cycle rickshaws, assembled or unassembled falling under serial or sub-serial 87.43 and 87.44 of the said Table, are exported alongwith extra accessories, then additional drawback shall be payable at the rate specified against the serial or sub-serial number relating to such accessories.

11. Whenever a composite article is exported for which any specific rate has not been provided in the Table, 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. 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.

12. In respect of export products falling under Chapters 3-21 of the Table, when more than one type of packing material is used, the rates of drawback applicable to individual packing material shall be payable depending on the net weight of each of the packing material.

2. All claims for duty drawback shall be filed with reference to serial or sub-serial number shown in column 1 only.

3. This Notification shall come into effect from 19th January, 2005.

For detailed List of Duty Drawback Rates member-exporters are requested to visit EEPC Website at www.eepc.gov.in

Note : The principal Notification No. 26/2003-Customs (N.T.) was published in the Gazette of India with G.S.R.276(E), dated the 1st April, 2003 and was last amended vide Notification No. 29/2004-Cus.(N.T.) dated the 28th February, 2004, published in the Gazette of India (Extraordinary), with G.S.R. No. 158(E) dated the 28th February, 2004.

**F. No. 450/108/2004-CUS-IV
Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Excise & Customs
New Delhi**

Customs Circular No. 02/2005-Cus.

Dated 12th January, 2005

Clearance of imported metal scraps – Procedure regarding.

I am directed to invite your attention to the Board’s Circular No. 56/2004-Cus, dated 18th October, 2004 on the above mentioned subject and to say that the Directorate General of Foreign Trade vide Public Notice No. 38/2004-09, dated 27.12.2004 have further amended the Para 2.32(i)(b) and deleted Para 2.32 (i)(I)(c) of Handbook of Procedure (Vol. I). Accordingly, the Board hereby makes following amendment in the Circular No. 56/2004-Cus, dated 18.10.2004.

In para 5(ii), after the list of 15 customs stations, the following entries shall be inserted, namely,-

- “16. ICD Ludhiana, and
- 17. ICD Dadri, Greater Noida.”

Yours faithfully,

Sd/-

(ANUPAM PRAKASH)

Under Secretary to the Government of India

**Government of India
Ministry of Finance
(Department of Revenue)
New Delhi**

Notification No. 1/2005 - Central Excise (N.T.)

Dated 4th January, 2005

In exercise of the powers conferred by sub-rule (2) of rule 3 of the Central Excise Rules, 2002, the Central Board of Excise and Customs hereby makes the following further amendments in the Notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 14/2002-Central Excise (N.T.), dated the 8th March, 2002, namely :

In the said notification,-

- (i) in Table 1A, for S. No. 10 and the entry relating thereto, the following shall be submitted, namely :

| <i>Sl. No.</i> | <i>Chief Commissioner of Central Excise</i> | <i>Jurisdiction in terms of Commissioners of Central Excise (Appeals)</i> |
|----------------|---------------------------------------------|---------------------------------------------------------------------------|
| "10. | Hyderabad | (i) Hyderabad - I (ii) Hyderabad - II (iii) Hyderabad - III" |

- (ii) in Table III, after Sl. No. 28 and the entry relating thereto, the following entry 28A shall be inserted, namely,-

| <i>Sl. No.</i> | <i>Chief Commissioner of Central Excise (Appeals)</i> | <i>Commissioner of Central Excise</i> |
|----------------|-----------------------------------------------------------|-------------------------------------------------------------------------------------------|
| "28A | Commissioner of Central Excise (Appeals), Hyderabad - III | (i) Hyderabad - I (ii) Hyderabad - II (iii) Hyderabad - III (iv) Hyderabad - IV" |

Sd/-
(NEERAV KUMAR MALLICK)
Under Secretary to the Government of India

Note : The principal Notification No. 14/2002-Central Excise (N.T.), dated the 8th March, 2002 was published in the Gazette of India vide G.S.R. 182 (E), dated the 8th March, 2002 and was last amended by Notification No. 5/2004-Central Excise (N.T.), dated the 26th February, 2004 [G.S.R. 139(E), dated the 26th February, 2004].