

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2834  
ANSWERED ON:26.11.2010  
SLASHING DUTY DRAWBACK RATES  
Ahir Shri Hansraj Gangaram

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Central Board of Excise and Customs (CBEC) has slashed the duty drawback rates,
- (b) if so, the details thereof;
- (c) whether the exporters have demanded a reconsideration of the aforesaid cut in duty drawback rates;
- (d) if so, the details thereof and the action taken thereon;
- (e) whether the Government has assessed the likely adverse impact in the areas of exports and employment; and
- (f) if so, the reaction of the Government thereto?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

Parts (a) & (b): Yes, Sir. Duty Drawback rates for the year 2010-11 have been reduced in respect of most of the commodities under duty drawback scheme. The Government had, like in previous years, appointed a three member Committee to recommend the duty drawback rates for the year 2010-11. The Committee had recommended a reduction in Drawback rates on the basis of reduction in incidence of duties and taxes on inputs used in the manufacture of the export products. The recommendations of the Committee were accepted and the new drawback rates were notified vide Notification No. 84/2010-Customs (NT.) dated 17.09.2010. The new drawback rates as well as the drawback rates for previous years are available on Central Board of Excise and Custom`s website - [www.cbec.gov.in](http://www.cbec.gov.in).

Part (c): Yes, Sir.

Part (d): Export promotion councils/ trade associations representing various sectors like textiles, including garments and carpets; handicrafts; hardware; engineering products including bicycles sectors had demanded reconsideration of the cut in the duty drawback rates. These representations were examined. It was not found feasible to accede to these requests for reasons mentioned at (a) and (b) above.

Parts (e) and (f): No, sir. No study has been carried out to assess the likely adverse impact of lower duty drawback rates in the areas of exports and employment. It may be mentioned that the Drawback rates are determined in terms of Section 75 of the Customs Act, 1962, Section 37 of the Central Excise and Salt Act, 1944, Section 93A read with Section 94 of the Finance Act, 1994 and the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995. These provision stipulates that the Drawback shall rebate only the duties or taxes chargeable on any imported / excisable materials and input services used in the manufacture of the export products.