

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2571

ANSWERED ON:11.03.2011

EXPORTERS DEMAND OF A REVIEW IN EXPORT TARIFF RATE

Ahir Shri Hansraj Gangaram

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

- (a) Whether the Central Board of Excise and Customs (CBEC) has effected a 30 per cent deduction in the tariff refund rates for various exporters of leather, textiles and sports goods;
- (b) If so, the details thereof for the last three years;
- (c) Whether in view of the current recession in exports, the exporters have demanded a review of the decision regarding tariff refund rates;
- (d) If so, the details thereof and reaction of the Government thereto;
- (e) Whether the Government has made any assessment regarding the adverse effects of the deduction in the tariff refund rates on the exports of the country 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. For the year 2010-11, the duty drawback rates have been reduced by 5-15% in respect of leather products, 15-25% in respect of Cotton Textiles, upto 10% in respect of Synthetic textiles and upto 10% in respect of sports goods. 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 (N.T.) dated 17.09.2010. The drawback rates for some of the important leather, textiles and sports goods for the last 3 years are given in the Annexure.

Part (c) & d: Yes, Sir. The Export promotion councils/ trade associations representing the sectors viz. leather, textiles and sports goods represented for a review of the decision of reduction in 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. The concerned Export Promotion Councils had also been informed about the decision taken in respect of their representations.

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.