



Bangalore Chamber of Industry and Commerce

No.1A, Bharat Apartments, 44/1, Fairfield Layout, Race Course Road, Bangalore 560001

Tel: 22286080 – 82; Fax: 22251475; e-mail: bcic@bcic.org.in; website: www.bcic.org.in

Report on the Interactive Session on “New Duty Drawback Scheme” held on November 5, 2011

The Bangalore Chamber of Industry and Commerce in association with the Commissionerate of Central Excise & Customs, Bangalore and Federation of Indian Export Organization (FIEO) organized an Interactive Session on “New Duty Drawback Scheme” on Saturday, November 5, 2011.

The main objective of the meet was to educate the EXIM community on the huge benefits available under the new Duty Drawback Scheme to derive rich benefits. The new scheme, which came into force from October 1, 2011 comes at a time when the global economy was witnessing a fundamental shift following globalization. The weaker economies of the United States and Europe, both facing challenges of growth sustainability are nudging India to re-strategize its trade activities to derive the advantages as well as rationalize their engagement with the industrialized world.

Outlining these sentiments, policy makers from the Government and the industry representatives exchanged their experiences and views on the new Duty Drawback Scheme for a better understanding and need to streamline it further to meet the needs of the industry without compromising the objectives of compliance and retaining government’s tax revenue.

Welcoming the gathering, Mr. P V Srinivasan, Chairman, State Taxes Expert Committee, BCIC, briefly made a comparative analysis of the features of the Duty Entitlement Pass Book (DPT) Scheme and said that the new scheme retains the main objective of neutralizing basic customs duty on imported inputs used in exported goods as a means of export promotion as envisaged in the DEPB scheme in operation for about 15 years since 1997. Further, about 2,000 products in respect of which DEPB rates were notified earlier have now been merged into the new Drawback Scheme. Fifty per cent of which products were covered by the AI Industry Rate of duty drawback.

Mr. Srinivasan said the duty rate would also continue to be moderate and in fact it has been acknowledged that there would be nominal reduction of 1 (One) per cent to 3 (three) per cent from the DEPB rates for most items. Apart from the basic advantages of rates and coverage of products, elimination of paperwork involving DEPB with the adoption of electronic data interchange (EDI) system would help in direct crediting of the drawback amounts into the exporters designated accounts. He also complimented the Customs Officials for its special efforts in facilitating the exporters register their export transactions up to September, 30, 2011 so that DEPT benefits could be availed in respect of such exports, valid till that period.

In his brief remarks, Mr. Walter D'Souza, Regional Chairman (Southern Region) Federation of Indian Export Organization (FIEO) while welcoming the new system lamented that the gloomy global economy which has had a serious impact on Indian exports warranted more liberal concessions. Stating the exports growth under the circumstances were not discouraging but with the global uncertainties looming large for the next quarter, he appealed to the business community to come out with suggestions that could help in further fine tuning the New Duty Drawback Scheme.

Mr. J P Gregory, IRS, Chief Commissioner of Central Excise and Service Tax, Bangalore and Mr. B Bhattacharya, IRS, Commissioner of Customs, Bangalore while underscoring the features of the New Scheme, expressed their cooperation in resolving the concerns of the exporting community with regard to procedures or any administrative issues.

Mr. Najib Shah, Joint Secretary (Drawback), Central Board of Excise and Customs, Government of India, in his Keynote Address explained the new Duty Drawback Scheme as a welcome change for both the Government and the business community at large. He said that the Government had to take into consideration the fast changing trade scenario which was witnessing fluid situations of global economy grappling with many challenges. With the increasing globalization and India itself becoming a major manufacturing hub, the Government weighed the options carefully before phasing out DEPB. Lamenting that the Government was handicapped in as fast as little inputs came from the industry to rework the scheme to retaining the essential character of exporting promotion without any adverse impact on the rates and definitions of coverage of goods, Mr. Shah said the main concern of the Government was to take a rationale approach in not only curbing the increasing outgo from the government on account of export subsidy under the DEPB scheme but it also had reckon India's obligation under the International Trade to reduced subsidies. Besides, the impact of the post-2008 global slowdown, compressing export demand and the increasing imports with India becoming a low cost manufacturing base also were factored into shaping up the new scheme.

Mr. Shah, however, felt satisfied that the Government could come out with a scheme that provided a more efficient and export friendly tariff to give a push to trade. He said the foreign exchange volatility, compression of demand globally had put extra burden on government. Listing salient features of the new scheme, Mr. Shah said the New Duty Drawback schemes covers 50 per cent more number of goods and its wider coverage of sectors against the restricted sectors should put the manufacturing sector more robust and given an impetus to exports. He said the industry should look to newer markets like Africa and Latin America to offset the dismal export market in the traditional markets of industrialized countries.

The interactions were followed by Q & A Session. Mr Srinivasan in his concluding remarks, thanked all the Senior Officials of the Government and said that the Session was a great learning opportunity as well as a forum for exchange of information and knowledge amongst experts and delegates. The event attracted a good participation from the cross section of industry which derived rich benefits out of the deliberations.