

This column is compiled by Consultant [EXIM Policy] of EPCH. It contains recent Public Notices, Notifications and Circulars of DGFT, CBIC and Department of Revenue. If a handicraft exporter has question[s] to ask on Foreign Trade Policy, he/she may please write / e-mail to EPCH at policy@epch.com

Impex # 1 Customs changes the system of disbursal of Duty Drawback to exporters' accounts

Central Board of Indirect Taxes and Customs issues 'Instruction' overhauling the system of disbursal of Drawback amounts into the exporters' account through 'Public Finance Management System' (PFMS).

At present, the duty drawback claims of exporters are processed through the Customs Automated System (CAS), enumerated in a scroll/ Computerised Customs Drawback Advice (CCDA) and sent to the Authorised Bank.

Central Board of Indirect Taxes and Customs (CBIC) has issued Instruction No.15/2024-Customs dt 29.05.2025 according to which the above system of disbursal of duty drawback has been changed substantially as detailed in the "Instruction dt 29-05.2025 (copy reproduced below):

Instruction No. 15/2024-Customs, 29th of May, 2024

Sub: Disbursal of Drawback amounts into the exporters' accounts through PFMS

Presently, Duty Drawback claims are processed through the Customs Automated System (CAS), enumerated in a scroll/ Computerised Customs Drawback Advice (CCDA) and sent to the Authorised Bank branch along with supporting single cheque of consolidated amount, as per the scroll, for payment of duty drawback amounts into the exporters' accounts.

2. However, now, with effect from 5th June, 2024; payment of Drawback amounts into the exporters' accounts post scroll out, will be facilitated through the Public Finance Management System (PFMS). Consequently, w.e.f. 5 th June, 2024 the following procedure shall be discontinued;
 - i. The practice of printing the Drawback scroll for onward transmission to the Authorised bank
 - ii. Issuance of cheque for the total amount to be disbursed under a scroll
3. Instead, the following procedure shall be adopted;
 - i. Authorised officer at each Customs location shall process the Duty Drawback scroll queue.
 - ii. The scrolls generated at different locations will be AUTOMATICALLY processed by the CAS for onward transmission to the Central Nodal eDDO.
 - iii. The nominated central nodal eDDO shall forward the consolidated All India duty drawback scroll to the nodal ePAO.
 - iv. After approval from the nodal ePAO, duty drawback amounts shall be credited into the exporters' bank accounts linked with PFMS.
5. The jurisdictional Principal Chief Commissioners / Chief Commissioners shall ensure that the Drawback sections functioning under their charge shall complete the following actions before 5th June, 2024;

- a. All Drawback scrolls generated prior to the said date should be processed, duly sent to the agency banks and cheques issued for the same.
- b. The cheque number of the last cheque issued for payment of Duty drawback must be intimated to the jurisdictional PAO as well as to the authorised bank along with a confirmation that no future Drawback payments shall be made through the bank. If no future payments are to be made through the cheque book, then the cheque books issued for Drawback payments shall be returned to the PAO.
- c. In case the same cheque book is being used for Customs refunds payments and is hence retained by the department for refund payments, specific mention of the same must be made in the LoP against the cheque issued.

Question : Who is eligible for the gold card scheme?

Answer : All credit worthy exporters with a good track record in the opinion of the individual financing bank are eligible. Exporters whose accounts have been classified as 'standard' continuously for a period of three years and there are no irregularities/adverse features in the conduct of the accounts may be considered as having a good track record. The scheme may not be applicable to those exporters who are blacklisted by ECGC or included in RBI's defaulter's list/caution list or making losses for the past 3 years or having overdue export bills in excess of 10 percent of the current year's turnover.

Question : Whether the holders of the gold card are exempted from ECGC cover while availing PCFC from banks?

Answer : Gold card holders, in view of their credit worthiness, may be considered by banks for exemption from ECGC guarantee under the Packing Credit Guarantee-Sectoral Scheme (PCGSS) of the ECGC, in deserving cases, at their discretion.

Question : In case of exports where the amount of Drawback has been paid but the sale proceeds in respect of such export goods have not been realized, what is the course of action?

Answer : In terms of the provisions of Section 75 (1) of the Customs Act, 1962 where any drawback has been allowed on any goods and the sale proceeds are not received within the time allowed under the Foreign Exchange Management Act, 1999, such drawback shall be deemed never to have been allowed.

As per the prescribed under Rule 16A of the Drawback Rules, 1995, on receipt of relevant information from the Reserve Bank of India, the Assistant Commissioner/Deputy Commissioner of Customs shall cause notice to be issued to the exporter for production of evidence of realization of export proceeds within a period of thirty days from the date of receipt of such notice and where the exporter does not produce such evidence within the said period of thirty days the Assistant Commissioner/Deputy Commissioner of Customs shall pass an order to recover the amount of Drawback paid to the claimant and the exporter shall repay the amount so demanded within thirty days of the receipt of the said order Provided that where a part of the sale proceeds has been realized, the amount of drawback to be recovered shall bear the same proportion as the portion of the sale proceeds not realized bears to the total amount of sale proceeds:

Where the sale proceeds are realized by the exporter after the amount of drawback has been recovered and the exporter produces evidence about such realization within one year from the date of such recovery, the amount of drawback so recovered shall be repaid.

Question : What is the time limit to pay Drawback by the department when the goods are exported?

Answer : Is there any provision to pay interest when there is delay in payment of Drawback? Under Section 75A(1) of the Customs Act, 1962, where any drawback payable to a claimant is not paid within a period of one month from the date of filing a claim, interest at the rate fixed under section 27A is payable from the date of expiry of 1 month till the date of payment of such drawback. Therefore, under the EDI System, drawback has to be paid within one month from the date of generation of EP copy of the shipping bill, which is the deemed date of filing of the claim when the shipping bills moves online to the drawback queue in the EDI System for sanction.