**What is Duty Drawback?**

Duty Drawback is a rebate/refund of Customs and GST paid on inputs used in the manufacture of exported goods. The objective is to make Indian exports competitive in global markets by neutralizing the incidence of duties on export products.

**Legal Framework & References**

1. Customs Act, 1962
   * Section 74 – Drawback on re-export of imported goods (up to 98% of duty refunded if goods are re-exported within 2 years).
   * Section 75 – Drawback on imported materials used in the manufacture of goods exported.
2. Customs and Central Excise Duties Drawback Rules, 2017 (earlier Rules, 1995).
   * Issued under Section 75 of Customs Act, 1962.
   * Governs the calculation, claim, and payment of drawback.
3. Foreign Trade Policy (FTP) 2023
   * Provides policy-level backing to drawback scheme.
4. CBIC Notifications & Circulars
   * Drawback Schedule is notified periodically by CBIC (based on All Industry Rates).
   * Latest circulars clarify procedural aspects and admissibility of claims.

**Types of Duty Drawback**

1. All Industry Rate (AIR)
   * Fixed % of FOB value or per-unit amount as notified in the Drawback Schedule.
   * Determined based on industry data of input-output norms and average duties.
2. Brand Rate
   * If AIR is not available or is less than actual duties paid, exporter can apply for fixation of Brand Rate (specific to exporter).
3. Special Brand Rate
   * Granted when inputs used are different from those considered in AIR determination.

**Procedure for Claiming Duty Drawback**

1. Filing of Shipping Bill
   * Exporter must file Shipping Bill under claim of drawback at Customs EDI system.
   * Tick “drawback” option and declare DBK (Drawback) serial number.
2. Examination of Goods
   * Customs verifies description, quantity, classification, and eligibility.
3. Drawback Claim Processing
   * EDI system automatically processes the claim based on declared DBK schedule.
   * In manual cases, exporter files Drawback Claim form along with supporting documents.
4. Supporting Documents Required
   * Export declaration (Shipping Bill)
   * Export Invoice & Packing List
   * Bill of Lading/Airway Bill
   * Bank Realisation Certificate (BRC) / e-BRC (for proof of export proceeds realisation, as per FEMA rules)
   * Copy of Duty Payment documents (for Brand Rate cases)
5. Disbursement
   * Claim is credited electronically to the exporter’s bank account registered with Customs.

**Time Limits**

* Claim must be filed within 3 months from the date of export (extendable by 9 months with permission).
* In re-export cases under Section 74, goods must be re-exported within 2 years of import.

**As per CBIC Guidelines**

1. EDI System (electronic shipping bills)
   * Drawback is automatically processed once:
     + Export General Manifest (EGM) is filed by airline/shipping line, and
     + Exporter submits e-BRC (bank realization certificate).
   * Timeline: Usually within 7–10 working days from date of EGM filing.
2. Manual / Non-EDI claims
   * Exporter files drawback claim with documents to Customs.
   * Customs scrutinizes and sanctions the claim.
   * Timeline: Normally within 1–2 months, depending on completeness of documents and workload.
3. Legal Reference
   * Rule 13 of Customs & Central Excise Duties Drawback Rules, 2017 – Drawback should be paid “as soon as possible after export” once claim is complete.
   * CBIC Instruction Circulars emphasize quick disposal, ideally within 7 days for EDI claims.

In practice:

* EDI shipments – 1 week to 2 weeks.
* Manual claims / Brand rate fixation – 1 to 3 months (sometimes longer if queries are raised).

**Restrictions / Conditions**

* No drawback if goods are:
  + Exported under Advance Authorisation, EOU, or other duty-free schemes.
  + Exported without payment of duty under bond (unless specifically allowed).
  + Goods not accompanied by prescribed documents.

**Key Notifications & References**

* Customs Act, 1962 – Sections 74 & 75
* Customs and Central Excise Duties Drawback Rules, 2017
* CBIC Notifications (latest drawback schedule)
* FTP 2023 & Handbook of Procedures (HBP)

**Duty Drawback Process** **Flowchart** - 