

The Customs Act, 1962

Section 75 - Drawback on imported materials used in the manufacture of goods which are exported

(1) Where it appears to the Central Government that in respect of goods of any class or description ¹ [manufactured, processed or on which any operation has been carried out in India] ², being goods which have been entered for export and in respect of which an order permitting the clearance and loading thereof for exportation has been made under section 51 by the proper officer], ³ [or being goods entered for export by post under ⁴ [clause (a) of section 84] and in respect of which an order permitting clearance for exportation has been made by the proper officer], a drawback should be allowed of duties of customs chargeable under this Act on any imported materials of a class or description used in the ⁵ [manufacture or processing of such goods or carrying out any operation on such goods], the Central Government may, by notification in the Official Gazette, direct that drawback shall be allowed in respect of such goods in accordance with, and subject to, the rules made under sub-section (2):

⁶ [Provided that no drawback shall be allowed under this sub-section in respect of any of the aforesaid goods which the Central Government may, by rules made under sub-section (2), specify, if the export value of such goods or class of goods is less than the value of the imported materials used in the ⁵ [manufacture or processing of such goods or carrying out any operation on such goods] or class of goods, or is not more than such percentage of the value of the imported materials used in the ⁵ [manufacture or processing of such goods or carrying out any operation on such goods] or class of goods as the Central Government may, by notification in the Official Gazette, specify in this behalf:

Provided further that where any drawback has been allowed on any goods under this sub-section and the sale proceeds in respect of such goods are not received by or on behalf of the exporter in India within the time allowed under the ⁷ [Foreign Exchange Management Act, 1999 (42 of 1999)], such drawback shall ⁸ [except under such circumstances or such conditions as the Central Government may, by rule, specify,] be deemed never to have been allowed and the Central Government may, by rules made under sub-section (2), specify the procedure for the recovery or adjustment of the amount of such drawback.

⁹ [(1A) Where it appears to the Central Government that the quantity of a particular material imported into India is more than the total quantity of like material that has been used in the goods ¹⁰

[manufactured, processed or on which any operation has been carried out in India] and exported outside India, then, the Central Government may, by notification in the Official Gazette, declare that so much of the material as is contained in the goods exported shall, for the purpose of sub-section (1), be deemed to be imported material.]

(2) The Central Government may make rules for the purpose of carrying out the provisions of sub-section (1) and, in particular, such rules may provide--

¹¹ [(a) for the payment of drawback equal to the amount of duty actually paid on the imported materials used in the manufacture or processing of the goods or carrying out any operation on the goods or as is specified in the rules as the average amount of duty paid on the materials of that class or description used in the manufacture or processing of export goods or carrying out any operation on export goods of that class or description either by manufacturers generally or by persons processing or carrying on any operation generally or by any particular manufacturer or particular person carrying on any process or other operation, and interest if any payable thereon;]

⁶ [(aa) for specifying the goods in respect of which no drawback shall be allowed;

(ab) for specifying the procedure for recovery or adjustment of the amount of any drawback which had been allowed under sub-section (1) ¹² [or interest chargeable thereon;]

(b) for the production of such certificates, documents and other evidence in support of each claim of drawback as may be necessary;

(c) for requiring the ¹³ [manufacturer or the person carrying out any process or other operation] to give access to every part of his manufactory to any officer of customs specially authorised in this behalf by the ¹⁴

[Assistant Commissioner of Customs or Deputy Commissioner of Customs] to enable such authorised officer to inspect the processes of ¹⁵[manufacture, process or any other operation carried out] and to verify by actual check or otherwise the statements made in support of the claim for drawback.

¹⁶[(d) for the manner and the time within which the claim for payment of drawback may be filed;]

¹⁶[(3) The power to make rules conferred by sub-section (2) shall include the power to give drawback with retrospective effect from a date not earlier than the date of changes in the rates of duty on inputs used in the export goods.]

1. Subs. by s. 61, *ibid.*, for "manufactured in India" (w.e.f. 26-5-1995).
2. Subs. by Act 11 of 1983, s. 52, for "and exported to any place outside India," (w.e.f. 13-5-1983).
3. Ins. by Act 80 of 1985, s. 7 (w.e.f. 13-5-1983).
4. Subs. by Act 13 of 2018, s. 86, for "section 82" (w.e.f. 28-3-2018).
5. Subs. by Act 22 of 1995, s. 61, for "manufacture of such goods" (w.e.f. 26-5-1995).
6. Ins. by Act 49 of 1991, s. 120 (w.e.f. 27-9-1991).
75. Subs. by Act 20 of 2002, s. 125, for "Foreign Exchange Regulation Act, 1973 (46 of 1973)" (w.e.f. 11-5-2002).
8. Ins. by Act 8 of 2011, s. 46 (w.e.f. 8-4-2011).
9. Ins. by Act 25 of 1978, s. 10 (w.e.f. 1-7-1978).
10. Subs. by Act 22 of 1995, s. 61, for "manufactured in India" (w.e.f. 26-5-1995).
11. Subs. by s. 61, *ibid.*, for clause (a) (w.e.f. 26-5-1995).
12. Ins. by Act 22 of 1995, s. 61 (w.e.f. 26-5-1995).
13. Subs. by Act 22 of 1995, s. 61, for "manufacturer" (w.e.f. 26-5-1995).
14. Subs. by Act 27 of 1999, s. 100, for "Assistant Commissioner of Customs" (w.e.f. 11-5-1999).
15. Subs. by Act 22 of 1995, s. 61, for "manufacture" (w.e.f. 26-5-1995).
16. Ins. by s. 61, *ibid.* (w.e.f. 26-5-1995).