PUBLIC NOTICE NO.87/2011

Subject : Export of handicraft and artware items under Drawback Scheme-reg

1) Attention of all concerned is invited to the Boards circular No 07/2011- Customs dated 18.01.11 on the above subject where Board has made reference to its earlier circular No 03/2010 Cus dated 12.02.2010 regarding classification of handicraft and artware items in the Drawback Schedule. The circular clarified that the assessing authorities should normally accept certificates issued by the Development Commissioner (Handicrafts)/ EPCH certifying the goods as artware/handicrafts. A decision to reject a certificate with approval of the Commissioner of Customs/Central Excise and after discussions with the certificate issuing authority. Exports should not, in the mean time, be held up. The circular also clarified that consignments of artware and handicrafts should be classified in the Drawback Schedule in accordance with condition (3) of the Drawback Schedule which provides that all artware or handicraft items shall be classified under the heading of artware or handicrafts (of constituent material) as mentioned in the relevant chapters of drawback schedule irrespective of their classification under the HSN.

2) It has been reported by Moradabad handicrafts Exporters Association and Export Promotion Council for handicrafts (EPCH) that following issue of this circular, certificate from EPCH/ Development Commissioner (handicrafts) is being asked for each and every Consignment of artware and handicrafts.
Consignments not having such certificates are necessarily examined. Further, at some field formations certification by EPCH/ Development Commissioner (Handicrafts) on invoices is not accepted. Certification only on the body of shipping bill is insisted citing the board circular No 56/99-Cus dated 26.08.1999.

3) It is also been represented that lamps/lantern predominantly made of glass are not considered as handicrafts and exporters are not allowed to use the word handicraft in the description while filing shipping bills for these items even when certificates of development Commissioner (Handicrafts) certifying these goods as handicraft are submitted. As a result, exporters are deprived of the benefit of FPS which is available only on artware/handicrafts. Further, at some field formations, in case of artware or handicraft item made of more than one constituent material, drawback is either allowed on constituent materials separately or is allowed only on one of the constituent materials.

4) The matter has been examined. It is hereby clarified that certificate from EPCH/ Development Commissioner (Handicrafts) should not be asked for all consignments of Handicrafts/artware as a routine but only is cases of doubt. Certification of EPCH/ Development Commissioner (Handicrafts) on invoices may be accepted notwithstanding anything contained in the boards circular No 56/99-Cus dated 26.08.1999. Certification on photographs may also be accepted and the exporter, if required, may use the certified photograph for subsequent export consignments of that product. Further, every consignment which does not have development Commissioner (Handicrafts)/EPCH certificate, need not be examined. The Boards circular No 6/2002-Cus dated 23.01.2002 which prescribes examination norms for exports under drawback and other EP schemes should be applied to artware/handicraft consignments also. Normally, packages/shipments selected by the EDI system for examination only should be examined unless
there is some intelligence suggesting fraud/misuse. If there is a doubt on such examination about the goods being artware/handicraft, certificate from Development Commissioner (Handicrafts) /EPCH may be asked for. As clarified by the Board vide circular No 3/2010-Cus dated 12.02.2010, certificates issue by EPCH/Development Commissioner (Handicrafts) should normally be accepted and a decision to reject them should be taken only with approval of the Commissioner and after discussions with the certificate issuing authority. Exports should not, in the mean time, be held up.

5) It is also advised that as clarified by the Board circular No 3/2010-Cus and as provided in condition (3) of the drawback Schedule Notification No 84/2010-Cus (N.T.) dated 17.09.2010, alignment of Drawback Schedule with the customs traffic is not applicable to artware/handicraft items. If the export items such as lamps/lanterns are artware/handicraft items, they should be classified as artware/handicrafts in the specific headings provided for artware/handicraft items of iron, glass brass, iron and steel etc.in various chapters of the Drawback Schedule irrespective of their classification in the Customs Tariff/HSN and irrespective of whether there are other headings, covering those products more specifically, in the Drawback Schedule elsewhere. Further, as clarified by the Board vide circular No 3/2010-Cus dated 12.02.2010, artware or handicraft article made of more than one constituent material which predominates in it by weight. Once classification of such article in a heading/sub-heading of the drawback schedule has been determined, then the drawback rate and cap prescribed against that heading/sub heading should be applied to the whole article irrespective of the value or weight of different constituents.

6) Any difficulty in following the above mentioned instructions may be brought to the notice of the undersigned.
Copy to:

1. Member (Customs), CBEC, New Delhi
2. JS (Customs), CBEC, New Delhi
3. The Chief Commissioner of Customs, Mumbai Zone II
4. The Commissioner of Customs (Import), JNCH
5. All the Addl./Jt. Commissioner’s of Customs, JNCH,
6. Notice Board
7. All the concerned