



GOVERNMENT OF INDIA  
MINISTRY OF FINANCE : DEPARTMENT OF REVENUE  
**OFFICE OF THE COMMISSIONER OF CUSTOMS**  
**CUSTOM HOUSE : NEW HARBOUR ESTATE : TUTICORIN**  
Phone : 0461 - 2352964, 2354272 Fax : 0461 - 2352019

**Public Notice No: 2 / 2008**

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The following Circular issued by the Government of India, Ministry of Finance, Department of Revenue, Central Board of Excise & Customs is enclosed herewith for guidance of the Officers / Importers / Exporters / Clearing Agents and Trading Public.

Sl. No	Circular No./ Date/File No	Subject
1	CBEC Circular 02/2008-Cus dated 10.01.2008 (F.No. 609/327/2006-DBK)	<b>Classification of carpets and floor coverings having mixed composition in the Drawback Schedule.</b>

(Issued from file C.No.VIII/48/11/08 - Cus. Pol)

Dated: 21.01.2008  
Custom House, Tuticorin

*C. Gabriel Pandian*  
21.01.2008  
**(S.GABRIEL PANDIAN)**  
**ASSISTANT COMMISSIONER**

To  
As per Mailing List I.& II

Copy submitted to the Chief Commissioner of Customs (Prev.), Chennai.

*MW 22-1-08*  
**DESPATCHED**

**CIRCULAR NO.2 /2008-CUS**

**F.No. 609/327/2006-DBK**  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs

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New Delhi, the 10<sup>th</sup> January, 2008

To

All Chief Commissioners of Customs,  
All Chief Commissioners of Customs & Central Excise.  
All Commissioners of Customs/Customs (Prev.)/Customs & Central Excise/Central  
Excise.  
DG, CEIB, New Delhi.  
DG, Central Excise Intelligence/DGRI/DG(Export Promotion) DGI/DG, NACEN/DG  
(Systems & Data Management).  
Chief Departmental Representative, Customs, Excise & Service Tax Appellate Tribunal  
West Block -2, R.K. Puram, New Delhi.

**Sub: Classification of carpets and floor coverings having mixed composition in the  
Drawback Schedule.**

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I am directed to invite your attention to the above mentioned subject and to say that several representations have been received by the Board on the issue of classification of carpets having mixed composition under the Drawback Schedule, 2007-08. It has been represented that hand woven rugs/floor coverings made of 57% wool +25% cotton +18% viscose or 52% wool +13% nylon+ 35% cotton are being assessed by the Customs authorities under the Drawback Schedule entry 570299 ("others including coir mats") at the drawback rate of 2.5% instead of the entry number 570201 which covers carpets of wool or fine animal hair with a drawback of 12.5%. It has been further stated that in the Drawback Schedule, 2006-07 such items were being classified under the entry 570203 which read "others including of man-made fibers" with drawback rate of 9%. However, after creation of a separate entry for carpets and floor coverings of MMF in the Drawback Schedule, 2007-08 with a drawback rate of 12%, the carpets of mixed composition are being classified under the residuary entry 570299 which reads "others including coir mats" with a drawback rate of 2.5%. The Handloom Export Promotion Council (HEPC) has stated that carpets/floor coverings of wool contain other materials such as cotton, viscose, nylon etc. ranging between 10% to 40% and since the duty drawback rates are on ad valorem basis, any change in FOB value on account of composition or quality of goods would automatically determine the quantum of drawback. The HEPC has recommended that the carpets of mixed composition may be classified on the basis of predominant fibre.

2. The matter has been examined by the Board. It was clarified vide Circular No. 25/2007-Cus, dated 16.7.07 that hand knotted woolen carpets usually contain cotton yarn varying between 10% to 30% which is used as warp as well as backing and that these carpets may be allowed drawback @12.5% under Drawback Schedule S.No. 570101 which specifically covers knotted carpets of wool. Earlier, in case of export of carpets having 60% silk, 30% wool and 10% cotton, the Board vide letter No. 609/109/2005-DBK dated 11.7.2005 addressed to the Commissioner of Customs(Export), New Custom House, Delhi had clarified that the same may be classified as silk carpets. This clarification was issued on the basis that the major constituent material in the carpets in question was silk and not on the basis of any particular percentages of different constituent materials.

3. The HSN explanatory notes also acknowledge that carpets may consist of more than one textile material. The HSN notes under heading 5701 which covers knotted carpets state that the pile threads are usually of wool or silk but sometimes of mohair or Kashmir goat hair. The ground fabric is generally of cotton, wool or hair in the case of hand-made carpets, and of cotton, flax, hemp or jute in the case of machine-made carpets. The HSN notes under heading 5702 which covers woven carpets and floor coverings state that the pile yarn is usually of wool or a wool/nylon mixture, but it may also be of cotton, polyamide, acrylic, viscose or a blend of these fibers. The ground fabric is usually of cotton, jute or polypropylene.

4. Having regard to the position explained above, it is clarified that carpets and floor coverings, whether knotted, woven, tufted or others may be classified as carpets or floor coverings of that textile material (wool/ silk/ MMF etc.) which predominates by weight.

5. A suitable Public Notice for information of the Trade and Standing Order for guidance of the staff may be issued. Difficulties faced, if any, in implementation of the circular may be brought to the notice of the Board.

Receipt of this Circular may kindly be acknowledged.

Yours faithfully,

(P.K. MOHANTY)  
JOINT SECRETARY (DRAWBACK)