



Disbursal of Duty Drawback by PFMS

[Source: PIB](#)

Recently, the [Central Board of Indirect Taxes and Customs \(CBIC\)](#) has decided to **electronically** transfer [duty drawback funds](#) via the **Public Finance Management System (PFMS)**, directly to exporters' bank accounts to ensure transparency and efficiency.

What is Duty Drawback ?

- Duty drawback under **section 75 of the Customs Act, 1962** rebates customs duty chargeable on **any imported materials** or excisable materials used in the manufacture of **export goods**.
- This system **helps exporters mitigate some of the costs incurred during the export** process, particularly within the supply or value chain.

Public Financial Management System (PFMS)

- **About:**
 - It is a **web-based online software** application developed and implemented by the [Office of the Controller General of Accounts \(CGA\), Ministry of Finance](#). Initially launched in **2009** as a [Central Sector Scheme](#) by the [Planning Commission \(NITI Aayog\)](#).
- **The objective of PFMS:**
 - The overarching goal of PFMS is to facilitate a robust Public Financial Management System by establishing **an efficient fund flow system and a payment-cum-accounting network**.
 - Currently, the PFMS covers [Central Sector and Centrally Sponsored Schemes](#), as well as other expenditures, including [Finance Commission](#) grants.
 - PFMS provides stakeholders with a **real-time, reliable, and meaningful management information** system and an effective decision support system, aligning with the [Digital India initiative](#).
 - The system is integrated with the [core banking system in the country](#), enabling seamless financial transactions and facilitating transparency and accountability in the management of public funds.

What is the Significance of Electronic Disbursal of Duty Drawbacks?

- **Streamlining the Process:** **Electronically** transfer of **duty drawback funds** has been introduced to streamline the process, reduce processing time, eliminate manual intervention, and enhance transparency in customs operations.
- **Less Paperwork:** **It eliminates the need for physical documentation and manual processing, reducing the time and effort required to claim the refund.**
- **Promotes Transparency:** The electronic system enhances [transparency](#) by providing **exporters with real-time visibility** into their claims' status and enabling seamless refund process tracking.
- **Trade Facilitation:** This initiative aligns with CBIC's commitment to paperless customs and trade

facilitation, building upon its implementation of the [World Trade Organization's, Trade Facilitation Agreement \(TFA\)](#).

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q1. The SEZ Act, 2005 which came into effect in February 2006 has certain objectives. In this context, consider the following: (2010)

1. Development of infrastructure facilities.
2. Promotion of investment from foreign sources.
3. Promotion of exports of services only.

Which of the above are the objectives of this Act?

- (a) 1 and 2 only
- (b) 3 only
- (c) 2 and 3 only
- (d) 1, 2 and 3

Ans: (a)

Q2. A "closed economy" is an economy in which (2011)

- (a) the money supply is fully controlled
- (b) deficit financing takes place
- (c) only exports take place
- (d) neither exports or imports take place

Ans: (d)