**MCQ on Export Promotion Schemes Class Date\_7th, 8th, 14th and 15th September 2024**

**1. What is the primary purpose of an Advance Authorization under Customs?**

A) To allow duty-free import of capital goods  
B) **To allow duty-free import of inputs for export production**  
C) To facilitate import of luxury items for domestic consumption  
D) To provide duty refunds for past imports

**2. Under the Advance Authorization scheme, which of the following statements is true?**

A) The imported inputs can be sold in the domestic market.  
B) **The imported inputs must be used for export production.**  
C) The imported inputs can be used for any purpose, export or otherwise.  
D) The imported inputs must be re-exported without processing.

**3. Which authority issues the Advance Authorization in India?**

A) Customs Department  
**B) Directorate General of Foreign Trade (DGFT)**  
C) Ministry of Finance  
D) Reserve Bank of India (RBI)

**4. What is the validity period of an Advance Authorization, from the date of its issue?**

A) 6 months  
B) **12 months**  
C) 18 months  
D) 24 months

**5. What is the minimum value addition required for fulfilling export obligations under Advance Authorization?**

A) 10%  
B) 25%  
C) 20%  
D) **15**%

**6. Advance Authorization allows exemption from which of the following duties?**

A) Basic Customs Duty (BCD)  
B) IGST  
C) Compensation Cess  
**D) All of the above**

**7. What happens if the export obligation under Advance Authorization is not fulfilled within the stipulated time?**

A) No action is taken.  
B) **The importer has to pay applicable duties along with interest**.  
C) The license is revoked without penalties.  
D) The importer can extend the deadline indefinitely.

**8. Can an Advance Authorization be availed for supplies made to Special Economic Zones (SEZ)?**

A**) Yes**  
B) No  
C) Only for capital goods  
D) Only with special permission

**9. What is the main objective of the EPCG scheme?**

A) To promote the export of capital goods  
B) To provide subsidies for capital goods purchase  
C) **To allow duty-free import of capital goods for producing export goods**

D) To restrict imports of capital goods

**10. Under the EPCG scheme, capital goods can be imported at which of the following duty rates?**

A) 25%  
B) 10%  
**C) 0%**D) 5%

**11. What is the minimum export obligation under the EPCG scheme?**

A) **6 times the duty saved on capital goods**  
B) 8 times the duty saved on capital goods  
C) 10 times the duty saved on capital goods  
D) 12 times the duty saved on capital goods

**12. How long is the export obligation period under the EPCG scheme?**

A) 2 years  
B) 4 years  
C) **6 years**  
D) 8 years

**13. Which of the following entities can apply for the EPCG scheme?**

**A) Service providers and manufacturers**  
B) Only manufacturers  
C) Only service providers  
D) Only exporters of raw materials

**14. Capital goods imported under the EPCG scheme must be used for:**

A) Domestic market sales  
B) **Export production**  
C) Personal use  
D) Any commercial activity

**15. Can second-hand capital goods be imported under the EPCG scheme?**

A) Yes  
B) **No**  
C) Only with prior approval  
D) Only for specific industries

**16. What happens if the export obligation under the EPCG scheme is not fulfilled?**

A) No action is taken  
B) **The importer must pay applicable duties with interest**  
C) The importer is exempted from all obligations  
D) The capital goods are confiscated

**17. What is the primary objective of the EOU/EHTP/STPI/BTP schemes?**

A) To promote the import of raw materials  
B) **To promote exports and earn foreign exchange  
C**) To reduce domestic competition  
D) To allow duty-free imports for domestic sale

**18. Under the EOU/EHTP/STPI/BTP schemes, units are allowed to import which of the following without paying duties?**

A) **Raw materials, capital goods, and consumables**  
B) Finished products for retail  
C) Luxury goods  
D) Consumer goods

**19. What is the minimum Net Foreign Exchange (NFE) requirement for units operating under the EOU/EHTP/STPI/BTP schemes?**

A) 20%  
B) 50%  
C) 100%  
D) **Positive FE**

**20. Which government body is responsible for overseeing the STPI scheme?**

A) Ministry of Commerce  
B) **Ministry of Electronics and Information Technology (MeitY)**  
C) Ministry of Finance  
D) Directorate General of Foreign Trade (DGFT)

**21. Units operating under the EHTP scheme are primarily focused on:**

A) **Manufacturing of electronic hardware**  
B) Development of biotechnology products  
C) Software exports  
D) Textile exports

**22. Which of the following is true about BTP units?**

A) They are restricted to exports of IT services only  
B) **They are involved in the export of biotechnology products**  
C) They can sell their entire production in the domestic market  
D) They are exempt from all compliance requirements

**23. Can units under the EOU/EHTP/STPI/BTP schemes sell goods in the Domestic Tariff Area (DTA)?**

A) No, they are restricted to exports only  
B) Yes, without any conditions  
C) **Yes, but subject to payment of applicable duties and fulfillment of positive NFE**  
D) Yes, but only 100% of production

**24. What is the initial validity period of Letter of Permission (LoP) issued to EOUs?**

A) 2 years  
B) **5 years**  
C) 10 years  
D) Unlimited period

**25. Which of the following sectors can operate under the BTP scheme?**

A) Information Technology  
B) Pharmaceuticals  
C) **Biotechnology**  
D) Textiles

**26. What is the primary objective of establishing Special Economic Zones (SEZ)?**

A) To promote domestic retail  
B) **To attract foreign direct investment (FDI) and boost exports**  
C) To restrict imports  
D) To encourage local employment in agriculture

**27. Which of the following activities can be carried out in an SEZ?**

A) Only manufacturing  
B) Only trading  
C) **Manufacturing, services, and trading**  
D) Only export of raw materials

**28. What are the benefits for units operating within an SEZ?**

A) Full customs duty exemption on imports  
B) Income tax exemption on export profits  
C) Exemption from Goods and Services Tax (GST)  
D) **All of the above**

**29. FTWZs (Free Trade and Warehousing Zones) are designed for which of the following purposes?**

A) Promotion of local retail  
B) **Creation of large warehousing and trading hubs for re-export**  
C) Development of residential infrastructure  
D) Encouragement of agricultural exports

**30. Which government authority oversees the functioning of SEZs in India?**

A) Reserve Bank of India (RBI)  
B) **Ministry of Commerce and Industry**  
C) Ministry of Finance  
D) Directorate General of Foreign Trade (DGFT)

**31. Which of the following is NOT a feature of an SEZ?**

A) Duty-free imports of capital goods and raw materials  
B) Income tax exemption for initial years  
C) Free movement of goods within the SEZ  
D) **Free access to the domestic market without customs duty**

**32. What is the primary function of a Free Trade and Warehousing Zone (FTWZ)?**

A) To promote agricultural exports  
B) **To create warehousing infrastructure for goods meant for re-export**  
C) To establish residential zones  
D) To develop domestic retail businesses

**33. Can units in SEZs and FTWZs engage in domestic sales?**

A) Yes, without any restrictions  
B) **Yes, but subject to payment of applicable duties**  
C) No, they can only export  
D) Yes, but only for 100% export-oriented units

**34. FTWZs are primarily aimed at which of the following sectors?**

A) **Trading, warehousing, and logistics**  
B) Real estate development  
C) Agriculture and fisheries  
D) Education and healthcare

**35. How long is the initial tax holiday for SEZ units?**

A) 3 years  
B) 5 years  
C) **10 years**  
D) 15 years

**36. What is the main purpose of the Duty Drawback scheme?**

A) To provide subsidies to exporters  
B) **To refund duties paid on imported or excisable goods used in the manufacturing of export goods**C) To promote imports  
D) To offer tax incentives for domestic sales

**37. Who is eligible to claim Duty Drawback?**

A) Only manufacturers  
B) Only traders  
C) **Exporters of goods who have paid import or excise duties on inputs**  
D) Only service providers

**38. Under which act is the Duty Drawback scheme governed?**

A) Foreign Trade (Development and Regulation) Act  
B) **Customs Act, 1962**  
C) GST Act, 2017  
D) Income Tax Act

**39. What is the objective of the RoDTEP scheme?**

A) To provide direct subsidies to exporters  
B) **To refund embedded taxes and duties not refunded under other schemes**  
C) To replace the Duty Drawback scheme  
D) To promote import substitution

**40. Which scheme did RoDTEP replace in 2021?**

**A) MEIS (Merchandise Exports from India Scheme)**  
B) EPCG (Export Promotion Capital Goods)  
C) SEIS (Service Exports from India Scheme)  
D) DEPB (Duty Entitlement Passbook Scheme)

**41. How is the RoDTEP benefit provided to exporters?**

A) In the form of a cash refund  
B) **As a transferable duty credit e-scrip**  
C) As a tax holiday  
D) As a direct bank transfer

**42. Can both Duty Drawback and RoDTEP be claimed on the same export consignment?**

A) Yes, but only on certain goods  
B) **No, it is prohibited**C) Yes, but RoDTEP benefits will exclude any taxes already refunded under Duty Drawback  
D) Yes, with special permission

**43. What is the overarching goal of India’s Foreign Trade Policy (FTP) 2023-28?**

A) To reduce imports of luxury goods  
B) **To promote exports and achieve $2 trillion in goods and services exports by 2030**  
C) To limit foreign trade to neighboring countries  
D) To encourage only agricultural exports

**44. The FTP 2023-28 aims to enhance the role of districts as export hubs. What is this initiative called?**

A) District Development Scheme  
B) **One District, One Product (ODOP)**C) District Export Promotion Council  
D) Local Export Promotion Scheme

**45. Which of the following sectors has been given special emphasis in the FTP 2023-28?**

A) Automobile and heavy engineering  
B) **Green energy and e-commerce**  
C) Mining and quarrying  
D) Real estate and construction

**46. What key change was introduced in the FTP 2023-28 regarding the export obligation period under the EPCG scheme?**

A) The export obligation period has been reduced to 3 years  
B) The export obligation period has been increased to 10 years  
C) There is no change in the export obligation period  
D) **Export obligation fulfillment now includes services exports**

**47. What is the main focus of the FTP 2023-28 concerning e-commerce?**

A) To restrict e-commerce exports  
B) **To promote e-commerce exports with simplified procedures**  
C) To impose additional taxes on e-commerce  
D) To allow only domestic e-commerce

4**8. Which export promotion scheme has been replaced under the FTP 2023-28?**

A) **Merchandise Exports from India Scheme (MEIS)**B) Advance Authorization Scheme  
C) EPCG Scheme  
D) Duty Drawback Scheme