MCQ on International Trade – Export Class Date – 16.02.2025 & 23.02.2025

1. What is considered as 'Export of Goods' under GST?

A) Supply of goods from one state to another within India
B) Supply of goods to SEZ unit within India
C) Supply of goods outside India
D) Supply of goods from one branch to another within the same state

2. What is the rate of GST on exports?

A) 0 %
B) 18%
C) 0%
D) 28%

3. Under GST, exporters can claim refund of GST paid under which of the following options?

A) Export under Bond/LUT without payment of tax
B) Export with payment of tax and claim refund
C) Both A & B
D) None of the above

4. What is the full form of LUT in GST?

A) Legal Undertaking
B) Limited Undertaking
C) Letter of Undertaking
D) Letter of Understanding

5. Which form is required for applying for LUT under GST?

A) GST RFD-01
B) GST RFD-11

C) GSTR-1
D) GSTR-3B

6. What is the time limit for claiming refund of GST on exports?

A) 1 year from the date of export
B) 2 years from the relevant date
C) 6 months from the date of export
D) No time limit

7. What is the maximum time period for receipt of export proceeds under FEMA regulations?

A) 6 months
B) 9 months
C) 1 year
D) 2 years

8. What is the minimum turnover limit for mandatory LUT filing in GST?

A) ₹50 lakh
B) ₹1 crore
C) ₹2 crore
D) No minimum limit

9. Under GST, which document is required for proof of export?

A) Shipping Bill
B) Bill of Supply
C) Delivery Challan
D) Tax Invoice

10. Which of the following is NOT an export under GST?

A) Sale of goods to a foreign customer
B) Supply of goods to SEZ unit

C) Providing services to a client in the USA
D) Selling goods on an e-commerce platform within India

11. What is the first step in the export procedure?

A) Filing of GSTR-3B
B) Submission of Letter of Undertaking (LUT) or Payment of IGST
C) Issuance of e-Way Bill
D) Filing of GSTR-1

12. Which document is mandatory for customs clearance in case of export of goods?

A) Shipping Bill
B) Tax Invoice
C) Delivery Challan
D) e-Way Bill

13. Which authority is responsible for granting permission for export clearance?

A) GST Department
B) Income Tax Department
C) Directorate General of Foreign Trade (DGFT)
D) Customs Department

14. What are the modes of exporting goods from India?

A) By Air
B) By Sea
C) By Land or Rail
D) All of the above

15. Which of the following is NOT a valid export mode?

A) Export by Sea
B) Export by Air

C) Export by Telecommunication
D) Export by Land

16. What is an Export Warehouse?

A) A place where goods are stored before being exported
B) A warehouse for imported goods
C) A warehouse for domestic sales
D) A place for storing rejected goods

17.What is the purpose of an Export Warehouse?

A) To store imported goods
B) To defer tax payment until the goods are exported
C) To sell goods in the domestic market
D) To avoid paying customs duty on imports

18. Who grants permission for setting up an Export Warehouse?

A) GST Department
B) Income Tax Department
C) Customs Authority
D) Ministry of Finance

19. What is the maximum period for which goods can be stored in an Export Warehouse?

A) 1 year
B) 3 years
C) 5 years
D) No time limit

20. Under which section of the Customs Act is warehousing allowed?

A) Section 2
B) Section 19

C) Section 58
D) Section 80

21. What is a Bonded Warehouse?

A) A warehouse where customs duty is deferred until goods are removed
B) A warehouse for storing damaged goods
C) A warehouse for storing goods for domestic supply
D) A warehouse operated by private traders

22. What is the role of a Customs Bond in an Export Warehouse?

A) To guarantee that goods will be exported without duty evasion
B) To pay customs duty in advance
C) To store goods permanently
D) To allow resale of goods within India

23. In India, export warehouses are monitored by which department?

A) RBI
B) CBIC (Central Board of Indirect Taxes and Customs)
C) SEBI
D) Ministry of Corporate Affairs

24. What is the basis for valuing exported goods under GST?

A) CIF (Cost, Insurance, and Freight) value
B) FOB (Free on Board) value
C) Transaction value
D) Retail price in India

25. Which rule governs the valuation of exported goods under the Customs Act, 1962?

A) Customs Valuation (Determination of Value of Export Goods) Rules, 2007
B) GST Valuation Rules, 2017

C) Foreign Exchange Management Act, 1999
D) SEZ Rules, 2005

26. In case of export under LUT without payment of IGST, at what value should the supply be declared in GSTR-1?

A) Declared invoice value
B) 50% of invoice value
C) CIF value
D) Domestic market price

27. Under GST, which value is used for determining export incentives?

A) FOB (Free on Board) value
B) CIF (Cost, Insurance, and Freight) value
C) Domestic sale price
D) Declared value including GST

28. How is the exchange rate determined for the valuation of export goods?

A) Based on the rate declared by the exporter
B) As per the rate declared by the importer
C) As per the exchange rate notified by CBIC
D) Based on the rate in the exporter's bank

29. If the invoice is issued in a foreign currency, at which exchange rate should the conversion be made for GST filing?

A) Bank's exchange rate
B) CBIC exchange rate on the date of supply
C) Exchange rate of the last financial year
D) Any exchange rate chosen by the exporter

30. What is the method used for determining the customs value of exported goods when transaction value is not available?

A) Computed Value Method
B) Deductive Value Method
C) Comparative Method
D) Any reasonable means based on available data

31. In case of export under refund of IGST, what is the maximum refund available?

A) IGST paid or FOB value, whichever is lower
B) IGST paid or CIF value, whichever is lower
C) 50% of IGST paid
D) Entire IGST paid, regardless of invoice value

32. When goods are exported at a price lower than their cost, how is their value determined?

A) Based on the exporter's declared value
B) Based on domestic market value
C) Based on comparable exports of similar goods
D) Based on a price negotiated between the exporter and customs

33. If the transaction value of exported goods is influenced by a related party transaction, how is the valuation done?

A) Accept the declared value
B) Take the domestic sale price
C) Use the transaction value of similar goods exported to an unrelated party
D) Ignore valuation and approve exports

34. What is Pre-Shipment Finance?

A) Finance provided after the goods are shipped
B) Finance given before shipment to procure raw materials and process goods
C) Finance given for domestic trade
D) Finance given only after export realization

35. What is Post-Shipment Finance?

A) Finance provided before shipment of goods
B) Finance given to exporters after shipment but before payment realization
C) Finance given for domestic sales
D) Finance provided after six months of shipment

36. Which of the following is NOT a type of Pre-Shipment Finance?

A) Packing Credit in Foreign Currency (PCFC)
B) Packing Credit in Indian Rupees (PCIR)
C) Export Credit Refinance
D) Bill Discounting

37. Which financial institution plays a key role in providing export finance in India?

A) RBI
B) SEBI
C) EXIM Bank
D) NABARD

38. Under Pre-Shipment Finance, what is the maximum period for which packing credit can be sanctioned?

A) 90 days
B) 180 days
C) 270 days
D) 1 year

39. Which type of export finance is provided to exporters in foreign currency?

A) Packing Credit in Foreign Currency (PCFC)
B) Term Loan
C) Overdraft Facility
D) Cash Credit

40. What is the maximum time limit for Post-Shipment Finance?

A) 30 days
B) 90 days
C) 180 days
D) 1 year

41. What is the purpose of Export Credit Refinance (ECR)?

A) To provide long-term loans to exporters
B) To refinance banks that have given export credit
C) To provide finance for domestic trade
D) To regulate foreign exchange rates

42. Which of the following is TRUE about Post-Shipment Finance in Foreign Currency (PSFC)?

A) It is given before shipment
B) It is provided to exporters to bridge the gap between shipment and payment realization
C) It is only available in Indian Rupees
D) It does not cover bills drawn under letters of credit

43. What is Trade Credit Insurance?

A) Insurance that covers domestic sales only
B) Protection against non-payment by buyers in international and domestic trade
C) Insurance for machinery breakdowns
D) Coverage for theft and burglary of goods

44. Which organization provides Trade Credit Insurance for Indian exporters?

A) RBI
B) SEBI
C) ECGC (Export Credit Guarantee Corporation)
D) IRDAI

45. What type of risks are covered by ECGC?

A) Commercial Risks
B) Political Risks
C) Both A & B
D) None of the above

46. Which risk is NOT covered under ECGC policies?

A) Insolvency of the buyer
B) Prolonged default in payment
C) Currency fluctuations
D) War or civil disturbances in the buyer's country

47. What is the maximum coverage provided by ECGC under its export credit insurance?

A) 50% of the invoice value
B) 75% of the invoice value
C) 90% of the invoice value
D) 100% of the invoice value

48. How does war affect international trade?

A) Disrupts supply chains and increases transportation costs
B) Reduces import tariffs
C) Improves trade relations between warring countries
D) Increases foreign investments

49. What is a key risk for exporters trading with sanctioned countries?

A) Reduced customs duties
B) Penalties and trade restrictions from home country regulations
C) Faster payment processing
D) Guaranteed payment security

50. Which of the following is the main objective of transfer pricing regulations?

A) To reduce production costs
B) To prevent tax evasion and profit shifting
C) To increase import duties
D) To promote currency exchange