

**MCQ on International Trade – Imports Class Date – 01.02.2025, 02.02.2025
09.02.2025**

1. What is the primary objective of the Foreign Trade Policy (FTP) 2023?

- a) To reduce exports and focus on the domestic market
- b) To promote ease of doing business and boost exports**
- c) To restrict foreign investment in India
- d) To increase import duties on all goods

2. Under FTP 2023, what is the targeted export milestone for India?

- a) \$500 billion
- b) \$1 trillion
- c) \$750 billion
- d) \$2 trillion**

3. What major change has been introduced for e-commerce exports under FTP 2023?

- a) Prohibition of e-commerce exports
- b) No changes have been made
- c) Integration of e-commerce exports with foreign trade facilitation**
- d) Mandatory government approval for all e-commerce transactions

4. Which sector is expected to benefit the most from FTP 2023?

- a) Oil & Gas
- b) Manufacturing & MSMEs**
- c) Automobiles
- d) Agriculture

5. The Foreign Trade Policy 2023 follows which approach?

- a) Short-term policy with annual revisions
- b) Long-term policy with no changes**

- c) **Dynamic and flexible approach without a fixed end date**
- d) A 10-year policy with fixed guidelines

6. Which organization is responsible for implementing FTP 2023?

- a) Reserve Bank of India (RBI)
- b) **Directorate General of Foreign Trade (DGFT)**
- c) Securities and Exchange Board of India (SEBI)
- d) Ministry of Finance

7. Under FTP 2023, which initiative supports startups in the export sector?

- a) Startup India Export Hub
- b) **Districts as Export Hubs**
- c) Digital India Export Scheme
- d) National E-commerce Promotion Scheme

8. What does SCOMET stand for?

- a) Special Commodities and Export Trade
- b) Special Clearance of Materials for Export Trade
- c) Scientific Chemicals and Overseas Material Export Terms
- d) **Special Chemicals, Organisms, Materials, Equipment, and Technologies**

9. Who regulates the export of SCOMET items in India?

- a) Reserve Bank of India (RBI)
- b) **Directorate General of Foreign Trade (DGFT)**
- c) Ministry of Home Affairs
- d) Securities and Exchange Board of India (SEBI)

10. SCOMET items are primarily controlled for which of the following reasons?

- a) To promote unrestricted global trade
- b) **To prevent proliferation of weapons of mass destruction (WMD)**

- c) To increase India's defense exports
- d) To encourage foreign direct investment

11. What is required for exporting SCOMET items from India?

- a) No special approval is needed
- b) Approval from SEBI
- c) An Export License from DGFT**
- d) Only an invoice and packing list

12. Which international non-proliferation agreement is India a part of that affects SCOMET regulations?

- a) Wassenaar Arrangement**
- b) NAFTA
- c) SAARC Trade Agreement
- d) World Trade Organization (WTO)

13. The Foreign Exchange Management Act (FEMA) was enacted in which year?

- a) 1991
- b) 1999**
- c) 2005
- d) 2013

14. What was FEMA introduced to replace?

- a) Income Tax Act, 1961
- b) Foreign Contribution Regulation Act (FCRA)
- c) Foreign Exchange Regulation Act (FERA)**
- d) SEBI Act, 1992

15. Which regulatory body oversees FEMA compliance in India?

- a) Securities and Exchange Board of India (SEBI)
- b) Reserve Bank of India (RBI)**

- c) Directorate General of Foreign Trade (DGFT)
- d) Ministry of Finance

16. Under FEMA, which type of transactions are classified as “Capital Account Transactions”?

- a) Payments for imports of goods
- b) Payments for travel expenses
- c) Remittances for family maintenance
- d) Foreign investment in India**

17. FEMA regulates which of the following?

- a) Domestic stock market operations
- b) International trade agreements
- c) Foreign exchange transactions**
- d) Real estate laws in India

18. What is the penalty for violating FEMA regulations?

- a) Up to twice the amount involved in the violation**
- b) A flat fine of ₹50,000
- c) Imprisonment for 10 years
- d) No penalty, only a warning

19. Which of the following is a key objective of FEMA?

- a) Controlling and restricting foreign exchange
- b) Facilitating external trade and payments**
- c) Increasing export duties
- d) Banning foreign direct investment

20. Which authority has the power to compound (settle) FEMA violations?

- a) Enforcement Directorate (ED)
- b) Reserve Bank of India (RBI)**

- c) Central Bureau of Investigation (CBI)
- d) Securities and Exchange Board of India (SEBI)

21. What is a High Seas Sale (HSS)?

- a) A sale that takes place at seaports only
- b) A sale of goods after they have arrived in India
- c) A sale of goods while they are still in transit, before reaching the port of destination**
- d) A sale of goods within a duty-free zone

22. At what point does ownership transfer in a High Seas Sale?

- a) Before the goods are shipped from the exporting country
- b) While the goods are in transit but before they arrive at the port of destination**
- c) After customs clearance in India
- d) Only after delivery to the buyer's warehouse

23. In a High Seas Sale, who is responsible for customs clearance in India?

- a) The original seller/exporter
- b) The original buyer (who then sells it)
- c) The final buyer who receives the goods**
- d) The shipping company

24. Which of the following is NOT a requirement for a valid High Seas Sale?

- a) The sale must take place before the goods arrive at the destination port
- b) The transaction must be documented through a High Seas Sale Agreement
- c) The sale must be completed before the Bill of Entry is filed
- d) The final buyer must be an Indian citizen**

25. Under Indian customs law, how is the value of goods determined for duty purposes in a High Seas Sale?

- a) The original invoice value before High Seas Sale
- b) The final price agreed upon in the High Seas Sale transaction**
- c) The lowest price among all previous transactions
- d) Customs duty is waived for High Seas Sale

26. What is the main benefit of a High Seas Sale?

- a) Avoiding customs duty
- b) Reducing GST liability
- c) Flexibility in changing ownership without waiting for goods to arrive**
- d) Avoiding import restrictions

27. A High Seas Sale can take place at which stage of a transaction?

- a) After customs clearance in India
- b) After the Bill of Entry is filed
- c) Before the goods reach the destination port**
- d) After the goods reach the buyer's warehouse

28. Who regulates bonded warehouses in India?

- a) Reserve Bank of India (RBI)
- b) Directorate General of Foreign Trade (DGFT)
- c) Central Board of Indirect Taxes and Customs (CBIC)**
- d) Securities and Exchange Board of India (SEBI)

29. What is the key benefit of using a bonded warehouse?

- a) Immediate exemption from all customs duties
- b) Deferred payment of customs duty until goods are cleared for domestic use**
- c) Goods can be sold in the domestic market without paying GST
- d) No requirement for customs clearance

30. Which of the following goods can be stored in a bonded warehouse?

- a) Only perishable goods
- b) Only goods meant for export
- c) Both imported goods and goods meant for re-export**
- d) Goods that have already cleared customs

31. When are customs duties paid on goods stored in a bonded warehouse?

- a) At the time of entry into the warehouse
- b) Only when the goods are removed for domestic consumption**
- c) Never, as bonded warehouses are duty-free
- d) Before storing goods in the bonded warehouse

32. What is the primary function of the Special Valuation Branch (SVB)?

- a) To assess and determine the customs duty for all imports
- b) To investigate transactions involving related-party imports to ensure correct valuation**
- c) To provide customs clearance for exports
- d) To regulate domestic trade pricing

33. Which authority operates the Special Valuation Branch (SVB) in India?

- a) Reserve Bank of India (RBI)
- b) Securities and Exchange Board of India (SEBI)
- c) Central Board of Indirect Taxes and Customs (CBIC)**
- d) Ministry of Finance

34. What is the main objective of SVB investigations?

- a) To determine whether the declared import price is influenced by the relationship between the buyer and seller**
- b) To impose additional customs duties on high-value goods
- c) To regulate foreign exchange transactions
- d) To provide exemptions from import duties

35. What are Rules of Origin (RoO) primarily used for?

- a) Determining the origin of goods for customs duty purposes**
- b) Regulating domestic trade policies
- c) Determining the expiry date of imported products
- d) Fixing the selling price of imported goods

36. Rules of Origin are crucial in the application of which of the following?

- a) Goods and Services Tax (GST)
- b) Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs)**
- c) Domestic income tax policies
- d) Banking regulations

37. Which of the following is NOT a criterion for determining the origin of goods?

- a) Wholly obtained or produced
- b) Substantial transformation
- c) Change in tariff classification
- d) Brand name of the manufacturer**

38. What does "Change in Tariff Classification" (CTC) mean in Rules of Origin?

- a) The product undergoes a change in its Harmonized System (HS) code after processing**
- b) The product's price changes due to international demand
- c) The import duty on the product is revised by the government
- d) The product is transferred from one bonded warehouse to another

39. Which of the following documents is typically required to prove the origin of goods under RoO?

- a) Bill of Entry
- b) Certificate of Origin**
- c) Packing List
- d) Transport Bill

40. What is the consequence of failing to comply with Rules of Origin requirements?

- a) Automatic approval of the consignment
- b) Denial of preferential tariff benefits**
- c) Exemption from all customs duties
- d) Immediate re-export of the goods