

**MCQ on Customs Act, Export Promotion Schemes Class Date 27.12.2025 &  
10.01.2026**

**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)