

FOREIGN TRADE POLICY

MULTIPLE CHOICE QUESTIONS

- Foreign Trade Policy (FTP) is a set of guidelines or instructions issued by the _____ in matters related to import and export of goods in India i.e. foreign trade.
 - CBIC
 - Central Government
 - President of India
 - State Government
- The Foreign Trade Policy, in general, aims at –
 - Developing export potential
 - Improving export performance
 - Improving efficiency and competitiveness of the Indian industries
 - All of the above
- The main legislation concerning the foreign trade is _____.
 - The Central Excise Act, 1944
 - The Custom Act, 1962
 - Foreign Trade (Development and Regulation) Act, 1992
 - The Custom Tariff Act, 1975
- As per the provisions of FT (D&R) Act, 1992 the _____ may make provisions for facilitating and controlling foreign trade.
 - CBIC
 - Union Ministry of Commerce and Industry, Government of India
 - Director General of Foreign Trade
 - Ministry of Finance
- As per the provisions of FT (D&R) Act, 1992 the Government is also authorized to appoint _____ for the purpose of the Act, including formulation and implementation of the export-import policy.
 - Commerce and Industry Minister
 - President of National Chamber of Commerce
 - Director General of Foreign Trade
 - Secretary General of National Chamber of Commerce
- Under foreign trade policy, export and import of goods are broadly categorized as –
 - Free
 - Restricted
 - Prohibited
 - All of the above

7. The number of mandatory documents required for exports and imports of goods from/into India have been reduced to _____.
- 3 each
 - 2 each
 - 4 each
 - 1 each
8. Who is the chairman of the Board of Trade?
- Commerce and Industry Minister
 - Director General of Foreign Trade
 - President of National Chamber of Commerce
 - Secretary General of National Chamber of Commerce
9. Who is the ex-official member of Board of trade?
- Chairmen of recognized Export Promotion Councils
 - President of National Chambers of Commerce
 - Secretary-Generals of National Chambers of Commerce
 - All of the above
10. Board of trade will meet at least once in _____.
- Every quarter
 - Every month
 - Every six months
 - Every year
11. Who is the chairman of Policy Interpretation Committee?
- Development Commissioner
 - Director General of Foreign Trade
 - Joint Director General of Foreign Trade
 - Additional Director General of Foreign Trade
12. Joint Director General of Foreign Trade shall be _____ of the Policy Interpretation Committee.
- Chairman
 - Member
 - Member Secretary
 - Vice Chairman
13. DGFT may, through a notification, impose restrictions on export and import, necessary for :
- Protection of public morals, human, animal or plant life or health.
 - Prevention of traffic in arms, ammunition and implements of war and use of prison labour.
 - Conservation of exhaustible natural resources.
 - All of the above
- Ch Sep 25
14. Authorization for export/ import of restricted goods cannot be claim as right. Who have the power to refuse to grant or renew the same in accordance with FT (D&R) Act?
- Director General of Antidumping authority
 - Director General (Safeguards)
 - Director General of Foreign Trade or Regional Authority
 - Board of Trade
15. Import Export Code is ___ digit PAN based code.
- 10
 - 6
 - 4



- (d) 11
16. An Import Export Code is a 10 character ___ allotted to a person that is mandatory for undertaking any export/ import activities.
- (a) Alpha-numeric numbers
 - (b) Alpha-numeric number with special character
 - (c) Alpha number
 - (d) Numeric number
17. Which of the following is not a mandatory document required for export of goods from India?
- (a) Bill of Lading/Airway Bill/Lorry Receipt/ Railway Receipt/ Postal Receipt
 - (b) Commercial Invoice cum Packing List
 - (c) Bill of Entry
 - (d) Shipping Bill/ Bill of Export
18. Mandatory documents required for import of goods into India is –
- (a) Bill of Lading/Airway Bill/Lorry Receipt/ Railway Receipt/Postal Receipt
 - (b) Bill of Entry
 - (c) Commercial Invoice cum Packing List
 - (d) All of the above
19. Which of the following second hand capital good import is not restricted?
- (a) Personal computer/ laptops including their refurbished/ re-conditioned spares
 - (b) Air conditioner, diesel generating sets
 - (c) Refurbished/ re-conditioned spares of capital goods subject to production of chartered engineer certificate to the effect that such spare have at least @ 80% residual life of original spare
 - (d) Photocopier machines/ Digital multifunction Print & Copying Machines
20. Samples of tea upto ___ (CIF) per consignment will be allowed without authorization.
- (a) ₹ 2,000
 - (b) ₹ 5,000
 - (c) ₹ 1,000
 - (d) ₹ 3,000
21. Samples upto ___ can be imported by all exporters without duty.
- (a) ₹ 1,00,000
 - (b) ₹ 2,00,000
 - (c) ₹ 3,00,000
 - (d) ₹ 4,00,000
22. Goods, including edible items, of value not exceeding ___ in a licensing year, may be exported as a gift.
- (a) ₹ 4,00,000
 - (b) ₹ 5,00,000
 - (c) ₹ 3,00,000
 - (d) ₹ 2,00,000
23. Export related stock may be seized by the concerned agencies in on basis of prima facie evidence of serious irregularity. However, such seizure should be lifted within ___ unless the irregularities are substantiated.
- (a) One month
 - (b) 7 Days
 - (c) 15 days
 - (d) Six months



24. What is the prescribed value limit under foreign trade policy for export through courier service?
- (a) ₹ 10,00,000 per consignment
 - (b) ₹ 5,00,000 per consignment
 - (c) ₹ 8,00,000 per consignment
 - (d) ₹ 6,00,000 per consignment
25. Who is authorized to grant registration-cum-membership certificate under FTP?
- (a) Export Promotion Council
 - (b) Commodity Board
 - (c) Development Authority
 - (d) All of the above
26. For grant of status of two star export house, they should have export performance of FOB/ FOR value US \$ _____ million in previous 3 financial years.
- (a) 3
 - (b) 50
 - (c) 200
 - (d) 15
27. For grant of status of three star export house, they should have export performance of FOB/ FOR value US \$ _____ million in previous 3 financial years.
- (a) 3
 - (b) 50
 - (c) 15
 - (d) 200
28. Five Star Export House should have export performance of FOB/ FOR value US \$ _____ million in previous 3 financial years.
- (a) 3
 - (b) 50
 - (c) 200
 - (d) 800
29. Letter of permit for Export Oriented Unit is to be issued by _____.
- (a) Central Board of Indirect Tax and Customs
 - (b) Development Commissioner
 - (c) Reserve Bank of India
 - (d) Director General of Foreign Trade
30. Trading unit undertaking to export may be set up under EOU Scheme for _____.
- (a) Bio Technology
 - (b) Rendering of service
 - (c) Agriculture including agro processing
 - (d) None of the above
31. If any question or doubt arises in respect of interpretation of any provision relating to foreign trade policy, said question or doubt shall be referred to _____ whose decision thereon shall be final and binding.
- (a) DGFT
 - (b) CBIC
 - (c) GST council
 - (d) CBDT
32. Which of the following is a term and condition of authorization—
- (a) Quantity, description and value of goods;
 - (b) Actual User condition;
 - (c) Minimum Value Addition to be achieved
 - (d) All of the above
33. For calculating export performance for grant of One Star Export House Status category, exports by IEC holders under the



following categories shall be granted double weightage:

- (i) Micro, Small & Medium Enterprises (MSME) as defined in Micro, Small & Medium Enterprises Development (MSMED) Act 2006
- (ii) Manufacturing units having ISO/BIS
- (iii) Units located in North Eastern States including Sikkim and Jammu & Kashmir
- (iv) Units located in Agri Export Zones.

- (a) (i)
- (b) (i) and (ii)
- (c) (i) and (iii)
- (d) (i), (ii), (iii) and (iv)

34. Which of the following are privileges to Status holders—

- (i) Authorisation and custom clearances for both imports and exports on self-declaration basis.
 - (ii) Fixation of Input Output Norms (SION) on priority i.e. within 60 days by Norms Committee.
 - (iii) Exemption from compulsory negotiation of documents through banks. The remittance/ receipts, however, would continue to be received through banking channels.
 - (iv) Exemption from furnishing of Bank Guarantee in Schemes under FTP.
- (a) (i) and (ii)
 - (b) (i) and (iii)
 - (c) (i), (ii) and (iii)
 - (d) All of the above

35. Which of the following is not eligible to imported under EPCG scheme—

- (a) Capital Goods including capital goods in CKD/SKD condition
- (b) Computer systems and software which are a part of the Capital Goods being imported
- (c) Spares, moulds, dies, jigs, fixtures, tools & re-fractories
- (d) Second hand capital goods

36. Which of the following is not eligible to imported under EPCG scheme—

- (a) Capital Goods including capital goods in CKD/SKD condition
- (b) Computer systems and software which are a part of the Capital Goods being imported
- (c) Spares, moulds, dies, jigs, fixtures, tools & re-fractories
- (d) Second hand capital goods

37. XYZ Ltd. has imported inputs without payment of duty under Advance Authorization. The CIF value of such inputs is ₹ 10,00,000. The inputs are processed and the final product is exported. The exports made by XYZ Ltd. are subject to general rate of value addition prescribed under Advance Authorization Scheme. No other input is being used by XYZ Ltd. in the processing. What should be the minimum FOB value of the exports made by the XYZ Ltd. as per the provisions of Advance Authorization?

- (a) ₹ 11,50,000
- (b) ₹ 15,00,000
- (c) ₹ 12,00,000
- (d) ₹ 10,00,000

Chp Sep 25

38. For advance authorization in respect of annual requirement, Entitlement in terms of CIF value of imports shall be upto 300% of the FOB value of physical export and/ or



FOR value of deemed export in preceding financial year or ₹ 1 crore, whichever is higher.

- (a) 300% of the FOB value of physical export and/ or FOR value of deemed export in preceding financial year or ₹ 1 crore, whichever is higher.
- (b) 300% of the FOB value of physical export and/ or FOR value of deemed export in preceding financial year or ₹ 1 crore, whichever is lower.
- (c) 500% of the FOB value of physical export and/ or FOR value of deemed export in preceding financial year or ₹ 5 crore, whichever is higher.
- (d) 500% of the FOB value of physical export and/ or FOR value of deemed export in preceding financial year or ₹ 5 crore, whichever is lower.

39. In case of DFIA, Minimum value addition of _____ shall be required to be achieved except for physical exports for which payments are not received in freely convertible currency.

- (a) 20%
- (b) 15%
- (c) 10%
- (d) 30%

40. Value of the goods for calculation of duty credit to be allowed under the RoDTEP scheme shall be _____

- (a) the declared export FOB value of the said goods or up to 1.5 times the market price of the said goods, whichever is less.
- (b) the declared export FOB value of the said goods or up to 1.5 times the market price of the said goods, whichever is more.

- (c) the declared export FOB value of the said goods or up to 2 times the market price of the said goods, whichever is more.
- (d) the declared export FOB value of the said goods or up to 2 times the market price of the said goods, whichever is less.

41. Which of the following is Ineligible supplies/ items/ categories under RoDTEP scheme :

- (a) Export of imported goods in same or substantially the same form
- (b) Exports through trans-shipment, meaning thereby exports that are originating in third country but trans-shipped through India
- (c) Export products which are subject to minimum export price or export duty
- (d) All of the above

42. Import under EPCG Scheme shall be subject to an export obligation equivalent to _____ of duties, taxes and cess saved on capital goods, to be fulfilled in _____ reckoned from date of issue of Authorisation.

- (a) 6 times, 5 years
- (b) 5 times, 6 years
- (c) 5 times, 5 years
- (d) 6 times, 6 years

43. The exports by IEC holders under the following categories shall be granted double weightage for calculation of export performance for grant of status.

- (a) Micro, Small & Medium Enterprises (MSME)
- (b) Manufacturing units having ISO/BIS.
- (c) Manufacturing units having ISO/BIS.



- (d) All of the above.
44. The validity period for import of Advance Authorisation shall be _____ from the date of issue of Authorisation.
- (a) 15 months
(b) 24 months
(c) 6 months
(d) 12 months
45. Mandatory spares which are required to be exported/supplied with resultant product permitted upto _____ of CIF value of Authorization.
- (a) 15%
(b) 20%
(c) 5%
(d) 10%
46. The Export Obligation Period (EOP) of Advance Authorisations issued for such items shall be _____ days from the date of clearance of import consignment and no extension in EOP shall be allowed. Such import shall be subject to actual user condition and no transfer of imported raw material, for any purpose, including job work, shall be permitted.
- (a) 30 days
(b) 18 months
(c) 12 months
(d) 90 days
47. Under DFIA, Export shall be completed within _____ from the date of online filing of application and generation of file number.
- (a) 30 days
(b) 18 months
(c) 12 months
(d) 90 days
48. Under EPCG scheme, Authorisation shall be valid for import for _____ from the date of issue of Authorisation.
- (a) 24 months
(b) 18 months
(c) 12 months
(d) 90 days

ANSWERS TO MCQ'S

Question No.	Answer	
1.	(b)	Foreign Trade Policy (FTP) is a set of guidelines or instructions issued by the Central Government in matters related to import and export of goods in India i.e. foreign trade.
2.	(d)	The Foreign Trade Policy, in general, aims at Developing export potential Improving export performance Improving efficiency and competitiveness of the Indian industries.

3.	(c)	The main legislation concerning foreign trade is the Foreign Trade (Development and Regulation) Act, 1992 [FT (D&R) Act], which replaced the earlier Import and Export (Control) Act, 1947.
4.	(b)	FT (D&R) Act, confers powers on the Union Ministry of Commerce and Industry, Government of India to make provisions for facilitating and controlling foreign trade.
5.	(c)	FT (D&R) Act, confers powers on the Union Ministry of Commerce and Industry, Government of India to appoint a 'Director General of Foreign Trade' for the purpose of the Act, including formulation and implementation of the export-import policy.
6.	(d)	Under foreign trade policy, export and import of goods are broadly categorized as (i) Free; (ii) Restricted; (iii) Prohibited.
7.	(a)	The number of mandatory documents required for exports and imports of goods from/into India have been reduced to 3 each.
8.	(a)	Board of Trade (BOT) has been constituted to advise Government on Policy measures for increasing exports, review export performance, review policy and procedures for imports and exports and examine issues relevant for promotion of India's foreign trade. Commerce & Industry Minister will be the Chairman of the BOT.
9.	(d)	Chairmen of recognized Export Promotion Councils (EPCs) and President or Secretary- Generals of National Chambers of Commerce will be ex-officio members.
10.	(a)	Board of trade will meet at least once in Every quarter.
11.	(b)	Director General of Foreign Trade is the chairman of Policy Interpretation Committee.
12.	(c)	Joint Director General of Foreign Trade shall be Member Secretary of the Policy Interpretation Committee.
13.	(d)	DGFT may, through a notification, impose restrictions on export and import, necessary for : (i) Protection of public morals, human, animal or plant life or health. (ii) Prevention of traffic in arms, ammunition and implements of war and use of prison labour. (iii) Conservation of exhaustible natural resources.
14.	(c)	No person can claim an Authorisation as a right and DGFT or RA shall have power to refuse to grant or renew the same in accordance with provisions of FT (D&R) Act, Rules made there under and FTP.
15.	(a)	An IEC is a 10-character alpha-numeric number allotted to a person that is mandatory for undertaking any export/import activities.
16.	(a)	An IEC is a 10-character alpha-numeric number allotted to a person that is mandatory for undertaking any export/import activities.

17.	(c)	Mandatory documents required for export of goods from India : (a) Bill of Lading/ Airway Bill/ Lorry Receipt/ Railway Receipt/ Postal Receipt. (b) Commercial Invoice cum Packing List [Separate Commercial Invoice and Packing List would also be accepted]. (c) Shipping Bill/Bill of Export.
18.	(d)	Mandatory documents required for import of goods into India: (a) Bill of Lading/ Airway Bill/ Lorry Receipt/ Railway Receipt/ Postal Receipt. (b) Commercial Invoice cum Packing List [Separate Commercial Invoice and Packing List would also be accepted]. (c) Bill of Entry.
19.	(c)	Import of Refurbished/ re-conditioned spares of Capital Goods is Free Subject to production of Chartered Engineer certificate to the effect that such spares have at least 80% residual life of original spare.
20.	(a)	Samples of tea upto ₹ 2,000 (CIF) per consignment will be allowed without authorization.
21.	(c)	Samples upto ₹ 3,00,000 can be imported by all exporters without duty.
22.	(b)	Goods, including edible items, of value not exceeding ₹ 5,00,000 in a licensing year, may be exported as a gift.
23.	(b)	Export related stock may be seized by the concerned agencies in on basis of prima facie evidence of serious irregularity. However, such seizure should be lifted within 7 days unless the irregularities are substantiated.
24.	(a)	The prescribed value limit under foreign trade policy for export through courier service ₹ 10,00,000 per consignment.
25.	(d)	It means certificate of registration and membership granted by an Export Promotion Council/ Commodity Board/ Development Authority or other competent authority as prescribed in FTP or Handbook of Procedures.
26.	(d)	For grant of status of two-star export house, they should have export performance of FOB /FOR value US \$ 15 million in in previous 3 financial years.
27.	(b)	For grant of status of three star export house, they should have export performance of FOB /FOR value US \$ 50 million in previous 3 financial years.
28.	(d)	Five Star Export House should have export performance of FOB/ FOR value US \$ 800 million in previous 3 financial years.
29.	(b)	Letter of permit for Export Oriented Unit is to be issued by Development Commissioner.

30.	(d)	Units undertaking to export their entire production of goods and services (except permissible sales in DTA), may be set up under the Export Oriented Unit (EOU) Scheme, Electronics Hardware Technology Park (EHTP) Scheme, Software Technology Park (STP) Scheme or Bio-Technology Park (BTP) Scheme for manufacture of goods, including repair, re-making, reconditioning, re-engineering, rendering of services, development of software, agriculture including agr-oprocessing, aquaculture, animal husbandry, bio-technology, floriculture, horticulture, pisciculture, viticulture, poultry and sericulture. Trading units are not covered under these schemes.
31.	(a)	If any question or doubt arises in respect of interpretation of any provision, said question or doubt shall be referred to DGFT whose decision thereon shall be final and binding.
32.	(d)	Every Authorization shall be valid for prescribed period of validity and shall, inter alia, include the following terms and conditions (as applicable) in addition to such other conditions as may be specified: (a) Quantity, description and value of goods; (b) Actual User condition; (c) Export obligation; (d) Minimum Value Addition to be achieved; (e) Minimum export/ import price; and (f) Bank Guarantee/ Legal Undertaking/ Bond with Customs Authority/ RA.
33.	(d)	For calculating export performance for grant of One Star Export House Status category, exports by IEC holders under the following categories shall be granted double weightage: (i) Micro, Small & Medium Enterprises (MSME) as defined in Micro, Small & Medium Enterprises Development (MSMED) Act 2006. (ii) Manufacturing units having ISO/BIS. (iii) Units located in North Eastern States including Sikkim and Jammu & Kashmir. (iv) Units located in Agri Export Zones.
34.	(d)	Status holders are granted certain benefits like: (i) Authorisation and custom clearances for both imports and exports on self-declaration basis. (ii) Fixation of Input Output Norms (SION) on priority i.e. within 60 days by Norms Committee. (iii) Exemption from compulsory negotiation of documents through banks. The remittance/ receipts, however, would continue to be received through banking channels. (iv) Exemption from furnishing of Bank Guarantee in Schemes under FTP.
35.	(d)	Second hand capital goods cannot be imported under EPCG scheme.

36.	(d)	Second hand capital goods cannot be imported under EPCG scheme.
37.	(b)	Advance Authorization necessitates exports with a minimum of 15% value addition (VA).
38.	(a)	For advance authorization in respect of annual requirement, Entitlement in terms of CIF value of imports shall be upto 300% of the FOB value of physical export and/ or FOR value of deemed export in preceding financial year or ₹ 1 crore, whichever is higher.
39.	(a)	In case of DFIA, Minimum value addition of 20% shall be required to be achieved except for physical exports for which payments are not received in freely convertible currency.
40.	(a)	Value of the said goods for calculation of duty credit to be allowed under the RoDTEP scheme shall be the declared export FOB value of the said goods or up to 1.5 times the market price of the said goods, whichever is less.
41.	(d)	Following shall not be taken into account for calculation of entitlement under RoDTEP scheme: (i) Export of imported goods in same or substantially the same form; (ii) Exports through trans-shipment, meaning thereby exports that are originating in third country but trans-shipped through India; (iii) Export products which are subject to minimum export price or export duty.
42.	(d)	Import under EPCG Scheme shall be subject to an export obligation equivalent to 6 times of duties, taxes and cess saved on capital goods, to be fulfilled in 6 years reckoned from date of issue of Authorisation.
43.	(d)	The exports by IEC holders under the following categories shall be granted double weightage for calculation of export performance for grant of status. (i) Micro, Small & Medium Enterprises (MSME) as defined in Micro, Small & Medium Enterprises De-velopment (MSMED) Act 2006. (ii) Manufacturing units having ISO/BIS. (iii) Units located in North Eastern States including Sikkim, and Union Territories of J&K and Ladakh (iv) Export of fruits and vegetables falling under Chapters 7 and 8 of ITC HS.
44.	(d)	The Validity period for import of Advance Authorisation shall be 12 months from the date of issue of Authorisation.
45.	(d)	Mandatory spares which are required to be exported/supplied with resultant product permitted upto 10% of CIF value of Authorization.
46.	(d)	The Export Obligation Period (EOP) of Advance Authorisations issued for such items shall be 90 days from the date of clearance of import consignment and no extension in EOP shall be allowed. Such import shall be subject to actual user condition and no

		transfer of imported raw material, for any purpose, including job work, shall be permitted.
47.	(c)	Export shall be completed within 12 months from the date of online filing of application and generation of file number.
48.	(a)	Authorisation shall be valid for import for 24 months from the date of issue of Authorisation.

