



Chapter 10

FOREIGN TRADE POLICY

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01. Legislation Governing FTP

MCQ 10.01.01.00

Which ministry can regulate the foreign Trade Policy?

- a. Ministry of finance
- b. Ministry of Commerce & Industry
- c. Both
- d. None of the above

[Hint:- Ministry of Commerce & Industry governs the promotion & regulation of foreign trade in India]

MCQ 10.01.02.00

Foreign trade Policy is issued by director general of foreign trade for:

- a. 4 years
- b. 3 years
- c. 5 years
- d. 2 years

[Hint:- FTP is formulated, controlled & supervised by office of Director General of Foreign Trade (DGFT), an attached office of Ministry of Commerce & Industry, Government of India]

MCQ 10.01.03.00

Provisions for SEZ are given in separate Act & are not part of FTP but they are closely related to FTP. State whether the statement is true or false.

- a. True
- b. False

[Hint:- There is separate act for SEZ]

02. Status Holders & their Privileges:-

MCQ 10.02.04.00

LMP Exporters export shoes to USA. As per Foreign Trade Policy, 2023, LMP Exporters shall be categorized as a Five Star Export House upon achieving the export performance of _____ Million USD in the current and preceding three financial years. [CA Final MTP May 24 Series I]

- a. 3
- b. 15
- c. 200
- d. 800

[Hint:- Export Performance Threshold is 800 USD Million for status category of Five Star Export House]

03. Importer-Exporter Code (IEC):-

MCQ 10.03.05.00

A person can export or import only after obtaining a _____ character alphanumeric number Importer-Exporter Code (IEC), unless specifically exempted.

- a. 5
- b. 10
- c. 15
- d. 12

[Hint:- It is the same number as the applicant's PAN but is issued separately by DGFT]

04. Provisions relating to import of goods:-

MCQ 10.04.06.00

Import of samples of 'restricted' items is allowed without import authorisation except_____

- a. defence/security items
- b. seeds
- c) new drugs

- d. bees
- e. all of the above

[Hint:- Refer provisions relating to import of goods in your notes]

MCQ 10.04.07.00

What is the amount upto which all exporters shall be allowed to import samples without duty?

- a. 2,50,000
- b. 2,00,000
- c. 35,00,000
- d. 3,00,000

[Hint:- Refer Import of specific categories of goods under - Provisions relating to import of goods in your notes]

05. Advance Authorization (AA):-

MCQ 10.05.08.00

What is the minimum value addition for Advance authorization scheme under Foreign trade policy?

- a. 20%
- b. 15%
- c. 10%
- d. 25%

[Hint:- Minimum value addition of 15% shall be achieved for other than specified products]

MCQ 10.05.08.01

M/s Pioneer Electronics, a manufacturer-exporter holding a valid Advance Authorisation, imports inputs duty-free which are physically incorporated into the export product. Due to a drop in foreign demand, the firm is unable to export the full quantity of goods and decides to sell part of the imported inputs in the domestic market (DTA) after completing 60% of the export obligation.

As per the provisions of the Foreign Trade Policy,

which of the following consequences will arise due to this action? [CA Final MTP 2 Sep 25]

- (a) M/s Pioneer Electronics can freely transfer the unutilized inputs in the DTA after paying IGST only.
- (b) M/s Pioneer Electronics can dispose of the inputs in DTA by paying applicable duties and without any permission.
- (c) M/s Pioneer Electronics is prohibited from transferring the unutilized inputs in DTA and must either export the remaining quantity or destroy the inputs.
- (d) M/s Pioneer Electronics can sell inputs in DTA only after paying duty and obtaining permission from the DGFT.

[Hint:- Actual User Condition under AA scheme: Inputs are non-transferable even after fulfilling export obligation]

06. Duty Free Import Authorisation Scheme (DFIA)

MCQ 10.06.09.00

What is the minimum value addition for duty free import authorization under foreign trade policy?

- a. 20% b. 15%
- c. 10% d. 25%

[Hint:- Minimum value addition of 20% shall be achieved]

07. Export Promotion Capital Goods Scheme (EPCG):-

MCQ 10.07.10.00

What is the specific export obligation under export promotion capital goods scheme?

- a. 4 times of duty saved
- b. 4.5 times of duty saved
- c. 5.5 times of duty saved
- d. 6 times of duty saved

[Hint:- Specific EO is equivalent to 6 times of duty saved on capital goods imported under EPCG scheme]

Answers:-

10.01.01	b
10.01.02	c
10.01.03	a
10.02.04	d
10.03.05	b
10.04.06	e
10.04.07	d
10.05.08	b
10.05.08.01	c
10.06.09	a
10.07.10	d

