

[For departmental use]

[Exercise-01]

e-Exercise Book

On

*100% Export Oriented Unit
Scheme (EOUs)*

Note:

In this **e-Exercise Book**, the reader can check his understanding and knowledge about *100% EOU Scheme in the Customs and Excise Department*. Though all efforts have been made to make this exercise book error free, but it is possible that some errors might have crept into it. If you notice any errors or if you have any suggestion to improve this exercise book, the same may be brought to our notice through email on the e-mail addresses: rtinacenkanpur@yahoo.co.in or goyalcp@hotmail.com. This may not be a perfect **e-Exercise Book** and all are requested to assist us to make it better.

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Take the following Quiz & Test your knowledge

Identify the most appropriate choice by choosing the correct option out of four options given below.

1. When was the EOU scheme introduced?

- a) 1979
- b) 1980
- c) 1981
- d) 1982

2. Which of the following is not the objective of an EOU?

- a) Increase exports
- b) Earn foreign exchange
- c) Generate additional employment
- d) Protect domestic industry

3. At which among the following places , India's first EPZ(Export Processing Zone) was setup in 1965?

- a) Surat
- b) Cochin
- c) Kandla
- d) Chennai

4. For which of the following sectors the EOU owner does not need a special license?

- a) Arms and ammunition
- b) Defence aircrafts
- c) Cigarettes
- d) Granite polishing

5. Consider the following statements regarding eligibility criteria of EOUs?

- a) EOU can be setup by any entrepreneur for manufacturing of goods and also for rendering services.
- b) An EOU can be setup for repair, reconditioning, remaking and re-engineering also.

Which of the above statements are correct?

- a) Only a
- b) Only b
- c) Both a and b
- d) None of the above

6. Which of the following is not a feature of EOU scheme?

- a) No license required for import
- b) Exemption from Central Excise Duty in procurement of capital goods, raw-materials, consumables spares etc. from the domestic market.
- c) Exemption from customs duty on import of capital goods, raw materials, consumables spares etc.
- d) No reimbursement of Central Sales Tax (CST) paid on domestic purchases.

7. Consider the following statements regarding obligations of EOU.

- a) The EOUs are required to achieve Positive Net Foreign Exchange Earning (NFE). NFE shall be calculated cumulatively for a period of five years from the commencement of production
- b) The units have to provide periodic reports to the Development Commissioner and Zone Customs as provided in Appendix 14 of the Handbook of Procedures, of the Handbook of Procedures.

Which of the above statements are not correct?

- a) Only a
- b) Only b
- c) Both a and b
- d) None of the above

8. Consider the following statements.

- a) EOU can sell duty free to other EOU/SEZ/STP/EHTP.
- b) These sales count for computation of NFE (Net Foreign Exchange)

Which of the above statements are correct?

- a) Only a
- b) Only b
- c) Both a and b
- d) None of the above

9. Consider the following statements:

- a) The EOU scheme is complementary to the EPZ scheme
- b) EOU scheme is widely dispersed in location, unlike EPZs, which are set up at specific locations

Which of the above statements are correct?

- a) a only
- b) b only
- c) both a and b
- d) None of the above

10. Which of the following benefits are availed by EOUs?

- a) EOUs are allowed to procure raw materials/ capital goods duty free, either through import or through domestic sources;
- b) Reimbursement of Central Sales Tax (CST);
- c) Fast track clearance facilities
- d) All of the above

ANSWERS

<i>Q. No.</i>	<i>Answer</i>
1	B
2	D
3	C
4	C
5	D
6	D
7	D
8	C
9	C
10	D