

E-exercise

On

100% Export Oriented Unit
Scheme (EOUs)

Note:

In this E-exercise, attempts have been made to understand the concept of 100% EOU Scheme in the Customs and Excise Department. It is expected that it will help the new entrants into the service. Though all efforts have been made to make this exercise error free, but it is possible that some errors might have crept into the same. If you notice any errors or if you have any suggestion to improve this exercise, the same may be brought to the notice to the NACEN, RTI, Kanpur on the Email addresses: rtinacenkanpur@yahoo.co.in or goyalcp@hotmail.com (Email address of ADG, RTI, NACEN, Kanpur). This may not be a perfect E-exercise and all are requested to assist us to make it better.

DTA sale by EOU, Duty leviable on DTA sales, concessional duty on DTA sales, Advance DTA sale, valuation of goods in case of DTA sale etc.

1. Consider the following statements:

- a) The goods manufactured by EOU are NOT allowed to be sold in Domestic Tariff Area (DTA)
- b) The goods manufactured by EOU are allowed to be sold in Domestic Tariff Area (DTA) at concessional rate of duty upon fulfillment of certain conditions

Which of the above statements are incorrect?

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

2. What is the DTA sale entitlement in case of units other than Gems and Jewellery units?

- a) 50% of the FOB value of export
- b) 30% of the FOB value of export
- c) 20% of the FOB value of export
- d) 10% of the FOB value of export

3. No DTA sale entitlement is permissible in case of

- a) Motor cars
- b) Alcoholic liquors
- c) Pepper
- d) All of the above

4. Consider the following statements:

- a) In case of unit set up for repair, re-conditioning, or reengineering, no DTA sale entitlement accrues to the unit and DTA sale is not allowed
- b) All DTA sale entitlement accrues only when unit has achieved positive NFE cumulatively.

Which of the above statements are correct?

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

5. Consider the following statements

- a) The EOUs are not allowed the facility of Advance DTA sale.
- b) In case of unit set up for repair, re-conditioning, or reengineering, no DTA sale entitlement accrues to the unit and DTA sale is not allowed

Which of the above statements are correct?

- a) a only
- b) b only

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

6. Permission to avail the facility of Advance DTA sale is given by

- a) Development Commissioner
- b) Board of Approval
- c) CBEC
- d) None of the above

7. The purpose of allowing EOUs the facility of Advance DTA sale is:

- a) Trial production of the goods
- b) Earning Foreign Exchange
- c) Both a and b
- d) None of the above

8. The concessional rate of duty charged from EOUs in case of DTA sale is

- a) 50% of basic Customs duty and 100% additional duty of customs
- b) 25% of basic Customs duty and 100% additional duty of customs
- c) Any other duty of customs under any other law for time being in force
- d) Both a and c

9. Consider the following statements:

- a) Sales in DTA beyond 50% of FOB of Exports (in preceding year) attract full duties
- b) Sales in DTA beyond 50% of FOB of Exports (in preceding year) is not allowed

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 sector can sell only upto 10% of FOB value of exports of the preceding year in DTA, subject to fulfillment of positive NFE?

- a) Gems and Jewellery
- b) Chemicals
- c) Textiles
- d) None of the above

Monitoring and control of EOUs, Debonding of EOUs,

11. Who is responsible for monitoring foreign exchange realization/remittances of EOUs?

- a) CBEC
- b) Finance Minister
- c) Development Commissioner
- d) None of the above

12. Who monitors the performance of EOUs?

- a) Reserve Bank of India
- b) Unit Approval Committee headed by the Development Commissioner
- c) CBEC
- d) None of the above

13. What is the time duration for which NFE earning shall be calculated?

- a) 1 year
- b) 3 years
- c) 5 years
- d) 10 years

14. Whenever a unit is unable to export due to prohibition / restriction imposed on export of any product mentioned in LoP, the five year block period for calculation of NFE earnings may be suitably extended. Who is allowed to extend this period?

- a) Board of Approval
- b) CBEC
- c) Ministry of Finance
- d) None of the above

15. Consider the following statements:

- a) An EOU / EHTP / STP / BTP unit may also be permitted by DC to exit under Advance Authorization as a one time option.
- b) This is subjected to fulfillment of positive NFE criteria.

Which of the above statements are correct?

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

16. Consider the following statements:

- a) EOUs are required to achieve positive NFE and in case of failure to do so, the duty forgone under the EOU scheme along with interest is recoverable from the units.
- b) No duty can be demanded in case of failure to utilize duty free imported goods

Which of the above statements are incorrect?

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

17. Consider the following statements:

- a) The EOU/EHTP/STP units are allowed to debond from the EOU Scheme
- b) Existing DTA units are not allowed to be converted into an EOU/ EHTP/STP/BTP unit

Which of the above statements are correct?

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

18. Whose approval is required in case an EOU wants to debond from the EOU scheme?

- a) Development Commissioner
- b) Board of Approval
- c) CBEC
- d) None of the above

ANSWERS

Q. No.	Answer
1	A
2	A
3	D
4	C
5	B
6	A
7	A
8	A
9	A
10	A
11	C
12	B
13	C
14	A
15	A
16	a
17	A
18	A