DEPARTMENTAL EXAMINATION OF INSPECTORS OF CENTRAL EXCISE
(PAPER – II) (CUSTOMS WITH BOOKS)

DATE: 17-01-2017
TIME: 2.00 PM to 5.00 PM
MAXIMUM MARKS: 100
PASS MARKS: 50

Note:-
1. All Questions are compulsory.
2. Candidates have options to answer in Hindi.
3. Relevant Statutory authority must be quoted while answering the questions.
4. Use of Mobile/Smart Phones and other electronic devices is strictly prohibited during examination.

CONCERNED BOOKS:-
1. The Customs Act, 1962 (52 of 1962)
2. The Customs Tariff Act, 1975 (51 of 1975)
3. Customs Rules and Procedures
5. Handbook of Export and Import Procedure
6. Customs, Allied Acts and Rules made there under
7. The Special Economic Zone Act, 2005 and Rules made there under.

Q.No.1 This question consists of fifteen Multiple Choice Questions (MCQs). Identify the correct choice. All questions are compulsory. A question may have more than one correct choice. [15 x 1= 15]

I. Which of the following commodity is prohibited for import under ITC (HS)?
   (a) Acetic Anhydride
   (b) Ammonium Nitrate
   (c) R-12
   (d) Fire Works
   (e) None of the above

II. In case of contravention of any provision of the Customs Act or abetment of such contravention for which no express penalty has been provided for such contravention in the Customs Act, then how much penalty can be imposed by the adjudicating authority on such person?
   (a) Not exceeding Ten Thousands Rupees
   (b) Not exceeding one lakh Rupees
   (c) Not exceeding Five Thousands Rupees
   (d) No such monetary limit has been prescribed under the law
   (e) Not exceeding the amount of duty evaded or sought to be evaded.

III. R-22 is a
   (a) Ozone Depleting Substance
   (b) Nuclear Fuel
   (c) Chemical Weapon
   (d) Bio Agent
   (e) Explosive

IV. Which of the following statement is not true with regard to licit opium cultivation in India?
   (a) Every year licenses for opium cultivation are issued by the Central Government to the Farmers.
   (b) Opium can be grown only by cultivators who are holding license for opium cultivation given by the Government.
   (c) Opium produced by Cultivators is required to be sold to the Government on price fixed by the Government.
   (d) Any farmer can cultivate opium in the State of Madhya Pradesh, Rajasthan and Uttar Pradesh.
   (e) Opium Cultivators are required to sell the entire opium cultivated by them to the Central Government.
V. One Pax carrying saffron in commercial quantities in his baggage was caught at the airport. The Additional Commissioner, Airport adjudicated his case and imposed very heavy fine on goods in lieu of confiscation and penalty on the passenger. The passenger filed appeal before Commissioner (Appeals) but, the Commissioner (Appeals) did not allow any relief to the passenger. Now, Passenger wants to make further appeals against order passed by the Commissioner (Appeals). Before which of the following authority, he can file appeal:

(a) CESTAT  
(b) Chief Commissioner of Customs  
(c) Joint Secretary (Revision Application)  
(d) Joint Secretary (Drawback)  
(e) High Court.

VI. What is the time limit (with reference to relevant date) prescribed under the Customs Act, 1962 for issuance of demand notice under section 28 of the Customs Act, 1962 in cases of short payment of duty arising on account of collusion or suppression of facts or willful misstatement?.

(a) Six months  
(b) Twelve Months  
(c) Thirty Six months  
(d) Sixty Months  
(e) Seventy two Months

VII. In a dispute relating to classification of imported goods, the CESTAT passed order in favour of the Department. Now, the importer wants to appeal against the Order passed by the CESTAT. Which of the following authority is the appropriate authority for filing appeal against the order passed by CESTAT in the instant case?

(a) Jurisdictional High Court  
(b) Supreme Court  
(c) Advance Ruling Authority.  
(d) Either jurisdictional High Court or Supreme Court as per choice of Appellant  
(e) Central Government

VIII. Which of the following statement is correct with regard to import of restricted goods?

(a) Cannot be imported at all.  
(b) Can be imported against the license issued by DGFT.  
(c) Can be freely imported by Government agencies.  
(d) Can be imported against the license issued by any Administrative Ministry of the Central Government.  
(e) Can be imported without the license issued by DGFT if importer is a status holder under Foreign Trade Policy.

IX. Under Section 14 of the Customs Act, 1962, the transaction value is calculated with reference to rate of exchange on the date of filing Bill of Entry. The following rate of exchange may be taken for conversion of foreign currency into Indian currency:

(a) Rate of exchange as notified by RBI from time to time.  
(b) Rate of exchange for import as notified by Central Government under Customs Act, 1962 by issuing a notification in this regard.  
(c) Rate of exchange prevailing in the foreign exchange at the time of filing Bill of Entry.  
(d) Rate of Exchange as decided by each Customs house/ICD on fortnightly basis.  
(e) Rate of exchange for export as notified by Central Government under Customs Act, 1962 by issuing a notification in this regard.
X. The Importer Exporter Code (IEC) is issued under the provisions of the ............:
(a) Customs Act, 1962;
(b) Foreign Trade Policy;
(c) DGFT Act, 1992;
(d) The Foreign Trade (Regulation) Rules, 1993;
(e) ITC (HS)

XI. Any person aggrieved by any decision or order passed under Customs Act by an officer of Customs lower in rank than a Commissioner of Customs may appeal to the Commissioner (Appeals) within a period of ........ from the date of the communication to him of such decision or order;
(a) Sixty days;
(b) Ninety days;
(c) One hundred and twenty days;
(d) Thirty days;
(e) One hundred and eighty days

XII. The Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007 have been issued for preventing import of goods infringing:
(a) Copyright Act, 1957 & Trade Mark Act, 1999,
(b) Trade Act, 1999 & Patent Act, 1970,
(c) Patent Act, 1970 & Copyright Act, 1957
(e) None of the above

XIII. MEIS is a:
(a) Post-export reward scheme for certain commodities;
(b) Post-export remission scheme for certain commodities;
(c) Pre-export capital goods duty free import scheme;
(d) Pre-export scheme for export promotion;
(e) Post-export Reward scheme for export of services.

XIV. A Customs duty evasion of more than Rs.2 Crore is:
(a) A cognizable and non-bailable offence;
(b) A non-cognizable and non-bailable offence;
(c) A cognizable and bailable offence.
(d) A non-cognizable and bailable offence.
(e) None of the above.

XV. The Customs duty is collected at the duty rate applicable on the date when:
(a) Ship/ aircraft carrying goods enters India;
(b) Bill of entry is filed by the importer;
(c) IGM is filed by the shipping line/ carrier;
(d) Bill of entry is filed or date of Entry inward, whichever is later;
(e) None of the above.

Q.No.2 Write the full form of the following Acronyms: [1X10=10]
(a) CBN
(b) PITNDPS Act
(c) CESTAT
(d) ICEGATE
(e) DGPM
(f) UNODC
(g) MEIS
(h) DGOV
(i) SAFEMA
(j) WTO
Q.No.3 Name of the Allied Act applicable to the Import of following Commodities and also find appropriate HS classification (8 digits) for each of the Commodity listed. 

1.5 \times 10 = 15

(a) Morphine
(b) Motor Car (1000 CC)
(c) Opium
(d) Chocolates
(e) Codeine Phosphate
(f) Fire Works
(g) Acetic An-hydride
(h) Second hand Electronic Goods
(i) Radioactive materials (Thorium)
(j) Antique works

Q.No.4 Explain the difference in of the following terms in the context of Customs Law? Attempt any five. Answer may be restricted to 75 words. Also write the legal authority (Relevant Section of the Customs Act/Custom Tariff Act) where applicable. 

4 \times 5 = 20

(a) Anti-dumping duty and safeguard duty;
(b) Prohibited goods and Restricted goods;
(c) Adjudicating Authority and Appellate Authority;
(d) Advance Ruling Authority and settlement commission;
(e) Bill and Entry and Shipping Bill;
(f) Seizure and Confiscation;
(g) Tariff rate of duty and effective rate of duty;
(h) Ad-hoc exemption and general exemption;

Q.No.5 For the following purposes, find out the relevant section of the Customs Act, 1962 and applicable rules/ Regulation issued under the Customs Act, 1962. Answer all. 

1 \times 10 = 10

(a) Option of the Importer to relinquish title of imported goods before clearance for home consumption.
(b) Amendment of Bill of Entry/ Shipping bill/ Bill of Export after clearance of Goods for home consumption or for warehouse.
(c) Correction of clerical or mathematical mistakes.
(d) Confiscation of conveyances.
(e) Power to prohibit import/export of goods under Customs Act.
(f) Levy of duty of Customs duty in case of import of goods imported into or exported from India.
(g) Power to arrest.
(h) Power to search premises.
(i) Confiscation of Imported goods for contravention of prohibition under any other law.
(j) Drawback on re-export of imported goods.

Q.No.6 Fill in the blanks. Answer all 

1 \times 10 = 10

(a) The territorial waters of India extend to nautical miles whereas the Indian Customs waters extends to nautical miles.
(b) Section of Customs Act, 1962 empowers the Central Government to levy Customs duties.
(c) A prior Bill of Entry is that bill of entry which is filed before.
(d) An order or decision has to be served upon a person in terms of section of the Customs Act, 1962.
(e) In Project Import Scheme, the imported goods are placed under a single Tariff Heading of First Schedule to the Customs Tariff Act, 1975.
(f) All goods imported by a passenger or a member of crew in his baggage are classifiable under Tariff Heading and levied to a single rate of duty.
(g) Officers of DRI, Commissionerates of Customs (Preventive), DGCEI and Central Excise Commissionerates have been assigned the functions of the ‘proper officer’ for the purposes of Sections and of the Customs Act.
(h) Search, seizure and prosecution provisions are given in Chapter of the Customs Act, 1962.
(i) Power of the Central Government to grant exemption from Customs duty is derived from section of the Customs Act, 1962.
(j) Duties collected from buyer have to be invariably deposited with the Central Government in terms of section of the Customs Act, 1962.
Q.No.7  **Consider the following situation and Answer all Questions listed below:-**

Assume that you are working as Inspector in the Import shed at ICD, Dadri and you have been given responsibility for examination of the Import goods. A Bill of entry declared to contain 1000 (one thousand) mobile phones (declared as unbranded) has been marked to you for detailed examination.

On careful examination of the imported consignment covered under the above said Bill of Entry, you find that only 800 phones are unbranded one. Rest 200 phones are of model I-phone 7 of Apple brand.

The CIF value of unbranded phones as declared by the Importer on the Bill of Entry is 100 US$ each. The CIF value of each piece of I-Phone 7 of Apple Brand is 800 US$ per piece.

For purpose of calculation, assume following rates:

- Rate of exchange 1USD = 50 Indian Rupees
- Rate of Basic Customs Duty = 10%
- Rate of Counter Vailing Duty = 10%
- Rate of Special Additional Duty = 0%
- Rate of Education Cess and Secondary & Higher Secondary Education Cess = 0%
- Landing Charge: 1% of CIF value of Imports

**[20]**

Now, on the basis of details given above answer the following;

(a) Find out the HS classification of mobile Phones.

(b) Calculate the CIF value of consignment as declared by the Importer in the Bill of Entry.

(c) Calculate the actual CIF value of Import consignment as per your examination report.

(d) Calculate the assessable value of consignment (in Indian Rupees) as declared by the Importer in the Bill of Entry. Take landing charges as 1% of CIF value.

(e) Calculate the assessable value of Consignment as per your examination report.

(f) Calculate duty payable as worked out by the Importer in the Bill of Entry filed by him.

(g) Calculate duty required to be paid by the Importer as per your examination Report.

(h) Calculate the differential duty attempted to be evaded by the Importer.

(i) Identify the legal provisions of the Customs Act including rules, if any, contravened by the Importer.

(j) Draft charging paragraph of the Show cause Notice, indicating the course of action proposed against the Importer under the Customs Act, including rules framed thereunder

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