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

DATE: 21-06-2016
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 authority must be quoted with all answers.
4. Use of Mobile/Smart Phones 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. Each question is of one mark. A question may have more than one correct answer. [15x1=15]

I. On which of the following commodities is not subjected to payment of Export Duty at the time of export?
   (a) Iron Ore Pallets
   (b) Bauxite (natural) calcined
   (c) Snake skin
   (d) Ferrous Waste and Scrap
   (e) Gold Ore

II. What is the time limit prescribed under the Customs Act, 2016 as on date for issuance of demand notice U/s 28 of the Customs Act, 1962 in cases where fraud, suppression of facts, willful mis-statement is not involved?
   (a) Six months
   (b) One year
   (c) Two Years
   (d) Three Years
   (e) Five Years

III. Which of the following Rules have been substituted with new Rules w.e.f. 01.04.2016?
   (a) Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996
   (b) Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.
   (c) Customs, Central Excise Duties and Service Tax Drawback Rules, 1995.
   (d) Foreign Privileged Persons (Regulation of Customs Privileges) Rules, 1957.
   (e) None of the above

IV. What is the quantum of pre deposit for a person filing second appeal before CESTAT when 7.5% of the duty has already been pre deposited by him at the time of filing first appeal before Commissions (Appeals).
   (a) 10% of duty.
   (b) 5% of duty
   (c) 2.5 % of duty
   (d) NIL
   (e) None of the above

V. A person can make an application to the settlement commission under Custom Act?
   (a) Before issue of show cause notice.
   (b) Before adjudication.
   (c) Within thirty days from the date of issue of O-I-O.
   (d) Before filing appeal.
   (e) None of the above
VI. Which of these is/are not an adjudicating authority under Customs Act, 1962?

(a) Commissioner of Customs  
(b) Principal Commissioner of Customs  
(c) Commissioner (Appeals)  
(d) Assistant Commissioner of Customs  
(e) Tribunal

VII. As per section 11 of the Customs Act, 1962, which of these is a purpose for which Central Government may prohibit (absolutely or conditionally) the importation / exportation of any specified goods?

(a) the prevention of smuggling  
(b) the conservation of foreign exchange and the safeguarding of balance of payments  
(c) the conservation of exhaustible natural resources  
(d) the protection of patents, trademarks, copyrights, designs and geographical indications  
(e) All of the above

VIII. Which section of the Customs Act, 1962 provides for levy of Customs duty on import and export of goods?

(a) Section 3  
(b) Section 12  
(c) Section 14  
(d) Section 28  
(e) Section 17

IX. Where shall an appeal against the Order passed by the CESTAT relating to the valuation of goods shall lie?

(a) High Court  
(b) Supreme Court  
(c) Central Government  
(d) CESTAT cannot pass an order on valuation matters  
(e) Both High Court and Supreme Court

X. Under Section 14 of the Customs Act 1962, the transaction value shall be calculated with reference to the rate of exchange as in force on the date on which:

(a) Date of Invoice  
(b) the date of issuance of the Bill of lading  
(c) Date of filing IGM  
(d) Date of filing the Bill of Entry  
(e) Date of Assessment of Bill of Entry

XI. As on date, the On-Site Post Clearance Audit (OSPCA) has been made operational by the Board for:

(a) ACP clients  
(b) AEO clients  
(c) All the manufacturer-importers with Customs duty payments in excess of Rs.1 Cr per annum  
(d) All importers and exporters  
(e) Public sector undertakings

XII. Under what situation, SCN transferred to the call book can be taken out of call book?

(a) When the grounds on basis of which a SCN has been transferred to call book, ceases to exist.  
(b) It depends upon the overall pendency position of SCNs in the Commissionerate.  
(c) SCN can be kept in the call book for five years.  
(d) SCN, when transferred to call book, cannot be taken out of call book any point of time.  
(e) SCN can be taken out of the call book and adjudicated as per the order of the Chief Commissioner.
XIII. What is the quantum of pre-deposit for the Department at the time of filing application (appeal) (w. e. f. 06.08.2014) before the Commissioner (Appeals)?

(a) 5% of the duty, in case where duty or duty and penalty are in dispute; or penalty, where such penalty is in dispute (aggregate of all penalties imposed)
(b) 7.5% of the duty, in case where duty or duty and penalty are in dispute; or penalty, where such penalty is in dispute (aggregate of all penalties imposed)
(c) 10% of the duty, in case where duty or duty and penalty are in dispute; or penalty, where such penalty is in dispute (aggregate of all penalties imposed)
(d) Nil
(e) None of the above

XIV. Export Income earned by which of the following type of manufacturing Unit is normally eligible for exemption from payment of Income Tax under the Income Tax Act, 1961?

(a) Export Oriented Unit
(b) Jewellery manufacturing Unit in DTA
(c) SEZ unit
(d) Garment Manufacturing Unit
(e) None of the above

XV. Under which of the following Export Promotion Schemes, Capital Goods are allowed to be imported duty free?

(a) Export Promotion Capital goods scheme
(b) Export Oriented Unit Scheme
(c) Software Technology Park Scheme
(d) Special Economic Zone Scheme
(e) All of the above

Q.No.2 Write the full form of the following Abbreviations. [0.5x10=5]

(a) PNR (b) WCO (c) CONCOR (d) SEIS (e) DFRC
(f) EPCG (g) DGEP (h) FICN (i) PMLA (j) ICEGATE

Q.No.3 Name the Allied Act applicable to the Import/Export of following commodities. Answer any five. [1x5=5]

(a) Live Animals (b) Detonators (c) Insecticides (d) Antiques (e) Hazardous Chemicals
(f) Live Plants (g) Radioactive substances (h) Medicines (i) Chemical Weapon (j) Pistols

Q.No.4 Define any five of the following terms under Customs Law? Answer may be restricted to 50 words. Also write the legal Authority wherever applicable. [3x5=15]

(a) Anti-dumping duty (b) Baggage (c) Advance Ruling (d) EOU Scheme (e) EPCG Scheme
(f) Drawback (g) Identical goods (h) Single Window Concept (i) Authorized Economic Operator (j) Risk Management System
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 any five. [2x5=10]
(a) Drawback on re-export of imported goods  
(b) Filing of Bill of Entry  
(c) Filing of Shipping Bill  
(d) Filing of IGM  
(e) Filing of EGM  
(f) Attachment of property of defaulters for recovery of Customs Dues  
(g) Drawback on export of manufactured goods.  
(h) Customs valuation of imported goods.

Q.No.6 Fill in the blanks. Attempt any five. [2x5=10]
(a) Officers of Navy are empowered and required to assist Customs Officers in the execution of the Customs Act, 1962 under section ____ of the Customs Act, 1962.  
(b) The Customs Officers are empowered under section .................................. to take samples from the goods being passed through the customs area for export from India or import into India for examination or testing.  
(c) Declared value of the imported goods can be rejected under..............................of the ____ rules.  
(d) A person arrested under Customs Act can be released on bail by the Customs Officer under ...................... / cannot be released on bail by the Customs Officer as provided under.................................  
(e) The Customs officer may issue an order in writing under ...................................... to any person to attend and witness the personal search of a person in a Customs area.  
(f) Interest is required to be paid to the claimant of drawback if it is not paid within a period of ..........months.  
(g) A conveyance which has brought any imported goods or has loaded any export goods at a Customs station cannot depart from that Customs station until a written order has been given by the proper Customs officer as provided under ..................................

Q.No.7 A merchant exporter files a shipping bill for the export of a consignment of 1500 pairs of Leather Shoes for adults at the FOB price of Rs. 1000/- per pair. Total FOB of the shoes being exported is Rs.15,00,000/-. The Drawback schedule for the leather shoes is as follows:-

<table>
<thead>
<tr>
<th>Tariff Item</th>
<th>Description of goods</th>
<th>Unit</th>
<th>Drawback when Cenvat facility has not been availed</th>
<th>Drawback when Cenvat facility has been availed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Drawback Rate</td>
<td>Drawback cap per unit in Rs.</td>
</tr>
<tr>
<td>640301</td>
<td>Leather shoes for adults namely boots and half boots</td>
<td>Pair</td>
<td>9.1%</td>
<td>260</td>
</tr>
</tbody>
</table>

In the light of the above answer the following:-

(a) What shall be the rate of duty drawback applicable in terms of percentage? [1]  
(b) What shall be the amount of drawback admissible to the exporter? [2]  
(c) What shall be the amount of drawback admissible to the exporter if he is a central excise registrant unit and is availing CENVAT facility? [2]
Q.No.8  Consider the following situation:-

Assume that you are working as Inspector in the Import shed & have responsibility for examination of the goods. A Bill of entry declared to contain 100 bags of Ammonium Sulphate is marked to you. On careful examination of goods you find that the goods are Ammonium Nitrate, not Ammonium Sulphate as mentioned in the bill of entry.

You also find Invoice inside the consignment. On Invoice, the CIF value & Consignment shown in 5000 US$, whereas the value declared on bill of entry is 2000 US$. Assuming following:-

Rate of exchange 1 US$ = 50 Rs., BCD =10%, CVD=12%, Secondary & Higher Education Cess = Nil, Education Cess = Nil, SAD = 0%.

Assume that rate of duty on Ammonium Sulphate and Ammonium Nitrate

In the light of above, find out the following:-

(a) Correct Classification of Ammonium Sulphate and Ammonium Nitrate?  [2.5x2=5]
(b) Declared Assessable Value and Revised Assessable Value of Imported goods.  [5]
(c) Calculate the differential duty short paid by the Importer?  [5]
(d) List all relevant legal provisions of the Customs Act, 1962 and rules issued thereunder which you will be applying in the Show Cause to be issued to the importer in this case.  [5]
(e) Draft charging paragraph of the SCN indicating cause of action against the Importer?  [5]

Q.No.9  State whether the following statements are True or False.  [1x10=10]

(i) An advance authorization is transferable after the fulfillment of Export Obligation.
(ii) Anyone involved in the international supply chain that undertakes Customs related activity in India can apply for AEO Status irrespective of size of the business.
(iii) As per section 87 of the Customs Act, 1962, any imported stores on Board a vessel (other than stores to which section 90 applies) may, without payment of duty, be consumed thereon as stores during the period such vessel is on coastal run.
(iv) Appeals against orders of Commissioner (Appeals) relating to duty drawback cannot be filed before the Tribunal (CESTAT).
(v) As per section 134 of the Act, only when any imported goods are pilfered before the assessment of the Bill of Entry, the importer shall not be liable to pay the duty leviable.
(vi) Goods under Export Promotion Schemes including EOU Scheme cannot be imported into India through Courier.
(vii) Drawback under Section 75 of the Customs Act, 1962 is not allowed in respect of goods whose export value is less than the value of the imported materials used in its manufacture.
(viii) Any advance ruling pronounced by the authority under Section 28 I of the Customs Act, 1962 shall not be binding on the applicant who had sought it.
(ix) Under the Customs Act, 1962, the Commissioner of Customs has been designated as the Compounding authority.
(x) A summons under Section 108 of the Customs Act, 1962 can be issued by any Gazetted Officers of Customs.