

Chapter 1 : FOREIGN EXCHANGE MANAGEMENT ACT, 1999

1.	Who is an Authorized Dealer?	
	a. any person specifically authorized by the RBI u/s 10(1) of FERA, 1973, to deal in foreign exchange or foreign securities	b. any person specifically authorized by the RBI u/s 10(1) of FEMA, 1999, to deal in foreign products or foreign items
	c. any person specifically authorized by the RBI u/s 10(1) of FEMA, 1999, to deal in foreign exchange or foreign securities	d. any person specifically authorized by the RBI u/s 10(1) of RBI Act, 1999, to deal in foreign exchange or foreign securities
2.	Any PROI, not being a citizen of Pakistan or Bangladesh, and visiting India: may take outside India (including to Nepal & Bhutan) max Rs.	
	a. 25000	b. 50000
	c. 100000	d. 500000
3	“Current account transaction” means a transaction other than a capital account transaction and without prejudice to the generality of the foregoing such transaction includes	
	a. payments due in connection with foreign trade, other current business, services and short term banking and credit facilities in the ordinary course of business,	b. payments due as interest on loans and as net income from investments
	c. remittances for living expenses of parents ,spouse and children residing abroad	d. expenses in relation to foreign travel, education and medical care of parents, spouse and children
	e. All of the above	
4.	“Export” with its grammatical variations and cognate expressions means; or	
	a. the taking out of India to a place outside India any goods	b. provision of services from India to any person outside India
	c. Both	d. None
5.	Who is a “Person Resident outside India” as per the FEMA Act, 1999?	
	a. Who has taken birth out of India	c. Who is gone out of India for 181 days
	b. Who is not resident of India	d. None of the above
6.	Mr. Tom, an Indian national desires to obtain Foreign Exchange for payment of commission on exports made towards equity investment in wholly owned subsidiary abroad of an Indian Company. Advice whether Mr. Tom can obtain foreign exchange.	
	a. Prohibited	b. Allowed
7.	Mr. Alex had resided in India during the financial year 2016-17 for 183 days. He had come to India again on April 1, 2017 for employment. What would be his residential status during the financial year 2017-18?	
	a. Person resident in India	b. Person resident outside India
8.	Mr. John had resided in India during the financial year 2015-16 for more than 182 days. What is his residential status under FEMA,1999 for 2016-17:	

	a. Person resident in India	b. Person resident outside India
9.	A person left India on 1 August, 2016 for education for 3 years. What would be his residential status for 2016-17 if he was residing in India for 200 days in FY 2015-16?	
	a. Person resident in India	b. Person resident outside India
10	The following transactions are regarded as Capital Account Transaction	
	a. Any borrowing or lending in rupees in whatever form or by whatever name called between a person resident in India and a person resident outside India	
	b. Export, import or holding of currency or currency notes	
	c. Deposits between persons resident in India and persons resident outside India	
	d. All of the above	
11	Following transactions are prohibited under FEMA, 1999 unless permission of RBI is obtained:	
	a. to deal in or transfer of foreign exchange or foreign security to any person other than authorised person	b. make any payment to any person resident outside India otherwise than authorised person
	c. receive any payment from any person resident outside India otherwise than authorised person	d. All of the above
12	Shine Ltd. is a Korean company having manufacturing units in 4 countries. It is having its headquarter in Mumbai and Branch in Thailand. Headquarter at Mumbai controls branch of manufacturing unit. What would be the residential status of manufacturing unit of Thailand?	
	a. Thailand Branch is 'Person resident in India'	
	b. Thailand Branch is 'Person resident outside India'	
	c. Thailand Branch is Foreign unit	
	d. Thailand branch is ordinarily resident	
13	FEMA 1999 applies to all branches, offices and agencies outside India owned or controlled by a person resident in India	
	a. True	b. False
14	Authorised person contravenes any direction of RBI: penalty shall be	
	a. Upto 10000	b. Upto 10000 and 2000 per day if continuing
	c. Upto 50000 and 5000 per day if continuing	d. Upto 1 lakh
15	As per FEMA, a person residing for ----- in India is a person resident in India (subject to exceptions☺)	
	a. for not less than 183 days	b. for more than 182 days
	c. for not less than 184 days	d. for more than 181 days
16	For failure to pay penalty u/s 13 where such penalty < 1 crore: Civil Imprisonment shall be:	
	a. upto 6 months	b. upto 1 year
	c. upto 2 years	d. upto 3 years
17	Under FEMA a person can undergo civil imprisonment u/s 14 if he fails to pay the full amount of	

	penalty u/s 13:	
	a. within 60 days from service of notice to him	b. within 90 days from order made to him
	c. within 60 days from service of notice to him	d. within 90 days from service of notice to him

18	For failure to pay penalty u/s 13 where such penalty > 1 crore: Civil Imprisonment shall be	
	a. upto 6 months	b. upto 1 year
	c. upto 2 years	d. upto 3 years

19	----- is not relevant for determining the residential status of a person in FEMA	
	a. Residence	b. Place of Employment
	c. Period of stay	d. Citizenship

20	Champions Ltd. is Vietnam based company having several business units all over the world. It has a unit for manufacturing toys with its headquarters in Pune. It has a branch in Singapore which is controlled by the headquarters in Pune. What would be the Residential Status under FEMA, 1999 of unit in Pune?	
	a. Person resident outside India	b. Person resident in India
	c. Foreign Citizen	d. None of the above

21	In continuation of the above question what would be the Residential Status under FEMA, 1999 of unit in Singapore?	
	a. Person resident outside India	b. Person resident in India
	c. Foreign Citizen	d. None of the above

22	Friends are a Philippine company having several business units all over the world. It has a manufacturing unit called Enemies with headquarters in Kolkata. It has a branch in Germany which is controlled by the headquarters in Kolkata. What would be the residential status under FEMA 1999 of Kolkata headquarter?	
	a. Person resident outside India	b. Person resident in India
	c. Foreign Citizen	d. None of the above

23	In continuation of the above question what would be the Residential Status under FEMA, 1999 of Germany branch?	
	a. Person resident outside India	b. Person resident in India
	c. Foreign Citizen	d. None of the above

24	In continuation of the question number 22 what would be the Residential Status under FEMA, 1999 of Friends?	
	a. Person resident outside India	b. Person resident in India
	c. Foreign Citizen	d. None of the above

25	Examine whether the following branch can be considered as a “person resident in India” under the Foreign Exchange Management Act,1999 EFG Ltd, a company incorporated in India established a branch at Paris on 1 January 2017.	
	a. Person resident outside India	b. Person resident in India
	c. Foreign Citizen	d. None of the above

26	Examine whether the following branch can be considered as a “person resident in India” under the Foreign Exchange Management Act, 1999 STU, a foreign company, established a branch at Chennai on 1 January 2017. The Chennai branch controls a branch at Greece. What is the status of Chennai Branch
	a. Person resident in India
	b. Person resident outside India
	c. Foreign Citizen
	d. None of the above

27	In continuation of the above question what would be the Residential Status under FEMA, 1999 of branch at Greece?
	a. Person resident outside India
	b. Person resident in India
	c. Foreign Citizen
	d. None of the above

28	Examine with reference to the provisions of the Foreign Exchange Management Act, 1999 the residential status of the branch mentioned below. Happy Ltd is an Indian company. It is having registered office at Bengaluru ,India and established a branch at Melbourne on 1 April 2018
	a. Person resident outside India
	b. Person resident in India
	c. Foreign Citizen
	d. None of the above

29	Examine with reference to the provisions of the Foreign Exchange Management Act, 1999 the residential status of the branch mentioned below. Fine goods Ltd, a company incorporated and registered in Adelaide established a branch at Hyderabad in India on 1 April 2018
	a. Person resident in India
	b. Person resident outside India
	c. Foreign Citizen
	d. None of the above

30	Examine with reference to the provisions of the Foreign Exchange Management Act, 1999 the residential status of the branch mentioned below. Fine Goods Ltd, a company incorporated and registered in Adelaide established a branch at Hyderabad in India on 1 April 2018. What is status of Hyderabad Branch
	a. Person resident outside India
	b. Person resident in India
	c. Foreign Citizen
	d. None of the above

31	Examine with reference to the provisions of the Foreign Exchange Management Act, 1999 the residential status of the branch mentioned below. Quick Ltd has a branch office at Amsterdam which is controlled by its Raipur branch.
	a. Person resident in India
	b. Person resident outside India

	Examine with reference to the provisions of the Foreign Exchange Management Act, 1999 the residential status of the branch mentioned below. Disco Ltd. a company incorporated and registered in Athens established a branch at Jodhpur in India on 1 January 2018.
	a. Person resident outside India
	b. Person resident in India
	c. Foreign Citizen
	d. None of the above

33	Mr. Gopal resided in India during the Financial Year 2016-2017 for less than 183 days. He came to India on 1 April 2017 for employment. What would be his residential status during the financial year 2017-2018 under FEMA,1999
	a. Person resident outside India b. Person resident in India
	c. Foreign Citizen d. None of the above
34	Mr. Soham resided in India during the Financial Year 2016-2017. He left India on 1 August 2017 for higher studies for four years. What would be his residential status during the financial year 2017-2018 under FEMA, 1999?
	a. Foreign Citizen b. Person resident outside India
	b. Person resident in India c. None of the above
35	Mr. Ravi had resided in India during the financial year 2016-17 for less than 183 days. He again came to India on 1 June, 2017 for business and stayed upto 15 August, 2018. State whether Mr. Ravi can be considered "Person Resident in India" during the financial year 2017-18
	a. Person resident outside India b. Person resident in India
	c. Foreign Citizen d. None of the above
36	Mr. Guru resided in India for a period of 150 days during the financial year 2016-2017 and thereafter went abroad. He came back to India on 1 April 2017 as an employee of a business organization. What would be his residential status under Foreign Exchange Management Act, 1999 during the financial year 2017-18?
	a. Person resident outside India b. Person resident in India
	c. Foreign Citizen d. None of the above
37	The residential status of an individual for a particular financial year is determined with reference to his residence in India in the immediately preceding financial year
	a. True
	b. False
38	Mr. T is an Indian citizen who has been residing in India since his birth. He left India for employment in Russia on 25 th February 2016. The contract of employment is for 2 years. He comes back on 24 th February 2018. What is his residential status for the financial year 2017-18?
	a. Person Resident outside India b. Person resident in India
39	In continuation to the above question what would be residential status for the financial year 2017-18 if he would have gone abroad for higher studies?
	a. Person resident in India b. Person Resident outside India
40	No person resident in India shall acquire, hold possess , own or transfer any foreign exchange , foreign security or any immovable property situated outside India ,except in accordance with the Act, or by a general or special permission of RBI.
	a. True b. False
41	Any PROI, not being a citizen of Pakistan or Bangladesh, and visiting India: May bring into India (including from Nepal & Bhutan) max Rs.

	a. 25000	b. 50000	c. 100000	d. 500000
42	Foreign Currency means:			
	a. All currency excluding Indian Rs	b. All currency excluding Indian Rs. & \$		
	c. All currency excluding Rs. and Pakistani Rs		d. None of the above	
43	The Reserve Bank of India may revoke the authorization of authorized person if it is satisfied that such revocation			
	a. will cause peace in the country		b. will create employment	
	c. is in public interest		d. will cause inflow of foreign currency	
44	An authorised person shall in all his dealings in ----- comply with such general or special directions as the Reserve Bank of India may from time to time think fit to give			
	a. import export		b. shares	
45	What will authorized person do if any person refuses to make the declaration or to give the information required by the authorized person or makes only unsatisfactory compliance therewith?			
	a. The authorised person shall refuse in writing to undertake the transaction			
	b. The authorised person shall file a complaint against such person with Police			
	c. The authorised person shall complete the transaction as usual			
46	In continuation of the above question, what if Authorised Person believes that certain contravention or evasion is contemplated by the person?			
	a. The authorised person shall file a complaint against such person with Police		b. The authorised person shall conduct business as usual	
	c. The authorised person shall report the matter to the Reserve Bank of India		d. None of the above	
47	What is the penalty where an authorised person contravenes any direction given by the Reserve Bank under this Act?			
	a. Fine not exceeding Rs 10000, if it is continuing then Rs.2000 per day may be levied		b. Fine not exceeding Rs 1000, if it is continuing then Rs.200 per day may be levied	
	c. Fine not exceeding Rs 100000, if it is continuing then Rs.20000 per day may be levied		d. Fine not exceeding Rs 10000, if it is continuing then Rs.20000 per day may be levied	
48	Quantum of Penalty for violation of Sec 13 shall be: if the sum involved is quantifiable:			
	a. 3x the sum		b. 2x the sum	
	c. 1x the sum		d. 10x the sum	
49	Quantum of Penalty for violation of Sec 13 shall be: if the sum involved is not quantifiable:			
	a. upto 1 lakh		b. upto 2 lakh	
	c. upto 3 lakh		d. upto 10 lakh	
50	Can the Reserve Bank at any time cause an inspection to be made by any specially authorized			

	officer in writing in behalf of the business of any authorized person?	
	a. Yes	b. No
51	Compounding of contravention under section 13 shall be done within the time limit of :	
	a. 180 days of receipt of application by directorate of enforcement	b. 45 days of receipt of application by directorate of enforcement
	c. 90 days of receipt of application by directorate of enforcement	d. 65 days of receipt of application by directorate of enforcement
52	Appeals to Special Director shall be done withinof receipt of order u\s 17	
	a. 80 days	b. 45 days
	c. 70 days	d. 100 days
53	If central government or any person is aggrieved by an order made by adjudicating authority it shall file an appeal to appellate tribunal & appellate tribunal should dispose the appeal within a period of....days.	
	a. 90	b. 180
	c. 45	d. 100
54	Mr. X convicted an offence under the FEMA resulting the penalty of Rs. 65 lakhs. Later he learned that he can compound under RBI the penalty amount. Can he?	
	a. Yes, as there is no prison involved	b. No, amount 65 lakh exceeds compoundable amount
	c. No, As offence can't be compounded	d. None
55	Mr. A was detained under civil imprisonment for contravention of the provisions of FEMA. Demand was for an amount involving 92 lakh. Such detention shall be for a period of	
	a. 1 year	b. 6 months
	c. 3 years	d. 10 months
56	Any person detained in civil prison as above may be detained for upto 3 years if demand amount involved is more than	
	a. 90 lakh	b. 1 crore
	c. 50 lakh	d. 10 crore
57	Any detained person in execution of certificate shall be released after	
	a. End of term	b. Paying amount in warrant to officer-in-charge
	c. appeal	d. None of above
58	Mr. X was appointed as an authorized person contravenes directions by RBI and also failed to file returns by RB . Penalty for such failure and contravention shall be:	
	a. upto Rs. 10000 and additional Rs.2000 per day for continuing offence	b. upto Rs. 5000 and additional Rs. 1000 per day for continuing offence
	c. upto Rs. 12000 and additional Rs. 2500 per day for continuing offence	d. upto Rs. 10000 and additional Rs. 4000 per day for continuing offence
59	If any person contravenes any provisions of FEMA or any guideline, rule, notification direction or	

	order subject to which an authorization issued shall be penalized when penalty is non-quantifiable	
	a. 2 lakh	b. 5 lakh
	c. 10 lakh	d. 15 lakh

60	If any person contravenes any provisions of FEMA or any guideline, rule, notification direction or order subject to which an authorization issued shall be penalized when penalty is quantifiable:	
	a. 10 times the amount involved	b. 5 times the amount involved
	c. 3 times the amount involved	d. 15 times the amount involved

61	If the person fails to pay the penalized amount exceeding 1 crore he shall be imprisoned for	
	a. 10 years	b. 3 years
	c. 6 months	d. 2 months

62	For an offence committed under any provision of act or any rules ,regulations ,notification the amount of penalty per day continuing offence if the penalty not paid is	
	a. Rs. 10000	b. Rs. 5000
	c. Rs. 2000	d. Rs 1000

63	Mr. A authorized person was appointed by RBI and has set a limit to hold currency upto 20000 \$ and such authorized person was holding currency marginally higher @ \$ 21000 is the action of Authorised Person valid?	
	a. Yes, in case of emergent need	b. No, it is violation of RBI directions and punishable
	c. Excess of upto 10% permissible	d. RBI direction is guideline and not mandatory in nature

64	What is the restriction for possession foreign coins for ordinary person?	
	a. \$ 1000	b. \$ 2000
	c. \$ 3000	d. No limit

65	Person resident in India is permitted to retain aggregate foreign currency only upto	
	a. \$5000	b. Rs 50000
	c. Rs 10000	d. \$2000

66	Person resident in India but not permanently resident can hold foreign currency acquired by him outside India without any limit provided the same is disclosed to:	
	a. Income tax authority	b. RBI
	c. CG	d. Customs authority

67	Realization and repatriation of foreign currency is exempted if such currency is acquired or received before:	
	a. 15th August 1947	b. 8th July 1947
	c. 26th January 1947	d. 15th July 1950

68	Foreign currency permitted to be retained upto amount of \$2000 can be retained by way of:	
	a. Travellers Cheque	b. Foreign Currency Notes
	c. Bank Notes	d. All of the above

69	Mr. A returned from Demark to India on 1.5.2010.While flying he took 1000 kroner and could not use 500 kroner out of 1000. By which date should he deposit that money to authorized person?	
	a. 30.6.2010	b. 31.5.2010
	c. 29.7.2010	d. 31.5.2011
70	A person shall surrender unused portion of Foreign Exchange within.....from the date of it acquisition to an authorised person	
	a. 120 days	b. 60 days
	c. 30 days	d. 100 days
71	If the unspent amount is in form of travellers cheque such amount shall be returned within	
	a. 90 days	b. 180 days
	c. 100 days	d. 60 days
72	What shall be the maximum interest rate payable on advance payment received by an exporter from buyer outside India?	
	a. LIBOR +300 basis points	b. 3%
	c. LIBOR+100 basis points	d. 10%
73	Can an exporter refund the amount which unused when the exporter fails to ship the goods after the period of one year?	
	a. Yes, with approval of CG	b. No
	c. Yes only with approval of RBI	d. None of the above
74	Which of the following exports require prior approval?	
	a. Exports of goods on lease, hire etc.	b. Export under trade agreement/rupee credit
	c. Export of good under special arrangement between Indian & Foreign Government	d. All of the above
75	Date of export of software in non-physical form under FEMA shall be deemed to be the date of	
	a. Goods actually exported	b. Goods received by buyer
	c. Date of RBI approval	d. Invoice covering such export
76	When goods are exported to a warehouse established outside India the amount representing export value shall be paid to authorized dealer in any other case not later than	
	a. 16 months	b. 15 months
	c. 14 months	d. 12 months
77	When the value of export is not ascertainable at the time of export such export value shall be	
	a. Cost of Production	b. Value as given by authorized dealer
	c. Prevailing market price	d. Value as specified by RBI
78	Mr. P is running a business of aircraft and its engine and its spare parts. Due to its continual use the engine of one aircraft got a little damaged result of which he sent it to Germany for repairing which will be resent within 8 months. Is he required to furnish declaration for such export	

	a. No declarations for export for repair	b. Yes (declaration since more than 6 months)
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79	Mr. X has sent gift to his daughter who resides in Japan of value of Rs. 700000. Is he required to furnish declaration?
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	a. Yes (value exceed Rs50000)	b. No restriction
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80	Which of the following exports don't require furnishing declaration
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	a. Goods & software value of 35000 \$	b. Gift of Goods of value of more than 600000 Rs
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	c. Aircraft repairs sent abroad re-import 8 months	d. Trade samples of goods and publicity material supplied free of payment
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Answers

1.11

Q. No	Option No	Q. No	Option No
1.	c	41.	a
2.	a	42.	a
3.	e	43.	c
4.	c	44.	d
5.	b	45.	a
6.	a	46.	c
7.	a	47.	a
8.	a	48.	a
9.	a	49.	b
10.	c	50.	a
11.	d	51.	a
12.	a	52.	b
13.	a	53.	b
14.	b	54.	a
15.	b	55.	b
16.	a	56.	b
17.	d	57.	b
18.	d	58.	a
19.	d	59.	a
20.	b	60.	c
21.	b	61.	b
22.	b	62.	b
23.	b	63.	b
24.	a	64.	d
25.	b	65.	d
26.	a	66.	d
27.	b	67.	b
28.	b	68.	d
29.	a	69.	c
30.	b	70.	b
31.	a	71.	b
32.	b	72.	c
33.	a	73.	c
34.	c	74.	d
35.	a	75.	d
36.	a	76.	b
37.	a	77.	c
38.	a	78.	b
39.	b	79.	a
40.	a	80.	d