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[For departmental use]

# *E-exercise Book*



## *Authorized Economic Operator (AEO) Scheme*

**Note:**

In this **e-Exercise Book**, the reader can check his understanding and knowledge about *Authorized Economic Operator (AEO) Scheme*. 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](mailto:rtinacenkanpur@yahoo.co.in) or [goyalcp@hotmail.com](mailto:goyalcp@hotmail.com). This may not be a perfect **e-Exercise Book** and all are requested to assist us to make it better.

This e-Exercise book has been prepared with active assistance and contribution by **Shri Siddarth Jain, Shri Anand Prakash, and Shri Abhay Singh Phalke, all IRS officers of 65<sup>th</sup> Batch**. I appreciate their participation and willingness to prepare e-exercise book and to help fellow departmental officers in capacity building and upgrading their knowledge.

Sd/-

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SAFE Framework of Standards & Authorized Economic Operator Scheme

**Take the following Quiz & Test your knowledge**

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

**Q.No.1** Which of the following International Organization has developed and adopted the SAFE Framework of Standard?

- (a) World Trade Organization (WTO)
- (b) World Customs Organization (WCO)
- (c) United Nations (UN)
- (d) Organization for Economic Cooperation and Development (OECD)
- (e) European Union (EU)

**Q.No.2** In which year the SAFE Framework of Standards was adopted by World Customs Organization?

- (a) 2003
- (b) 2004
- (c) 2005
- (d) 2006
- (e) 2011

**Q.No.3** Which one or more of the following indicates the basic aims of the SAFE Framework of Standards:

- (a) To promote trade facilitation worldwide with integrated global supply chain
- (b) To act as a deterrent to international terrorism.
- (c) Secure Revenue Collections
- (d) (a) and (b) above
- (e) (a) (b) and (c) above

**Q.No.4** Which one or more of the following indicate the core elements of SAFE Framework of Standards?

- (a) Sharing of advance electronic information about inbound, outbound and transit shipments.
- (b) to employ a consistent risk management approach to address security threats
- (c) Outbound inspection of high risk consignments being exported, preferably using non-intrusive inspection method.
- (d) Customs to provide benefits to businesses that meets minimal supply chain security standards and best practices.
- (e) All of the above.

**Q.No.5** As on date the SAFE Framework of Standards consist of how many standards?

- (a) 28
- (b) 17
- (c) 4
- (d) 3
- (e) 22

**Q.No.6** SAFE Framework of Standards deals with supply chain management of goods by which one or more of the following modes of Transports?

- (a) Air transport
- (b) Road transport
- (c) Rail transport
- (d) Transport by Sea
- (e) All modes of transport

**Q.No.7** With regard to SAFE Framework of Standards, identify which one or more of the following statements is correct? SAFE framework aims to,-

- (1) Establish Standards
- (2) Provides integrated supply chain management for all modes of transport.
- (3) Improve capability to detect high risk consignments
- (4) To meet challenges and opportunities of the 21<sup>st</sup> Century

Out of the above, which one of the following is the right option:-.

- (a) (1) above
- (b) (2) above
- (c) (1) & 2 above
- (d) (1), (2) and (3) above
- (e) (1), (2), (3) and (4) above

**Q.No.8** Which one or more of the following is/are the pillars of WCO SAFE framework?

- (a) Custom-to-Custom Pillar
- (b) Customs-to-Business Pillar
- (c) Customs-to-Other Government and Inter-Government Agencies Pillar
- (d) (a), (b) and (c) above
- (e) (a) and (b) above

**Q.No.9** Which of the following statement is not correct about the Columbus Programme?

- (a) The Columbus programme is capacity building initiative initiated by WCO for it's member countries.
- (b) The aim of the Columbus Programme is full implementation of the SAFE Framework of Standards and other WCO conventions and Instruments
- (c) The implementation of Columbus Programme consists of three phases, namely, need assessment, planning & implementation; and monitoring and evaluation.
- (d) Diagnostic Mission carried out by WCO Capacity Building Experts is part of third phase i.e. monitoring and evaluation phase of the Columbus Programme.
- (e) The development of project proposal and business case for submission to stakeholders and potential donors is part of the Phase 2 of the Columbus Programme.

**Q.No.10** Which one or more of the following statement is not correct about AEO?

- (a) It is a party involved in the international movement of goods.
- (b) It is to be approved by or on behalf of a national Customs administration as complying with WCO or equivalent Supply Chain Security Standards.
- (c) AEO may be a party involved in import or export of goods.
- (d) Insurance company can also apply for grant of AEO Status.
- (e) AEO may be party whose business is of custodian, or consolidator or warehousing of goods, being imported or exported.

**Q.No.11** In India, which one of the following is the notified agency for implementation of Scheme of Authorized Economic Operator?

- (a) The Directorate General of Human Resource Development (DGHRD)
- (b) The Directorate General of Central Excise Intelligence (DGCEI)
- (c) The Directorate General of Inspection of Customs and Central Excise (DGICCE)
- (d) The Directorate General of Export Promotion (DGEP )
- (e) The Directorate General of Revenue Intelligence (DGDRI)

**Q.No.12** The Business entity having an Authorized Economic Operator (AEO) Status is considered to be of, .....

- (a) Low risk
- (b) High risk
- (c) Moderate risk
- (d) Illegal
- (e) No risk

**Q.No.13** In India, in which year the scheme of Authorized Economic Operator was first notified?

- (a) 2008
- (b) 2009
- (c) 2010
- (d) 2011
- (e) 2015

**Q.No.14** Which one or more of the following types of Business entity is eligible to acquire AEO status in India?

- (a) An Importer
- (b) An exporter
- (c) Warehouse Owner
- (d) Custom House Agent
- (e) All of the above

**Q.No.15** The status of Authorized Economic Operator in any country is granted by, -

- (a) World Customs Organization (WCO)
- (b) National Customs Administration
- (c) National Police Agencies
- (d) Trade Chamber
- (e) Export Promotion Council

**Q.No.16** The essence of AEO programme is to promote and facilitate

- (a) Business to Business partnership
- (b) Customs to Business partnership
- (c) WCO to Business partnership
- (d) Cooperation among Custom formations within the country
- (e) Customs to Other Government Agencies Cooperation within the country

**Q.No.17** Which one of the following is not eligible to apply for AEO Status in India?

- (a) Bank
- (b) Insurance Companies
- (c) Customs Consultants
- (d) (a) and (b) above
- (e) (a), (b) and (c) above.

**Q.No.18** Which one or more of the following are the conditions and requirements taken into consideration before grant of AEO status?

- (1) Financial viability
- (2) Demonstrated compliance with Customs requirement
- (3) Satisfactory System for management of commercial record and appropriate transport record.
- (4) Maintenance of Approved Security and Safety standards.

**Please identify the correct option.**

- (a) (1) & (2)
- (b) (2) & (3)
- (c) (3) only
- (d) (1), (2) & (3)
- (e) (1), (2), (3) & (4)

**Q.No.19** What are the benefits granted to an AEO in India?

- (a) Reduced Bank Guarantee wherever applicable.
- (b) Faster approvals and full/partial waiver from payment of fee.
- (c) Reduced procedural requirements.
- (d) Reduced examination norms for import and export cargo
- (e) All of the above.

**Q.No.20** How much years of customs related business experience is required for the business entity engaged in international trade supply chain for getting AEO status?

- (a) No experience required
- (b) One year
- (c) Two years
- (d) Three years
- (e) Five year

**Q.No.21** To obtain AEO status, the Business entity needs to be registered with, which one of the following agencies?

- (a). Directorate General of Inspection of Customs and Central Excise.
- (b). Registrar of Companies
- (c). Directorate General of Foreign Trade
- (d). Income Tax Department
- (e). VAT Department of State Government

**Q.No.22** Which one or more of the following can apply for grant of AEO status?

- (a) Anyone involved in the International Supply Chain
- (b) Anyone undertakes Customs related activity
- (c) Anyone who is engaged in selling of imported goods in domestic market
- (d) Both (a) and (b)
- (e) a), (b) and (c) above

**Q.No.23** In case of suspension of AEO status, which is the correct option before the AEO status business entity?

- (a) He can file appeal before Director General, Directorate of Inspection within 30 days of the decision of suspension and the Directorate General, Directorate of Inspection is required to decide the appeal within a period of 30 days of receipt of appeal
- (b) He can file appeal before Director General, Directorate of Inspection within 60 days of the decision of suspension and the Directorate General, Directorate of Inspection is required to decide the appeal within a period of 30 days of receipt of appeal
- (c) He can file appeal before Director General, Directorate of Inspection within 30 days of the decision of suspension and the Directorate General, Directorate of Inspection is required to decide the appeal within a period of 60 days of receipt of appeal
- (d) He can file appeal before Director General, Directorate of Inspection within 60 days of the decision of suspension and the Directorate General, Directorate of Inspection is required to decide the appeal within a period of 60 days of receipt of appeal
- (a) He can file appeal before Director General, Directorate of Inspection within 30 days of the decision of suspension. However, no period has been prescribed for the Directorate General, Directorate of Inspection to decide the appeal.



**Q.No.24** Which of the following is not required to be submitted by an applicant for grant of AEO?

- (a) Security plan
- (b) Site plan
- (c) Process map
- (d) Business plan
- (e) Self Assessment form

**Q.No.25** With which of the following country, India has signed Mutual Recognition Agreement /arrangements?

- (a) South Korea
- (b) United States of America
- (c) Hongkong
- (d) Singapore
- (e) Japan.

**Q.No.26** What is the Time line prescribed for grant of AEO status to the applicant from the date of receipt of complete Application form :

- (a) Within 90 days
- (b) Within 100 days
- (c) Within 120 days
- (d) Within 150 days
- (e) Within 60 days

**Q.No.27** The Acronym “ISCM” stands for \_\_

- (a) Integral Supply Chain Mechanism
- (b) Integrated Supply Chain Management
- (c) Internal Statutory Compliance Mechanism
- (d) Integrated Supply Chain Mechanism
- (e) International Supply Chain Management

**Q.No.28** What are the key themes for Customs to Business Pillar?

- (1) Partnership
- (2) Security
- (3) Manual Data Entry
- (4) Strict Physical Control
- (5) Technology, Communication and Facilitation

**Out of the above, which one of the following is the right option:-.**

- (a) (1), (2),(3) & (5)
- (b) (2), (3) & (5)
- (c) (1), (2) & (5)
- (d) (1), (2), (3), (4) & (5)
- (e) (1), (4) & (5)

**Q.No.29 The AEO Programme Manager may suspend the Certificate of AEO Status in the following cases:**

- (1) Where there is a reasonable belief that an act has been perpetrated that is liable to lead to prosecution and /or is linked to a serious infringement of Customs
- (2) Where non-compliance with the conditions or criteria for the Certificate of AEO Status is detected and no remedial steps have been taken within 30 days thereof.

**Out of the above, which one of the following is the right option:-.**

- (a) Only (1)
- (b) Only (2)
- (c) Both (1) and (2) above
- (d) Neither (1) nor (2)

**Q.No.30 What is the purpose of signing Mutual Recognition Agreement / Arrangements with other trading partner countries?**

- (a) To avoid double taxation
- (b) To mutually cooperate with each other in all customs matters
- (c) To exchange import and export data on real time basis
- (d) To mutually recognize the AEOs certification granted by respective Customs Administration.
- (e) To assist each other in capacity building programme on Trade Facilitation Agreement

**Q.No.31** Carefully go through the following statements and find out whether the same is **True** or **False**.

(i) Under AEO programme, an entity engaged in international trade is approved by Customs as compliant with supply chain security standards and granted AEO status & certain benefits.

**[True/False]**

(ii) Financial Solvency is an important eligibility criteria for AEO.

**[True/False]**

(iii) A mutual recognition agreement (MRA) is an international agreement by which two or more countries agree to recognize one another's conformity assessments of AEO.

**[True/False]**

(iv) AEO is a voluntary Programme and those business entities in the global supply chain, who are interested in getting benefits of the programme, may apply for authorization or certification as per the procedure prescribed by the Government.

**[True/False]**

(v) The basic purpose of SAFE Framework of standards is to secure and to facilitate International Trade.

**[True/False]**

(vi) SAFE Framework of Standards are based on four core principles and three pillars.

**[True/False]**

(vii) Third Pillar of SAFE Framework Standards is based on the concept of Coordinated Border Management and has been incorporated in the SAFE Package in the year 2015.

**[True/False]**

**ANSWERS OF MULTI CHOICE QUESTIONS (MCQs)**

Q. No.	Sub-Question	Answer
1.		b
2.		c
3.		e
4.		e
5.		a
6.		e
7.		e
8.		d
9.		d
10.		D
11.		c

12.		a
13.		d
14.		e
15.		b
16.		b
17.		e
18.		d
19.		e
20.		d
21.		b
22.		d
23.		a
24.		d

25.		c
26.		a
27.		b
28.		c
29.		c
30.		d
31.	(i)	T
	(ii)	T
	(iii)	T
	(iv)	T
	(v)	T
	(vi)	T
	(vii)	T

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