

## **FINANCIAL SERVICES**

### **Multiple Choice Questions**

1. The first bank which set up a separate Merchant Banking Division (MBD) to handle new capital issues in the domestic market is -----.  
(a) Punjab National Bank (b) Standard Chartered Bank  
(c) National & Grindlays Bank (d) National City Bank.
2. The first Indian commercial bank to set up a merchant banking division in 1972.  
(a) S B I (b) S B T (c) Bank of India (d) Indian Bank
3. The first financial institution that set up a merchant banking division in 1973.  
(a) UTI (b) ICICI (c) IDBI (d) IFCI
4. IFCI started merchant banking operations in -----.  
(a) 1973 (b) 1980 (c) 1986 (d) 1990
5. ----- covers the entire range of services provided by a merchant banker.  
(a) Project counselling (b) Corporate counseling  
(c) Credit syndication (d) Market makers.
6. Functions of financial services exclude -----.  
(a) Mobilization of savings (b) Allocation of fund  
(c) Specialized services (d) Collection of tax.
7. -----merchant banker are permitted to perform issue management functions as well as those of lead managers, co-managers, portfolio managers, underwriters, consultants and advisors to capital issues.  
(a) Category I (b) Category II (c) Category III (d) Category IV
8. Category I merchant banks must have a minimum net worth of Rs. -----.  
(a) 20 Lakh (b) 50 Lakh (c) 1Crore (d) 5 Crore
9. Which of the following is not a fee-based financial service?  
(a) Corporate counseling (b) Lease financing (c) Portfolio management (d) Issue management.
10. Which of the following is not a fund based financial services?  
(a) Credit rating agencies (b) Venture capital (c) Consumer credit (d) Factoring

11. ----- is a form of equity financing designed specially for funding high risk and high reward projects.  
(a) Venture capital (b) Merchant banking (c) Leasing (d) None of these.
12. The term ----- refers financial investment in a highly risky and growth oriented venture with the objective of earning a high rate of return.  
(a) Venture capital (b) Merchant banking (c) Leasing (d) None of these.
13. ----- is a road towards a high growth economy.  
(a) Venture capital (b) Merchant banking (c) Leasing (d) None of these.
- 14.----- act as an intermediary to link up the sources of ideas and the sources of fund.  
(a) Venture capital (b) Merchant banking (c) Leasing (d) None of these.
15. VCFs of specialized financial institution promoted by -----.  
(a) Central government (b) RBI (c) state government (d) None of these
16. IDBI, IFCI, ICICI etc. are promoted by -----.  
(a) VCF s of specialized financial institution (b) VCF s of commercial bank  
(c) Private VCFs (d) None of these.
17. Write an example for VCFs of state financial institution.  
(a) KSIDC (b) TDICI (c) CVCF (d) None of these.
18. Which of the following is a VCF promoted by specialized financial institution.  
(a)Indus venture capital fund (b) IL & FS Venture corporation ltd.  
(c) IDBI venture capital fund (d)None of these.
19. VECAUS is a Venture capital scheme promoted by -----.  
(a) IFCI (b) ICICI (c) UTI (d) IDBI
20. Off shore VCFs are promoted by ----- & financial institution.  
(a) Foreign banks (b) Private banks (c) State banks (d) None of these.
21. ----- is the nodal agency for registration and regulation of both domestic and overseas VCFs.  
(a) RBI (b) SEBI (c) Central Government (d) MCA
22. High risk is an outstanding feature of -----.  
(a) Mutual fund (b) venture capital (c) Debenture finance (d) govt. bonds.
23. ----- is needed for developing a product in the initial stages.  
(a) Seed capital (b) Start-up capital (c) Second round financing (d) None of these.

24. ----- capital is needed for product development and initial marketing.
- (a) Seed capital (b) Start-up capital (c) First round financing (d) None of these.
25. ----- provided at a stage when product has been launched in the market but has not earned enough profits to meet future capital needs.
- (a) First round financing (b) Second round financing (c) Startup capital (d) None of these.
26. ----- capital is provided for early manufacturing and marketing expense.
- (a) Startup capital (b) Seed capital (c) First round financing (d) Second round financing
27. The additional finance provided by VCFs to overcome fledging stage is called -----(a) Startup capital (b) Seed capital (c) First round financing (d) Second round financing
28. ----- stage is called fledging stage.
- (a) First round financing (b) Second round financing (c) Startup capital (d) None of these.
29. ----- is known as Mezzanine capital.
- (a) Development financing (b) Expansion financing (c) Replacement finance (d) none of these.
30. ----- is known as bridge finance.
- (a) Development financing (b) Expansion financing (c) Replacement finance (d) none of these.
31. ----- stage of financing includes financing development, expansion, buyouts etc.
- (a) Early stage financing (b) Later stage financing (c) First round financing (d) None of these.
32. ----- refers to transfer of management control.
- (a) Bridging (b) Buyout (c) Buyin (d) None of these.
33. ----- refer to the process of acquiring an existing product line by the current operating management.
- (a) MBOs (b) MBIs (c) CVCF (d) None of these.

34. ----- is the acquisition of an existing company by an external management team.
- (a) MBOs (b) MBIs (c) CVCF (d) None of these.
35. ----- means buying the control of a sick company.
- (a) Turn around (b) Buyout (c) Bridge (d) None of these.
36. Financing sick unit to make them profitable is called -----.
- (a) Turn around (b) Buyout (c) Bridge (d) None of these.
37. The purpose of valuation is to assess the ----- & viability of the venture & to decide of the percentage of the VCF ownership in the new venture.
- (a) Profitability (b) Feasibility (c) Availability (d) None of these.
38. ----- is used to estimate the value of the venture capital investment.
- (a) Revenue multiplier (b) Dual structuring (c) First Chicago method (d) None of these.
39. In ----- method, the starting time & exit time of the venture investment is only considered.
- (a) Conventional Valuation method (b) First Chicago method
- (c) Revenue Multiplier method (d) None of these.
40. In the ----- method the entire earnings stream of the venture investment is considered.
- (a) Conventional valuation method (b) First Chicago method
- (c) Revenue multiplier method (d) None of these.
41. The ----- is used to estimate the annual revenue of the new company.
- (a) Revenue multiplier factor (b) Expense multiplier factor
- (c) Conventional multiplier factor (d) None of these.

42. ----- means deciding the financial instruments through which venture capital investment is made by the VCF.

(a) Investment nurturing (b) Appraisal of proposal (c) valuation of proposal (d) Deal structuring

43. ----- is an interest free loan provided by VCFs without any predetermined repayment schedule.

(a) Conventional loan (b) Conditional loan (c) Income notes (d) None of these.

44. ----- form of loan financing carries lower interest rates initially & increases when the assisted venture units become commercially operational.

(a) Conventional loan (b) Conditional loan (c) Income notes (d) None of these.

45. ----- are instruments which carry a lower interest rate plus a royalty on sales.

(a) Income notes (b) Debt instruments (c) Equity instruments (d) None of these.

46. ----- is a combination of conventional and conditional loans.

(a) Income note (b) Debt instrument (c) Equity instrument (d) None of these.

47. The post investment service provided by VCF is also called -----.

(a) Investment nurturing (b) Turnaround financing (c) Seed money (d) None of these.

48. ----- nurturing means the continuous & ongoing investment of the VCF through representation in the board of the venture.

(a) Hands-on (b) Hands-off (c) Hands holding (d) None of these.

49. In ----- nurturing the VCFs play only a passive role in the affairs of the venture.

(a) Hands on (b) Hands off (c) Hands holding (d) none of these

50. ----- is also known as promoters buy back.

(a) Sale of shares to employees (b) sale of shares to public

(c) Sale of shares to friends & relatives (d) None of these.

51. ----- is a forced exit option results from a failed venture investment.

(a) Public issue (b) Liquidation (c) OTCEI route (d) None of these.

52. VCFs can be structured as an Investment Trust under the Indian Trust Act, -----.

(a) 1881 (b) 1882 (c) 1883 (d) 1884

53. ----- partner whose liability is unlimited.

(a) General (b) Limited (c) Venture (d) None of these.

54. There are ----- VCFs registered with SEBI.

(a) 158 (b) 160 (c) 190 (d) 197.

55. IDBI venture capital fund was started in -----.

(a) 1987 (b) 1988 (c) 1989 (d) 1990.

56. ----- was setup in 1989.

(a) VECAUS (b) ICICI venture (c) IDBI VCF (d) None of these.

57. The first nationalized bank in India to start a VCF is -----.

(a) Canara bank (b) SBI (c) Bank of India (d) ICICI.

58. ICICI Venture was started in the year -----.

(a) 1985 (b) 1986 (c) 1987 (d) 1988

59. ----- is the venture capital fund created by government and operated through IDBI.

(a) TDICI (b) KSIDC (c) ICICI ventures (d) None of these.

60. ----- is the oldest private sector venture fund in India.

(a) KSIDC (b) TDICI (c) IVML (d) None of these.

61. SIDBI venture capital scheme started operation in -----.

(a) 1992 (b) 1993 (c) 1994 (d) 1995.

62. Software fund is the first dedicated fund for software industry setup in -----.

(a) 1995 (b) 1996 (c) 1997 (d) 1998.

63. ----- is established to provide mezzanine finance to mid-cap companies in the knowledge based sector.

(a) ICICI IT fund (b) ICICI structured products fund  
(c) ICICI global opportunity fund (d) None of these.

64. ----- Bank has setup India's first private sector venture capital fund.

(a) ANZ Grindlays Bank (b) HDFC (c) Axis Bank (d) ICICI

65. The process of converting illiquid assets into liquid assets is known as -----.

(a) Factoring (b) Forfaiting (c) Leverage (d) Securitisation

66. ----- is also called Structured Finance.

(a) Factoring (b) Forfaiting (c) Leverage (d) Securitisation

67. In India, the first securitization transaction was effected in 1990 by -----.

(a) Canara Bank (b) Dena Bank (c) Citi Bank (d) Punjab National Bank

68. The initial mover of the securitization process is -----.

(a) SPV (b) Originator (c) Obligor (d) Credit Enhancer

69. ----- is a separate entity formed exclusively for the facilitation of securitization process to provide funds.

(a) SPV (b) Originator (c) Obligor (d) Credit Enhancer

70. The originator's debtor in securitization process is called -----.

(a) SPV (b) Originator (c) Obligor (d) Credit Enhancer

71. ----- collects the payments due from the original debtors and passes it to the SPV in securitization process.

(a) Servicer (b) Originator (c) Obligor (d) Credit Enhancer

72. ----- provide reassurance to the investors against the losses on assets in the event of default.

(a) Servicer (b) Originator (c) Obligor (d) Credit Enhancer

73. Securitization of movable fixed assets is called -----securitisation.

(a) Mortgage backed (b) Asset backed (c) Residential Mortgage backed (d) None of these

74. In India, the first securitization took place between Citi Bank and ----- in 1990.

(a) Canara Bank (b) Dena Bank (c) ICICI (d) Punjab National Bank

75. SARFAESI Act was passed in the year -----.

(a) 2000 (b) 2001 (c) 2002 (d) 2003

76. All type of activities which are of a financial nature are called -----.

(a) Financial market (b) Primary market (c) Capital market (d) financial services.

77. Find out odd one.

(a) Fund based activity (b) Fee based activity

(c) Modern activities (d) Purchase of raw materials.

78. The number of lead merchant bankers may not exceeds in case any issue of , issue size less than Rs.50 Crore, number of MBs -----.

(a) 1 (b) 3 (c) 2 (d) 4.

79. RoC stands for -----.

(a) Registrar of Companies (b) Registered Companies

(c) Registrar of Consuler (d) Registrar of Capital.

80. ----- is a written consent or authorization representing or acting on behalf of an individual in matters of business, private affairs or other legal matters.

(a) Memorandum of understanding (b) ROC (c) Agreement (d) Power of authority

81. Lead merchant banker should advice the issuer to enter into ----- with a particular intermediary for the purpose of issue management.

(a) Memorandum of understanding (b) ROC (c) Agreement (d) Arrangement.



82. The number of lead merchant bankers may not exceed in case any issue of, issue size 200 crore to 400 crore.

(a) 4 (b) 3 (c) 6 (d) 5.

83. Post issue management activities include:-

(a) Analysis of collection (b) Processing of data (c) Issue of refund orders (d) All of these.

84. Pre-issue management activities include:-

(a) Lead manager (b) Underwriting (c) Overall supervision (d) All of these.

85. A merchant bank can help an organization specifically in promotional functions, -----.

(a) Sponsoring the issue (b) Marketing (c) None of these (d) All of these.

86. Role of merchant bankers -----.

(a) Mobilization of funds (b) Promotional function (c) Innovation (d) All of these

87. ----- is a financial intermediary who helps to mobilize and transfer capital from those who possess it to those who need it.

(a) Lease finance (b) Venture capital (c) Merchant banker (d) Hire purchaser .

88. . ----- is a method of renting assets.

(a) Hire purchase (b) Lease (c) Hedge finance (d) Credit rating.

89. ----- is a long term risk capital to finance high technology projects which involve risk but at same time has strong potential for growth.

(a) Venture capital (b) Hedge finance (c) Merchant banker (d) Hire purchaser

90. ----- is the opinion of the rating agency on the relative ability and willingness of the issuer of debt instrument to meet the debt service obligations as and when they arise.

(a) Credit rating (b) Rating by merchant banker (c) Merit rating (d) Operating feedback.

91. The features of hire purchase:

- (a) The possession of goods is given to the buyer immediately.
- (b) The ownership in the goods remains with the vendor till the last installment is paid.
- (c) The seller can repossess the goods in case of default in payment .
- (d) All of these

92. Factoring is a method of raising ----- finance through account receivable credit offered by commercial banks and factors.

- (a) Long term
- (b) Medium term
- (c) short term
- (d) all of these

93. ----- is a fund based financial service, provides resources of finance receivable as well as facilitates the collection of receivables.

- (a) Leasing
- (b) hedge finance
- (c) Merchant banker
- (d) Factoring.

94. ----- is a service offered by a stock broker ie; buying and selling or dealing in shares on behalf of the customers.

- (a) Lease finance
- (b) Venture capital
- (c) Merchant banker
- (d) Stock broking

95. NHB stands for -----.

- (a) National House banker
- (b) National Housing Bank
- (c) National House building
- (d) New Housing Bank

96. NBFC stands for -----.

- (a) Non Banking Financial Companies
- (b) Non banking financial corporation
- (c) Non bulk finance companies
- (d) None of these.

97. The 'First Leasing Company of India Ltd.' was established in the year -----.

- (a) 1970
- (b) 1971
- (c) 1972
- (d) 1973

98. Under ----- leasing, the seller company ultimately becomes the lessee and the purchaser of the asset is lessor.  
(a) Direct (b) Equipment (c) Leveraged (d) None of these
99. Under ----- leasing, a firm acquires the right to use an asset from the manufacturer directly.  
(a) Direct (b) Equipment (c) Leveraged (d) None of these
100. Under ----- leasing, a third party is involved beside lessor and lessee  
(a) Direct (b) Equipment (c) Leveraged (d) None of these
101. ----- lease is also known as Full Payout Lease.  
(a) Financial (b) Operating (c) Leveraged (d) Direct
102. ----- lease is also known as Capital Lease.  
(a) Financial (b) Operating (c) Leveraged (d) Direct
103. ----- lease is also known as Long term Lease.  
(a) Financial (b) Operating (c) Leveraged (d) Direct
104. ----- lease is also known as Net Lease.  
(a) Financial (b) Operating (c) Leveraged (d) Direct
105. A lease that transfers substantially all the risk and rewards incident to ownership of an asset is called ----- lease.  
(a) Financial (b) Operating (c) Leveraged (d) Direct
106. ----- lease is also known as non- payout lease.  
(a) Financial (b) Operating (c) Leveraged (d) Direct
107. Under ----- lease, the lessor finances the purchase of the property and provides other services such as repair, maintenance etc.  
(a) Financial (b) Operating (c) Leveraged (d) Direct
108. The usual form of operating lease is also called -----.  
(a) Dry lease (b) Wet Lease (c) Equipment lease (d) Leveraged lease
109. The operating lease in which the lessee bears the cost of insuring and maintaining the equipment is called -----  
(a) Dry lease (b) Wet Lease (c) Equipment lease (d) Leveraged lease
110. Highly costly equipments and machines are contracted on lease can be termed as -----.  
(a) Indirect lease (b) leveraged lease (c) big ticket lease (d) cross-border lease

111. Lease transaction takes place between the nationals within the country is called -----.
- (a) Indirect lease (b) leveraged lease (c) domestic lease (d) cross-border lease
112. Lease transaction takes place between different nationals is called -----.
- (a) Indirect lease (b) leveraged lease (c) domestic lease (d) cross-border lease
113. Lease of immovable property is known as -----.
- (a) Indirect lease (b) leveraged lease (c) domestic lease (d) Real estate lease
114. The cost of factoring services is termed as -----.
- (a) Discount (b) factorage (c) fee (d) commission
115. Under ----- factoring, the factor assumes the risk of bad debts.
- (a) Recourse (b) Non-recourse (c) Conventional (d) Advance
116. Under ----- factoring, the business firm assumes the risk of bad debts.
- (a) Recourse (b) Non-recourse (c) Conventional (d) Advance
117. Under ----- factoring, the factor provides an advance against the uncollected receivables of a firm.
- (a) Recourse (b) Non-recourse (c) Conventional (d) Advance
118. Under ----- factoring, the factor only provides assistance for collection and insurance against bad debts.
- (a) Recourse (b) Non-recourse (c) Maturity (d) Advance
119. Who is the chairman of high powered committee constituted by the R B I under factoring services?
- (a) U.K. Sinha (b) Pranab Mugarjee (c) C.S. Kalyanasundaram (d) None of these.
120. The first factoring company was started by ----- in 1991.
- (a) SBI (b) Canara Bank (c) ICICI (d) HSBC
121. The debtor is not informed of the agreement entered into between the seller and the factor.
- (a) Recourse (b) Disclosed (c) Conventional (d) Undisclosed
122. The debtor is informed of the appointment of factor and is directed to make payment to the factor.
- (a) Recourse (b) Disclosed (c) Conventional (d) Undisclosed
123. ----- is a form of financing of receivables pertaining to international trade.

- (a) Factoring (b) Forfaiting (c) Bill discounting (d) Hire purchase
124. ----- is also known as Sovereign ratings.  
(a) Equity rating (b) Rating of States (c) Country rating (d) Individual rating
125. Under ----- rating, borrowers and customers are rated to assess their paying capacity.  
(a) Equity rating (b) Rating of States (c) Country rating (d) Individual rating
126. ----- rating is undertaken to assess the risk associated with debt securitization.  
(a) Equity rating (b) Debt Rating (c) Asset backed securities rating (d) Individual rating
127. ----- analysis involves study of the company's SWOT, prospects of the industry, competition, image of the company etc.  
(a) Business (b) Financial (c) Fundamental (d) Environmental
128. The analysis of the financial strength of the issuer is called -----.  
(a) Business (b) Financial (c) Fundamental (d) Environmental
129. Ratio analysis is the important tool for ----- analysis.  
(a) Business (b) Financial (c) Fundamental (d) Environmental
130. ----- is the evaluation of management's ability to meet debt obligations and effective utilization of the fund collected.  
(a) Business analysis (b) Financial analysis (c) Management evaluation (d) Fundamental evaluation
131. Structure and regulatory framework of the financial system and trends in regulation and their impact on the issuing company is the main concern in ----- analysis.  
(a) Business (b) Financial (c) Fundamental (d) Environmental
132. ----- includes assessment of the capital adequacy, asset quality, credit risk management, liquidity, profitability etc. of the issuing company.  
(a) Business (b) Financial (c) Fundamental (d) Environmental
133. India was the first developing country to set up a credit rating agency in -----.  
(a) 1985 (b) 1986 (c) 1987 (d) 1988
134. Credit rating agencies are regulated by -----.  
(a) RBI (b) SEBI (c) Government (d) IRDA
135. There are ----- SEBI registered credit rating agencies at present.  
(a) 5 (b) 6 (c) 7 (d) None of the above

136. CRISISL was promoted in the year -----.
- (a) 1985      (b) 1986      (c) 1987      (d) 1988
137. CRISISL commenced rating operations on -----.
- (a) January 1, 1987    (b) April 1, 1987    (c) January 1, 1988    (d) April 1, 1988
138. ----- is the first credit rating agency in India.
- (a) CARE Ltd.      (b) CRISIL Ltd.      (c) ICRA Ltd.      (d) SMERA
139. ----- is the largest credit rating agency in India.
- (a) CARE Ltd.      (b) CRISIL Ltd.      (c) ICRA Ltd.      (d) SMERA
140. CRISIL offered its share capital to the public in -----.
- (a) 1987      (b) 1990      (c) 1993      (d) 1996
141. CRISIL entered into a strategic alliance with S & P Rating Group, New York in -----.
- (a) 1987      (b) 1990      (c) 1993      (d) 1996
142. ----- is the only rating agency in India to operate on the basis of sectoral specialization.
- (a) CARE Ltd.      (b) CRISIL Ltd.      (c) ICRA Ltd.      (d) SMERA
143. CARE Ltd. was mainly promoted by -----.
- (a) ICICI      (b) UTI      (c) HDFC      (d) IDBI
144. The headquarters of CARE Ltd. is located at -----.
- (a) Delhi      (b) Mumbai      (c) Kolkata      (d) Chennai
145. The headquarters of ICRA Ltd. is located at -----.
- (a) Delhi      (b) Mumbai      (c) Kolkata      (d) Chennai
146. ICRA was established in -----.
- (a) 1987      (b) 1990      (c) 1991      (d) 1993
147. ICRA was established by -----.
- (a) IFCI      (b) IDBI      (c) ICICI      (d) UTI
148. ----- is the second credit rating agency in India.
- (a) CARE Ltd.      (b) CRISIL Ltd.      (c) ICRA Ltd.      (d) SMERA
149. CRISIL and ----- are the only listed rating agencies in India.
- (a) CARE Ltd.      (b) SMERA      (c) ICRA Ltd.      (d) None of these
150. SMERA was promoted by -----.
- (a) SBI      (b) SIDBI      (c) HDFC      (d) IDBI

151. SMERA was promoted in the year -----.
- (a) 1995      (b) 2000      (c) 2002      (d) 2005
152. India's first credit information bureau is -----.
- (a) CARE      (b) CRISIL      (c) CIBIL      (d) SMERA
153. CIBIL was established in the year -----.
- (a) 1999      (b) 2000      (c) 2001      (d) 2002
154. ----- synergies can be achieved through expansion strategies in revenue enhancement and second in cost reduction.
- (a) Operating      (b) Financial      (c) Managerial      (d) None of these
155. ----- synergies come from lower financing costs.
- (a) Operating      (b) Financial      (c) Managerial      (d) None of these
156. ----- synergies arises when a high-performing management team replaces a poor performing one.
- (a) Operating      (b) Financial      (c) Managerial      (d) None of these
157. ----- strategy means when a business expands its own operations by relying on developing its own internal resources and capabilities.
- (a) Internal expansion      (b) External expansion      (c) Inorganic growth      (d) None of these
158. ----- strategies are about increasing production or market with the aid of resources and capabilities that are developed by other companies.
- (a) Internal expansion      (b) External expansion      (c) Organic growth      (d) None of these
159. ----- strategy involves selling more of the company's existing products to existing markets.
- (a) Market penetration      (b) Market development      (c) Product development      (d) None of these
160. ----- strategy involves selling company's existing products to new markets.
- (a) Market penetration      (b) Market development      (c) Product development      (d) None of these
161. ----- strategy involves making some modifications in the existing products to give increased value to the customers or developing and launching new products alongside a company's existing product line.
- (a) Market penetration      (b) Market development      (c) Product development      (d) None of these
162. ----- diversification involves acquiring a business in the same industry but at the different stages of the supply chain.

- (a) Vertical      (b) Horizontal      (c) Concentric      (d) Conglomerate
163. Crude oil exploration companies involving in all the way from rigging to distribution of petroleum products is an example of ----- diversification.
- (a) Vertical      (b) Horizontal      (c) Concentric      (d) Conglomerate
164. A manufacturer buying a retail network is an example of ----- diversification.
- (a) Forward Vertical      (b) Backward Vertical      (c) Horizontal      (d) Concentric
165. A steel firm buying a coal mine is an example of ----- diversification.
- (a) Forward Vertical      (b) Backward Vertical      (c) Horizontal      (d) Concentric
166. ----- diversification involves acquiring a similar company in the same industry.
- (a) Vertical      (b) Horizontal      (c) Concentric      (d) Conglomerate
167. ----- diversification involves entering a new market with a new product that is somewhat related to a company's existing product offering.
- (a) Vertical      (b) Horizontal      (c) Concentric      (d) Conglomerate
168. Under ----- diversification companies add similar products or services to the existing business.
- (a) Vertical      (b) Horizontal      (c) Concentric      (d) Conglomerate
169. A computer manufacturing company produces laptops is an example of ----- strategy.
- (a) Vertical      (b) Horizontal      (c) Concentric      (d) Conglomerate
170. ----- diversification involves adding new products or services that are significantly unrelated with existing product.
- (a) Vertical      (b) Horizontal      (c) Concentric      (d) Conglomerate
171. A computer manufacturing company produces cakes is an example of ----- strategy.
- (a) Vertical      (b) Horizontal      (c) Concentric      (d) Conglomerate
172. Which among the following strategy are the riskiest strategy and the probability of failure is much greater?
- (a) Vertical      (b) Horizontal      (c) Concentric      (d) Conglomerate
173. When two or more companies combine into one larger company is called -----.
- (a) Merger      (b) Acquisition      (c) Strategic alliances      (d) Take over



174. As a result of a merger, one company stands and others merge into the standing company, it is called -----.
- (a) Absorption (b) Consolidation (c) Strategic alliances (d) Amalgamation
175. As a result of a merger, a new company comes into existence and all companies lose its existence, it is called -----.
- (a) Absorption (b) Consolidation (c) Strategic alliances (d) Take over
176. ----- is a kind of partnership between two entities in which they take advantage of each other's core strengths without liquidation.
- (a) Merger (b) Acquisition (c) Strategic alliances (d) Take over
177. Two or more companies decide to establish a new business enterprise to exploit a specific business opportunity.
- (a) Joint ventures (b) Outsourcing (c) Affiliate marketing (d) Franchising
178. ----- is a quick and efficient way to exploit a business opportunity.
- (a) Joint ventures (b) Outsourcing (c) Affiliate marketing (d) Franchising
179. ----- is a strategy where one company uses another company to do particular task because it can do them more effectively or cheaply.
- (a) Joint ventures (b) Outsourcing (c) Affiliate marketing (d) Franchising
180. ----- is the complete transfer of a business process to an independently-owned external service provider.
- (a) Joint ventures (b) Outsourcing (c) Affiliate marketing (d) Franchising
181. ----- is a strategy where by one online retailer pays another website sponsor for guiding their visitors to the paying company's website.
- (a) Joint ventures (b) Outsourcing (c) Affiliate marketing (d) Franchising
182. ----- is an agreement whereby an owner of a technological intellectual property allows another party to use, modifies, and/or resells that property in exchange for a consideration.
- (a) Outsourcing (b) Technology licensing (c) Affiliate marketing (d) Franchising
183. Under ----- strategy, one company gives another company permission to manufacture its product for a specified payment to a specific period and in a specific market.
- (a) Technology licensing (b) Product licensing (c) Affiliate marketing (d) Franchising

184. ----- is an arrangement in which the parent company permits another one to use business model or brand name for a fee, to conduct business, as an independent branch of the parent company.
- (a) Outsourcing (b) Technology licensing (c) Affiliate marketing (d) Franchising
185. ----- alliance strategy is based on the concept that ‘the best ways to market is to recruit distributors’.
- (a) Technology licensing (b) Distributors (c) Affiliate marketing (d) Franchising
186. ----- are the vital mechanism for creating new technological knowledge.
- (a) Technology licensing (b) Distributors (c) Affiliate marketing (d) R & D Alliances
187. Organisations involved in this venture will share their knowledge as well as infrastructure to gain mutual benefits, is called -----
- (a) Technology licensing (b) Distributors (c) Affiliate marketing (d) R & D Alliances
188. Under ----- alliance the member companies will promote each other’s products.
- (a) Technology licensing (b) Distributor (c) Distribution Relationships (d) R & D Alliances
189. A bank promoting insurance company and vice versa is an example of ----- strategic alliance.
- (a) Technology licensing (b) Distribution Relationships (c) Affiliate marketing (d) R & D Alliances
190. ----- occurs when the acquiring company informs the target company’s board of directors that it plans to purchase.
- (a) Friendly takeover (b) Hostile takeover (c) Bailout takeover (d) Reverse takeover
191. ----- occurs when the acquiring company attempts to take over another company without the agreement of the target company’s board of directors.
- (a) Friendly takeover (b) Hostile takeover (c) Bailout takeover (d) Reverse takeover
192. ----- refers to a scenario where the government or a financially stable company takes over control of a weak company with the goal of help[iong them to regain its financial strength.
- (a) Friendly takeover (b) Hostile takeover (c) Bailout takeover (d) Reverse takeover
193. When a smaller firm acquires management control of a larger or longer established company and keeps its name for the combined entity such type of takeovers is known as -----.

- (a) Friendly takeover (b) Hostile takeover (c) Bailout takeover (d) Reverse takeover
194. ----- is a merger between companies that are in direct competition with each other in terms of product lines and markets.
- (a) Horizontal merger (b) Vertical merger (c) Market- extension merger (d) Conglomerate merger
195. ----- joins two companies that may not compete with each other, but exist in the same supply chain.
- (a) Horizontal merger (b) Vertical merger (c) Market- extension merger (d) Conglomerate merger
196. ----- is a merger between companies that sell the same products or services but operate in different markets.
- (a) Horizontal merger (b) Vertical merger (c) Market- extension merger (d) Conglomerate merger
197. ----- is a merger between companies in the same markets that sell different but related products or services.
- (a) Horizontal merger (b) Vertical merger (c) Market- extension merger (d) Product-extension merger
198. ----- is a merger between companies in unrelated business activities.
- (a) Horizontal merger (b) Vertical merger (c) Market- extension merger (d) Conglomerate merger
199. ----- Act replaced the MRTP Act, 1969.
- (a) The Companies Act, 2013 (b) The Competition Act, 2002 (c) The FEMA Act, 1999 (d) The SEBI Act, 1992
200. ----- refers to a money pool created by high net worth individuals or companies, for investing in business startups.
- (a) Growth fund (b) Angel Fund (c) Mutual fund (d) Income fund

## **FINANCIAL SERVICES**

### **Answers**

1. (c) National & Grindlays Bank
2. (a) S B I
3. (b) ICICI
4. (c) 1986
5. (b) Corporate counseling
6. (d) Collection of tax.
7. (a) Category I
8. (d) 5 Crore
9. (b) Lease financing
10. (a) Credit rating agencies
11. (a) Venture capital
12. (a) Venture capital
13. (a) Venture capital
14. (a) Venture capital
15. (a) Central government
16. (a) V C F s of specialized financial institution
17. (a) KSIDC
18. (c) IDBI venture capital fund
19. (c) UTI
20. (a) Foreign banks
21. (b) SEBI
22. (b) venture capital
23. (a) Seed capital
24. (b) Start-up capital
25. (b) Second round financing
26. (c) first round financing
27. (d) Second round financing
28. (b) Second round financing
29. (a) Development financing
30. (b) Expansion financing
31. (b) Later stage financing
32. (b) Buyout
33. (a) MBOs
34. (b) MBIs
35. (a) Turn around
36. (a) Turn around
37. (a) Profitability

38. (a) Revenue multiplier
39. (a) Conventional Valuation method
40. (b) First Chicago method
41. (a) Revenue multiplier factor
42. (d) Deal structuring
43. (b) Conditional loan
44. (a) Conventional loan
45. (a) Income notes
46. (a) Income notes
47. (a) Investment nurturing
48. (a) Hands-on
49. (b) Hands off
50. (a) Sale of shares to employees
51. (b) Liquidation
52. (b) 1882
53. (a) General
54. (d) 197
55. (a) 1987
56. (a) VECAUS
57. (a) Canara bank
58. (c) 1987
59. (a) TDICI
60. (c) IVML
61. (b) 1993
62. (c) 1997
63. (b) ICICI structured products fund
64. (a) ANZ Grindlays Bank
65. (d) Securitisation
66. (d) Securitisation
67. (c) Citi Bank
68. (b) Originator
69. (a) SPV
70. (c) Obligor
71. (a) Servicer
72. (d) Credit Enhancer
73. (b) Asset backed
74. (d) Credit Enhancer
75. (b) Asset backed
76. (d) financial services
77. (d) Purchase of raw materials.
78. (c) 2

79. (a) Registrar of Companies
80. (d) Power of authority
81. (a) Memorandum of understanding
82. (d) 5
83. (d) All of these.
84. (d) All of these.
85. (d) All of these.
86. (d) All of these
87. (b) Venture capital
88. (b) Lease
89. (a) Venture capital
90. (a) Credit rating
91. (d) All of these
92. (c) short term
93. (d) Factoring
94. (d) Stock broking
95. (b) National Housing Bank
96. (a) Non Banking Financial Companies
97. (d) 1973
98. (b) Equipment
99. (a) Direct
100. (c) Leveraged
101. (a) Financial
102. (a) Financial
103. (a) Financial
104. (a) Financial
105. (a) Financial
106. (b) Operating
107. (b) Operating
108. (b) Wet Lease
109. (a) Dry lease
110. (c) big ticket lease
111. (c) domestic lease
112. (d) international lease
113. (d) Real estate lease
114. (b) factorage
115. (b) Non-recourse
116. (a) Recourse
117. (d) Advance
118. (c) Maturity
119. (C) C.S. Kalyanasundaram

120. (a) SBI
121. (d) Undisclosed
122. (b) Disclosed
123. (b) Forfaiting
124. (c) Country rating
125. (d) Individual rating
126. (c) Asset backed securities rating
127. (a) Business
128. (b) Financial
129. (b) Financial
130. (c) Management evaluation
131. (d) Environmental
132. (c) Fundamental
133. (c) 1987
134. (b) SEBI
135. (c) 7
136. (c) 1987
137. (c) January 1, 1988
138. (b) CRISIL Ltd.
139. (b) CRISIL Ltd.
140. (c) 1993
141. (d) 1996
142. (b) CRISIL Ltd.
143. (d) IDBI
144. (b) Mumbai
145. (a) Delhi
146. (c) 1991
147. (a) IFCI
148. (c) ICRA Ltd.
149. (c) ICRA Ltd.
150. (b) SIDBI
151. (d) 2005
152. (c) CIBIL
153. (b) 2000
154. (a) Operating
155. (b) Financial
156. (c) Managerial
157. (a) Internal expansion
158. (b) External expansion
159. (a) Market penetration
160. (b) Market development

161. (c) Product development
162. (a) Vertical
163. (a) Vertical
164. (a) Forward Vertical
165. (b) Backward Vertical
166. (b) Horizontal
167. (c) Concentric
168. (c) Concentric
169. (c) Concentric
170. (d) Conglomerate
171. (d) Conglomerate
172. (d) Conglomerate
173. (a) Merger
174. (a) Absorption
175. (b) Consolidation
176. (c) Strategic alliances
177. (a) Joint ventures
178. (a) Joint ventures
179. (b) Outsourcing
180. (b) Outsourcing
181. (c) Affiliate marketing
182. (b) Technology licensing
183. (b) Product licensing
184. (d) Franchising
185. (b) Distributors
186. (d) R & D Alliances
187. (d) R & D Alliances
188. (c) Distribution Relationships
189. (b) Distribution Relationships
190. (a) Friendly takeover
191. (b) Hostile takeover
192. (c) Bailout takeover
193. (d) Reverse takeover
194. (a) Horizontal merger
195. (b) Vertical merger
196. (c) Market- extension merger
197. (d) Product-extension merger
198. (d) Conglomerate merger
199. (b) The Competition Act, 2002
200. (b) Angel Fund



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