

परीक्षेचे नांव : सहायक प्राध्यापक, फायनान्स

परीक्षेचा दिनांक : 09 फेब्रुवारी, 2014

महाराष्ट्र शिक्षण सेवा (महाविद्यालयीन शाखा), गट -अ, चाळणी परीक्षा-2013

विषय : फायनान्स

महाराष्ट्र लोकसेवा आयोगामार्फत सहायक प्राध्यापक, फायनान्स, महाराष्ट्र शिक्षण सेवा (महाविद्यालयीन शाखा), गट -अ, चाळणी परीक्षा-२०१३ या चाळणी परीक्षेच्या प्रश्नपत्रिकेची उत्तरतालिका उमेदवारांच्या माहितीसाठी संकेतस्थळावर प्रसिध्द करण्यात आली होती. त्यासंदर्भात उमेदवारांनी अधिप्रमाणित (Authentic) स्पष्टीकरण / संदर्भ देऊन पाठविलेली लेखी निवेदने, तसेच तज्ज्ञांचे अभिप्राय विचारात घेऊन आयोगाने उत्तरतालिका सुधारित केली आहे. या उत्तरतालिकेतील उत्तरे अंतिम समजण्यात येतील. यासंदर्भात आलेली निवेदने विचारात घेतली जाणार नाहीत व त्याबाबत कोणताही पत्रव्यवहार केला जाणार नाही, याची कृपया नोंद घ्यावी.

उत्तरतालिका - KEY

MPSC

Notations:

1. Options shown in **green** color are correct.
2. Options shown in **red** color are incorrect.

Group A

Number of optional sections to be attempted: 0, Group Maximum duration : 0, Group Minimum duration : 60,
Revisit allowed for view? : No, Revisit allowed for edit? : No, Break time: 0

Assistant Professor Finance

Section type : Online, Number of Questions to be attempted:100, Mandatory or Optional: Mandatory

Subsection : 1, Question Shuffling Allowed : Yes

Question id : 1801 Question Type : MCQ

Which has relatively negative impact on earning dividends?

Options :

1. Optimum Capital Structure
2. Optimum Dividend Policies
3. Issuing Bonus Shares
4. Issuing Rights Shares

Question id : 1802 Question Type : MCQ

The technique, in which, a financial manager develops sound techniques of managing current assets is otherwise known as-

Options :

1. Operating Leverage
2. Profitability- Liquidity Trade off
3. Financial Management
4. Working Capital Management

Question id : 1803 Question Type : MCQ

Which is primarily not a function of a financial manager?

Options :

1. Raising of funds
2. Allocation of funds
3. Recording of Financial Transactions
4. Investment & Profit Planning

Question id : 1804 Question Type : MCQ

As per the MM Approach of Leverage and Cost of capital, which among the following assumptions was removed later?

Options :

1. Perfect Capital Markets
2. Business risk is equal among all firms
3. There are no taxes
4. Dividend payout ratio is 100%

Question id : 1805 Question Type : MCQ

Buying a Security in a market where price is low and selling where it is high is otherwise called as-

Options :

1. Homemade Leverage
2. Arbitrage
3. Manoeuvrability
4. Security Dumping

Question id : 1806 Question Type : MCQ

Which is most suitably concerned with the duties of a Financial Manager in the business firm?

Options :

1. Financial Accountability
2. Financial Accounting
3. Financial Services
4. Financial Management

Question id : 1807 Question Type : MCQ

The Concept, where financial decisions are made on the basis of comparison of marginal revenues and marginal costs or added benefits exceed added cost refers to-

Options :

1. Marginal Cost Concept
2. Marginal Revenue Concept
3. Marginal Analysis Concept

4. Marginal Substitution Concept

Question id : 1808 Question Type : MCQ

Which among the following is beyond the scope of Financial Management?

Options :

1. Investment Decisions
2. Personnel Decisions
3. Dividend Decisions
4. Capital Budgeting Decisions

Question id : 1809 Question Type : MCQ

“Ordering Cost” in the context of holding inventory is-

Options :

1. Fixed Cost
2. Variable Cost
3. Semi Variable Cost
4. Time Bound Cost

Question id : 1810 Question Type : MCQ

Consider the Following Information:

Annual Usage of Inventory : 1600 Units

Buying cost per order : Rs. 50

Carrying cost per unit : Re. 1

Find out the Economic Ordering Quantity (EOQ).

Options :

1. 100 Units
2. 200 Units
3. 400 Units
4. 800 Units

Question id : 1811 Question Type : MCQ

Which is an agreement between a bank and a firm specifying the amount of short-term borrowing the bank would make available to the firm over a given period of time?

Options :

Options :

1. Term of Credit
2. Line of Credit
3. Bills of Credit
4. Letter of Credit

Question id : 1812 Question Type : MCQ

“The right of a party to retain goods belonging to another party until a debt due to him is paid” can otherwise be called as-

Options :

1. Mortgage
2. Pledge
3. Lien
4. Certificate of Deposit

Question id : 1813 Question Type : MCQ

Which among the following is not a credit rating agency?

Options :

1. CRAII
2. CARE
3. ICRA
4. FITCH

Question id : 1814 Question Type : MCQ

The ability to adjust source of funds in response to change in the needs of funds is known as-

Options :

1. Cash Flow Analysis
2. Coverage Ratio
3. EBIT - EPS Analysis
4. Manoeuverability

Question id : 1815 Question Type : MCQ

Consider the Quotation: “€ 0.01978 = INR 1” (Indian Rupee) Which kind of quotation is this?

Options :

1. Direct Quotation
2. Indirect Quotation
3. European Quotation
4. Two- way Quotation

Question id : 1816 Question Type : MCQ

The difference between ask price and the bid price is known as-

THE DIFFERENCE BETWEEN ASK PRICE AND THE BID PRICE IS KNOWN AS-

Options :

1. Exchange rate gap
2. Spread
3. Deficiency
4. Forward Exchange rate

Question id : 1817 Question Type : MCQ

When the exchange rate is determined by exchanging two or more foreign currencies into a common currency, such exchange is called as-

Options :

1. Swaps
2. Intermediate Exchange
3. Arbitrage
4. Cross Rates

Question id : 1818 Question Type : MCQ

Which Shares are known as Founders' Shares?

Options :

1. Equity Shares
2. Participating Preference Shares
3. Deferred Shares
4. No par stocks/shares

Question id : 1819 Question Type : MCQ

Acid Test functions of a commercial bank are:

- A. Accepting Deposits
- B. Credit Creation
- C. Cheque system of payment of funds
- D. Lending or advancing of loans

Choose the correct option-

Options :

1. A & B
2. B & C
3. C & D
4. D & A

Question id : 1820 Question Type : MCQ

Which among the following is not an agency function of a bank?

Options :

1. Receiving of valuables for safe custody
2. Correspondence and representation
3. Administration of will and trusteeship
4. Remittance of funds

Question id : 1821 Question Type : MCQ

Which is not an instrument of money market?

Options :

1. Certificate of Deposits
2. Repurchase Agreements
3. No par Stock
4. American Depository Receipt & Global Depository Receipt

Question id : 1822 Question Type : MCQ

The starting point for developing a financial plan is:-

Options :

1. Assessment of economic condition
2. Estimation of fund requirement
3. Sales forecast
4. Creation of additional production capacity

Question id : 1823 Question Type : MCQ

In a highly levered company-

Options :

1. Equity Capital = Loan Capital
2. Equity Capital < Loan Capital
3. Equity Capital > Loan Capital
4. Equity Capital \geq Loan Capital

Question id : 1824 Question Type : MCQ

“Floatation Costs” do not include:

Options :

1. Cost of Advertisement
2. Interest on Debts
3. Underwriting Statutory fees
4. Expenses of printing Prospectus

Question id : 1825 Question Type : MCQ

Which among the following is not a factor in determining Capital Structure?

Options :

1. Financial Leverage
2. Operating Leverage
3. Cash Flow Ability
4. Flexibility

Question id : 1826 Question Type : MCQ

Which among the following is not an indicator of Over Capitalisation:

Options :

1. Capital invested in a business exceeds the real value of its assets
2. Earnings are not justified by the amount of capitalisation
3. The future earnings are under estimated at the time of promotion
4. A business has more net assets than it requires

Question id : 1827 Question Type : MCQ

Which among the following is not a cause of Under Capitalisation?

Options :

1. Floatation of a company during boom
2. Under estimation of earnings
3. Conservative dividend policies
4. High Efficiency

Question id : 1828 Question Type : MCQ

Investment decisions do not affect :

Options :

1. The growth of the business
2. The profitability of the business
3. The risk of the business
4. The efficiency of the business

Question id : 1829 Question Type : MCQ

Major expenditure on advertising campaign is an example of:

Options :

1. Capital Budgeting Decisions
2. Financing Decisions
3. Working Capital Decisions
4. Profit Planning

Question id : 1830 Question Type : MCQ

Which among the following is not a factor that affects the dividend policy?

Options :

1. Financial requirements of the company
2. Inflation
3. Business cycle fluctuations
4. Capital market consideration

Question id : 1831 Question Type : MCQ

Expand the term “CDR”.

Options :

1. Company Debt Restructuring
2. Corporate Debt Restructuring
3. Company Debtor Restructuring
4. Corporate Departments Restructuring

Question id : 1832 Question Type : MCQ

Which among the following is the normative goal for guiding the financial decision making?

Options :

1. Efficient allocation of funds
2. Profit planning
3. Shareholders' wealth maximisation
4. Episodic financing

Question id : 1833 Question Type : MCQ

Which is not a limitation of Profit Maximisation?

Options :

1. It is Immoral
2. It is vague
3. It ignores the timing of returns
4. It ignores risk

Question id : 1834 Question Type : MCQ

Which theory assumes that Investors always expect yields to increase in the future?

Options :

1. Expectation Theory
2. Utility Theory
3. Yield Increment Theory
4. Liquidity Premium Theory

Question id : 1835 Question Type : MCQ

Compound Rate of Return is:

Options :

1. Expected Rate of Return
2. Average Rate of Return
3. Geometric Mean Return
4. Holding Period Return

Question id : 1836 Question Type : MCQ

A Beta (β) of 2.0 indicates:

Options :

1. Average level of risk
2. Security's return fluctuates more than that of the market portfolio
3. Security's return fluctuates less than that of the market portfolio
4. Almost no risk

Question id : 1837 Question Type : MCQ

Explicit cost of capital is:

Options :

1. Internal Rate of Return
2. Cost of Retained Earnings
3. Cost of issuing equity shares
4. Cost for maintaining capital goods

Question id : 1838 Question Type : MCQ

Which among the following is an informal source of procuring working capital for a business?

Options :

1. Cash credit
2. Trade credit
3. Inventory as security to obtain short term loans
4. Letter of credit

Question id : 1839 Question Type : MCQ

The interest on cash credit is determined on the basis of:

Options :

1. Sanctioned Limit
2. Utilised Balance
3. Running Balance
4. Closing Balance

Question id : 1840 Question Type : MCQ

_____ is used for working capital analysis.

Options :

1. Profit and loss Appropriation A/C
2. Profit and loss A/C
3. Cash flow analysis
4. Funds flow analysis

Question id : 1841 Question Type : MCQ

One of the important objectives of the Inventory Management is:

Options :

1. Minimising investment in inventories
2. Credit sales to increase the turnover
3. Enabling customers to chose from a huge stock of material
4. Facilitate Import- Export or foreign trade

Question id : 1842 Question Type : MCQ

While calculating Economic Order Quantity (EOQ), more importance is given to:

Options :

1. Ordering Cost
2. Carrying Cost
3. Total Cost
4. Opportunity Cost

Question id : 1843 Question Type : MCQ

JIT (Just In Time) system of inventory control gives more emphasis on:

Options :

1. Understanding and co-ordination between the manufacturer and the supplier
2. Degree of control on all the items
3. Procurement and Transportation costs of the material
4. Purchase of local raw materials at a cheaper rate

Question id : 1844 Question Type : MCQ

Find out the best possible meaning of Lead time.

Options :

1. Time lag between production and consumption of goods
2. Time lag between intending and receiving of materials
3. Time lag between Installation and production of a machinery
4. Time lag between consuming minimum and maximum level of materials.

Question id : 1845 Question Type : MCQ

Credit standard is a criteria which a firm follows in:

Options :

1. Selecting customers for the purpose of credit extension
2. Selecting the time of credit for the credit sale
3. Selecting the amount of credit to be provided for a specific period of time
4. Selecting the area of credit to be given within a broad horizon.

Question id : 1846 Question Type : MCQ

Which among the following services is not regarded as “Factoring”

Options :

1. Sales ledger administration
2. Credit collection and protection against bad debt losses.
3. Financial accommodation against the assigned book debts
4. Informing about the limit of credit sale towards the debtors

Question id : 1847 Question Type : MCQ

Intrinsic value of a share is related to:

Options :

1. Market value
2. Real value
3. Book value
4. Realisable value

Question id : 1848 Question Type : MCQ

Which among the following statements regarding discounting of bills is not true?

Options :

1. Bills discounting is a sort of borrowing from the bank
2. Client has to undertake the collection of book debts
3. Bills discounting is not a convenient method to deal with large number of buyers
4. Client has no responsibility for the future at the time of dishonour of the bill by bank

Question id : 1849 Question Type : MCQ

Which is an assumption, upon which the Technical Approach to valuation of security is based?

Options :

1. History tends to repeat itself
2. All available information is cost free to all market participants
3. There is no transaction cost
4. Securities markets are perfect.

Question id : 1850 Question Type : MCQ

Match the Following:

Column-1

- A. Discounted Cash flow technique
- B. Non- discounted cash flow criteria
- C. Replacement decisions
- D. Return on Investment

Column- 2

- i. Discounted Payback period
- ii. Accounting rate of return
- iii. Internal rate of return
- iv. Cost reduction investment

Find out the right option.

Options :

1. A-(i),B-(ii),C-(iii),D-(iv)
2. A-(ii),B-(iii),C-(iv),D-(i)
3. A-(iii),B-(i),C-(iv),D-(ii)
4. A-(iv),B-(ii),C-(i),D-(iii)

Question id : 1851 Question Type : MCQ

APT is a multi factor model to explain the return and return of a security. The factors influencing security return do not include:

Options :

1. Growth in GDP
2. Industrial production
3. Real rate of return
4. Real premium

Question id : 1852 Question Type : MCQ

Which among the following is not a shortcoming of Accounting Rate of Return method?

Options :

1. Cash flows ignored
2. Time value Ignored

3. Multiple rates

4. Arbitrary cut-off

Question id : 1853 Question Type : MCQ

Executive finance function is related to:

Options :

1. Supervision of cash receipts and disbursements

2. Safeguarding of securities, Insurance papers and other valuable papers

3. Record keeping and Financial Reporting

4. Determining the allocation of net profits

Question id : 1854 Question Type : MCQ

The main goal or objective of financial management is:

Options :

1. Sales maximisation

2. Wealth maximisation

3. Profit maximisation

4. Dividend maximisation

Question id : 1855 Question Type : MCQ

Interest coverage ratio is classified under:

Options :

1. Liquidity ratios

2. Leverage ratios

3. Activity ratios

4. Profitability ratios

Question id : 1856 Question Type : MCQ

Irreversible Financial decisions are associated with:

Options :

1. Long term financing decisions

2. Short term financing decisions

3. Medium term financing decisions

4. Working capital financing decisions

Question id : 1857 Question Type : MCQ

Find the odd one. (Clue: Traditional- Modern)

Options :

1. Rate of return method

2. Internal rate of return method

3. Net Present value method

4. Payback period method

Question id : 1858 Question Type : MCQ

Time value of money takes into account one of the following factors:

Options :

1. Profitability and time value of money

2. Profitability for the entire life of the project

3. Time value for a specified period of time

4. Profitability for a limited period of time

Question id : 1859 Question Type : MCQ

A Project is usually accepted, when:

Options :

1. Internal rate of return < cost of capital

2. Present value of cash inflows > 0

3. Payback period > target period

4. Accounting rate of return < target rate

Question id : 1860 Question Type : MCQ

Net Present Value of cash flow is calculated using:

Options :

1. Cost of Equity Capital

2. Cost of Preference Capital

3. Cost of Debt Capital

4. Opportunity cost of Capital

Question id : 1861 Question Type : MCQ

Cut-off rate of return is associated with:

Options :

1. Actual Internal Rate of Return

2. Required Rate of Return

3. Return on Capital Employed

4. Accounting Rate of Return

Question id : 1862 Question Type : MCQ

Discount rate in capital budgeting is:

Options :

1. Opportunity cost of capital

2. Discounting rate offered by banks

3. Rate of trade discount offered by the suppliers

4. Cash discount availed from various suppliers

Question id : 1863 Question Type : MCQ

Profitability Index (PI) acceptance rule of accepting a project is:

Options :

1. When $PI > 1$

2. When $PI < 1$

3. When $PI = 1$

4. When $PI \leq 1$

Question id : 1864 Question Type : MCQ

Accounting rate of return is derived by:

Options :

1.
$$\frac{\text{Average Net Operating Profit Before Tax}}{\text{Average Investments}}$$
2.
$$\frac{\text{Average Net Operating Profit After Tax \& Depreciation}}{\text{Total Investment}}$$
3.
$$\frac{\text{Average Net Operating Profit After Tax}}{\text{Average Investments}}$$
4.
$$\frac{\text{Average Net Operating Profit Before Tax}}{\text{Total Investments}}$$

Question id : 1865 Question Type : MCQ

Which among the following statements about the nature of Working Capital is true?

Options :

1. It is always positive

2. It is always negative

3. It may be positive or negative

4. It depends upon the working capital cycle

Question id : 1866 Question Type : MCQ

Which is popularly known as Reserve Working Capital?

Options :

1. Contingent Working Capital
2. Emergency Working Capital
3. Permanent Working Capital
4. Special Working Capital

Question id : 1867 Question Type : MCQ

The maturity period of a Commercial Paper normally ranges from:

Options :

1. 31 to 60 days
2. 45 to 90 days
3. 61 to 90 days
4. 91 to 180 days

Question id : 1868 Question Type : MCQ

The primary motive behind holding of inventories is:

Options :

1. Precaution
2. Continuous flow of funds and materials
3. To act as the market leader
4. Gaining market reputation

Question id : 1869 Question Type : MCQ

Which one is the most appropriate statement?

Options :

1. Sales maximisation is the goal of financial policy
2. Profit maximisation is the goal of financial policy
3. Shareholders' wealth maximisation is the goal of financial policy
4. Cost minimisation is the goal of financial policy

Question id : 1870 Question Type : MCQ

Economic Value Added (EVA) concept is equivalent to:

Options :

1. Net Profit after Taxes
2. Net Operating Profit after Taxes & Cost of capital
3. Profit before Taxes & Interest
4. Net Profit after Taxes & Depreciations

Question id : 1871 Question Type : MCQ

Which of the following statements relating to dividend is not true?

Options :

1. It is to be paid within 60 days of declaration
2. If it is not paid within the prescribed period, it must be deposited within 7 days to the unpaid dividend Account
3. The company is authorised to open the Unpaid dividend A/C in any scheduled bank
4. Dividend is to be paid only to the registered share holders, to their orders or their bankers

Question id : 1872 Question Type : MCQ

Financial Statements are:

Options :

1. Estimated Facts
2. Anticipated Facts
3. Pre- revised Facts
4. Recorded Facts

Question id : 1873 Question Type : MCQ

Factor is associated with:

Options :

1. Long term financial intermediary between customer and banker
2. Short term financial intermediary between customer and banker
3. Both Long & Short term financial intermediary between buyer, seller and banker for trade debt
4. Intermediary between the seller and purchaser of stocks in the Stock Exchange

Question id : 1874 Question Type : MCQ

Which among the following is relatively a temporary source of Working Capital?

Options :

1. Ploughing back of Profits
2. Accrued Expenses
3. Loans from financial Institutions
4. Public Deposits

Question id : 1875 Question Type : MCQ

_____ is the process of valuation of capital and includes owners' funds, borrowed funds, long term loans, reserves and any surplus earnings.

Options :

1. Capital Budgeting
2. Capitalisation
3. Capital Structure
4. Preparing Balance sheet

Question id : 1876 Question Type : MCQ

Management of capital involves allocation of firm's capital to different projects or assets with long term implications for the business. These decisions are called:

Options :

1. Capital Budgeting Decisions
2. Financing Decisions
3. Working Capital Management Decisions
4. Strategic Decisions

Question id : 1877 Question Type : MCQ

Cost of capital is the minimum required rate of return on an investment project. It is otherwise known as:

Options :

1. Hurdle rate
2. Minimum rate
3. Risk rate
4. Capital rate

Question id : 1878 Question Type : MCQ

The choice between projects with unequal lives should be made by comparing their:

Options :

1. Net Present Value
2. Net future Value
3. Profitability Index
4. Annual Equivalent Values

Question id : 1879 Question Type : MCQ

One way to examine the risk of investment is to analyse the impact of alternative combinations of variables on the projects' NPV/ IRR. This analysis is called:

Options :

1. Sensitivity analysis
2. Scenario analysis
3. Simulation analysis
4. DCF Break Even analysis

Question id : 1880 Question Type : MCQ

While constructing and using a decision tree, some important steps are followed. Find out the correct sequence of the steps in decision tree approach.

- A. Identify decision alternatives
- B. Define investment
- C. Analyse data

D. Draw a decision tree

Mark the correct option:

Options :

1. B, C, A, D

2. A, B, D, C

3. B, A, D, C

4. A, B, C, D

Question id : 1881 Question Type : MCQ

One important theory, which provides insight into risk handling in capital budgeting, is:

Options :

1. Expectation Theory

2. Utility Theory

3. Anticipation Theory

4. Market Trend Theory

Question id : 1882 Question Type : MCQ

Most companies in India are guided, one time or the other, by three qualitative factors in capital budgeting. Which among the following is not a qualitative factor for the same?

Options :

1. Urgency

2. Strategy

3. Environment

4. Risk

Question id : 1883 Question Type : MCQ

Which is the correct sequence of the phases of capital expenditure planning and control?

A. Origination of Investment opportunities

B. Control of capital projects

C. Evaluation of the net benefits

D. Development of forecasts of benefits & costs

E. Authorisation for progressing and spending of capital expenditure

Mark the right option:

Options :

1. A, C, D, E, B
2. A, D, E, C, B
3. A, D, C, E, B
4. A, E, D, C, B

Question id : 1884 Question Type : MCQ

When the difference between the earnings generated by assets financed by the fixed charges funds and the cost of these funds is distributed to the share holders, the Return on Equity (ROE):

Options :

1. Increases
2. Decreases
3. Remains constant
4. Cannot be determined

Question id : 1885 Question Type : MCQ

EPS, ROE, and ROI are the important figures for analysing the impact of:

(Note:- EPS- Earnings Per Share, ROE- Return On Equity, ROI- Return on Investment)

Options :

1. Profitability
2. Sales
3. Operating leverage
4. Financial leverage

Question id : 1886 Question Type : MCQ

EBIT- EPS break-even point is the point at which _____ is the same regardless of the level of _____.
(Respectively)

Options :

1. EPS ; Financial leverage
2. EPS ; Operating leverage

3. EBIT ; Financial leverage

4. EBIT ; Operating leverage

Question id : 1887 Question Type : MCQ

Financial risk is an avoidable risk if the firm decides to use _____ in its capital structure.

Options :

1. Low debt

2. High debt

3. No debt

4. More debt than equity

Question id : 1888 Question Type : MCQ

The type of merger, in which, firms engaged with different unrelated activities combine together is:

Options :

1. Horizontal merger

2. Vertical merger

3. Diagonal merger/ Synergy

4. Conglomerate Merger

Question id : 1889 Question Type : MCQ

Who is a person cooperates for substantial acquisition of shares/ voting rights to gain control over the target company in case of mergers, take-overs or acquisition of a business.

Options :

1. Person acting as underwriter

2. Person acting as promoter

3. Person acting in concert

4. Person acting in default

Question id : 1890 Question Type : MCQ

The type of hostile takeover, in which, the acquirer puts pressure on the management of the target company by threatening to make an open offer and thus the board capitulates straightaway and agrees to a settlement with the acquirer for the change of control, is known as:

Options :

1. Pac-man Defence

2. Poison Pill

3. Bear Hug

4. Street Sweep

Question id : 1891 Question Type : MCQ

Find out the situation in which, cash inflows on account of demerger occur at time zero and the cash outflows are in terms of sacrifices associated with the transfer of the division/ asset.

Options :

1. Divestiture
2. Zero Demerger
3. Reverse Synergy
4. Reverse Capital Budgeting

Question id : 1892 Question Type : MCQ

“The sale of an existing firm to the management” and “Acquisition of a firm that is financed principally borrowing on a secured basis” are known respectively-

Options :

1. Management sellout & Leveraged buyout
2. Management buyout & Leveraged buyout
3. Leveraged Sellout & Management buyout
4. Leveraged buyout & Management buyout

Question id : 1893 Question Type : MCQ

The theory, according to which, goods of equal value in different countries are equated through an exchange rate, is:

Options :

1. Exchange equalisation theory
2. Exchange parity theory
3. Purchasing power parity theory
4. Foreign currency parity theory

Question id : 1894 Question Type : MCQ

Which among the following implies the change in the value of a company that accompanies an unanticipated change in exchange rate?

Options :

1. Transaction Exposure
2. Translation Exposure
3. Operating Exposure
4. Economic Exposure

Question id : 1895 Question Type : MCQ

Cannibalisation refers to:

Options :

1. Lost sales of existing products of a MNC on account of proposed Foreign Investments
2. Increased sales of a MNC on account of proposed Foreign Investments
3. Stabilisation of sales made by a MNC on account of availing Foreign Investments
4. Growing Boundaries of business for a TNC by employing Foreign Investments

Question id : 1896 Question Type : MCQ

Commercial Loans in the form of bank loan, buyers' credit, securities instruments, such as floating rate notes and fixed interest bonds availed from non-resident lenders/Institutions with minimum average maturity of 3 years are known as: (Mark the most Appropriate Answer)

Options :

1. External Commercial Borrowings
2. External Institutional Borrowing
3. External Bail-out Package
4. International Financing

Question id : 1897 Question Type : MCQ

Expand the term- "BIFR".

Options :

1. Bank for Industrial and Financial Reconstruction
2. Board for Industrial Finance Reconstruction
3. Board for Institutional and Financial Reconstruction
4. Board for Industrial and Financial Reconstruction

Question id : 1898 Question Type : MCQ

The terms of credit policy is not reflected in:

Options :

1. Average collection period
2. Debtors' ratio
3. Collection procedures
4. Time allowed to debtors to pay up.

Question id : 1899 Question Type : MCQ

_____ implies increased sales on account of proposed foreign investments.

Options :

1. Cannibalisation
2. Incremental Cash Inflows
3. Sales creation
4. Incremental Cash Outflows

Question id : 1900 Question Type : MCQ

An Indian subsidiary of an American Multinational borrows in India @11%. The subsidiary is subject to a tax rate of 35%. The anticipated annual devaluation of the Indian Rupee in relation to US Dollar (\$) is 2%. What will be the cost of debt to the Multinational?

Options :

1. 0.005

1. 0.005
2. 0.05
3. 0.075
4. 0.0875