



SEBI- GRADE A

FOREIGN DIRECT INVESTMENT PRACTICE QUESTIONS



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Q.1) When an investor makes investment in a company's stocks, bonds, or assets, but not for the purpose of controlling or directing the firm's operations or management it is known as-

[a] FDI

[b] FPI

[c] Turnkey Contracts

[d] Franchisee

Q.2) When multinational corporations enter into developing countries to build new factories or stores and these new facilities are built from scratch—usually in an area where no previous facilities existed, it is known as-

- [a] Blue field investment**
- [b] Green field Investment**
- [c] Brown field Investment**
- [d] Zero investment**

Q.3) When a company or government entity purchases or leases existing production facilities to launch a new production activity it is known as-

- [a] Blue field investment**
- [b] Green field Investment**
- [c] Brown field Investment**
- [d] Zero investment**

Q.4) When a company invests internationally to provide input into its core operation usually in its home country or when firm invests in production facilities in another country it is known as-

- [a] Horizontal FDI**
- [b] Vertical FDI**
- [c] Forward FDI**
- [d] Backward FDI**

Q.5) Toyota acquiring a tyre manufacturer or a rubber plantation is an example of which of the mentioned below-

[a] Horizontal FDI

[b] Vertical FDI

[c] Forward FDI

[d] Backward FDI