

Mphasis Verbal Ability Questions & Answers



(1-5) Directions: Read the passage carefully and answer the questions that follow.

Over the past 18 months, corporate India and the world of finance has been roiled by a peculiar problem: the promoters of a slew of companies have been eased out of board rooms because they pledged their shares to avail loans and then defaulted.

The suicide of Cafe Coffee Day's V.G. Siddhartha in July this year; the roller-coaster ride that Yes Bank Ltd's stock went through when its former promoter Rana Kapoor dealt with lenders; and even the unfolding financial scandal at Karvy Stock Broking Ltd have one thing in common—the use, or rather, overuse of a humble instrument called LAS (loan against shares).

The product has been in existence since trading began in Indian markets. It was primarily meant as a tool for stock market operators, who used their existing shares as security to borrow and speculate in the market. It was meant to be short term. And the sums were supposed to be small. Traditional banks even have an upper limit: Rs.20 lakh, if the collateral is purely shares (not applicable to brokerage firms). But mutual funds and non-banking financial companies (NBFCs) have no such limit.

Caught in a credit squeeze and a slowdown in traditional bank lending, promoters increasingly began to rely on pledged share to raise funds. In many cases, those funds came in through channels that are relatively less regulated than traditional banks, setting up a perfect storm.

When economic growth began to fall and "sentiments" began to collapse, lenders inevitably began calling in on the pledge or, in some cases, even selling the equity, reducing company promoters to minor shareholders in their own firms. The fortunes of at least six big promoters are on the line,

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including Zee Entertainment Enterprises Ltd's Subhash Chandra and Reliance Group's Anil Ambani.

The sparkling diamonds, or shares, which are forever, are usually never meant to be sold. It is the equivalent of bringing out the family silver. "How do you get funding in any market—you borrow, beg or steal," said Amit Tandon, managing director of Institutional Investors Advisory Services (IIAS). "In a bad market such as this, borrowing is not happening because no one will lend. You are too proud to beg. So, you steal from your existing pool which is shares, pledge them, and borrow."

Perhaps, the promoters never thought they would lose control. Perhaps, corporate India never anticipated a multi-quarter economic slowdown. Perhaps, internal risk-management mechanisms were extremely weak resulting in risky hedges and abuse of LAS. One thing is certain though: The unfolding saga of India Inc.'s troubled dalliance with LAS captures, in many ways, the degree of desperation among certain sections of the business community. It is a cautionary tale which could only get worse before it gets any better.

As per regulations issued by capital market regulator Securities and Exchange Board of India (SEBI), a company needs to disclose the amount of pledged shares, when the pledge is created, to whom the shares are pledged, and for what reason they have been pledged.

However, an analysis done by Mint shows that despite regulatory tightening, the disclosures are missing. In the case of at least four companies including Yes Bank, firms have not even disclosed to whom the shares have been pledged—a clear violation of disclosure norms.

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Other companies such as Zee Entertainment, the Adani Group, GMR Group and Vedanta Ltd practice a more innovative strategy. They disclose the name of the trustee but not the pledgee, giving investors no indication regarding the purpose of the pledge.

For quite some time, SEBI and RBI have been on the same page regarding the need to crack down on excessive pledging. **The capital market regulator had expressed concern particularly about how regulated mutual funds have now assumed the role of lenders, rather than acting on behalf of investors.**

Several mutual funds have begun to invest in LAS products in their fixed maturity plan schemes, that is, papers with pledged shares as the underlying collateral. Due to a fear of default, the funds sometimes roll over the maturity date in the hope that a stake sale would result in realization of dues. SEBI has taken one step after another to stem this practice.

1) Why did the promoters of many companies not find a seat in the board room?

- a) They were interested in dealing in stocks, rather than managing the companies.
- b) They pledged their shares for loans, but could not settle the due.
- c) The stocks of the companies plummeted and they became minor shareholders.
- d) None of the above

Correct Choice: b

Explanation:

Refer:

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Obviously, option B is the correct answer.

2) Which of the following statements are true regarding the financial instrument 'loan against shares' (LAS)?

- a) Traditional banks don't have any upper limit while issuing loans though LAS.
- b) NBFCs do not have the authority to issue loans through LAS.
- c) The financial instrument LAS primary was designed to issue loans for long term.
- d) None of the above

Correct Choice: d

Explanation:

Refer:

The product has been in existence since trading began in Indian markets. It was primarily meant as a tool for stock market operators, who used their existing shares as security to borrow and speculate in the market. It was meant to be short term. And the sums were supposed to be small. Traditional banks even have an upper limit: Rs.20 lakh, if the collateral is purely shares (not applicable to brokerage firms). But mutual funds and non-banking financial companies (NBFCs) have no such limit.

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Obviously, option D is the correct answer.

3) What does the author mean by the expression: 'It is a cautionary tale which could only get worse before it gets any better.'?

- a) The incident can get become worse before showing signs of improvement, and all businessmen should learn from it.
- b) The tale is a proverbial one and some experience is to be gained from it.
- c) No promoter should ever take loan through LAS and the situation should be remembered by all.
- d) None of the above

Correct Choice: a

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Explanation:

“Cautionary tale” means ‘A story of warning’.

“Which could only get worse before it gets any better” means ‘the crisis may get worse, before situation improves’.

Only the sentence given in option A explains the statement given in the question appropriately.

Hence, option A is the correct answer.

4) What does the analysis done by Mint show?

- a) The analysis shows that regulations issued by SEBI mandate a company to disclose the amount of pledged shares, when the pledge is created, to whom the shares are pledged, and for what reason they have been pledged.
- b) The analysis shows that at least four companies are in violation of the regulatory norms issued by SEBI.

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- c) The analysis shows that many companies disclose the name of the trustee but not the pledgee, giving investors no indication regarding the purpose of the pledge.
- d) B and C

Correct Choice: d

Explanation:

Refer:

As per regulations issued by capital market regulator Securities and Exchange Board of India (SEBI), a company needs to disclose the amount of pledged shares, when the pledge is created, to whom the shares are pledged, and for what reason they have been pledged.

However, an analysis done by Mint shows that despite regulatory tightening, the disclosures are missing. In the case of at least four companies including Yes Bank, firms have not even disclosed to whom the shares have been pledged—a clear violation of disclosure norms. Other companies such as Zee Entertainment, the Adani Group, GMR Group and Vedanta Ltd practice a more innovative strategy. They disclose the name of the trustee but not the pledgee, giving investors no indication regarding the purpose of the pledge.

The statement given in option A is true, except, the statement has no relation with the analysis done by Mint.

Hence, option D is the correct answer.

5) Which of the following is the author's opinion regarding shares?

- a) The author compares 'share' with 'sparling diamond'.
- b) The author thinks that usually one should never sell 'shares'.

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- c) The author draws an analogy between 'shares' and 'family silver'.
- d) A, B and C

Correct Choice: d

Explanation:

Refer:

The sparkling diamonds, or shares, which are forever, are usually never meant to be sold. It is the equivalent of bringing out the family silver. "How do you get funding in any market—you borrow, beg or steal," said Amit Tandon, managing director of Institutional Investors Advisory Services (IIAS). "In a bad market such as this, borrowing is not happening because no one will lend. You are too proud to beg. So, you steal from your existing pool which is shares, pledge them, and borrow."

Obviously, option D is the correct answer.

(6-8) Directions: In this question, a sentence has been divided into four parts marked as I, II, III and IV. You need to find which part/parts does not/do not have any error in terms of grammatical or contextual usage. If the sentence is absolutely correct, mark (D) as your answer.

6)

- I. A tradition, said to have been starting by St Francis of Assisi
- II. in 1223 at Greccio, central Italy, the Nativity scene
- III. emphasises the spiritual aspects of Christ's birth and advocates
- IV. worship over materialism during the festivity season.

- a) Only I, II and III
- b) Only I and III
- c) Only II and III
- d) No error

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Correct Choice: c

Explanation:

The errors are in part I and part IV.

Reason:

In part I, “have been starting” is erroneous. The correct word in place of “starting” should have been “started”.

In part IV, the word “worship” is erroneous. The correct word in place of “worship” should have been “worshiping”. [“Worshiping” and “materialism” are both nouns.]

The rest of the parts are correct.

Hence, option C is the correct answer. Only I, II and III

(6-8) Directions: In this question, a sentence has been divided into four parts marked as I, II, III and IV. You need to find which part/parts does not/do not have any error in terms of grammatical or contextual usage. If the sentence is absolutely correct, mark (E) as your answer.

7)

- I. The consumer economy scorecard
- II. of India appear particularly bleak,
- III. with vehicle sales growth losing momentum,
- IV. after hinting at a turnaround in the previous month.

a) Only I and II

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- b) Only I, III and IV
- c) Only I and III
- d) No Error

Correct Choice: b

Explanation:

The error is in part II.

Reason:

The subject of the sentence (The consumer economy scorecard) is singular. Hence, the verb should also be singular.

The verb (appear) given in part II is a plural verb. This is incorrect.

The correct verb in place of “appear” should have been “appears”.

The rest of the parts are correct.

Hence, option B is the correct answer.

(6-8) Directions: In this question, a sentence has been divided into four parts marked as I, II, III and IV. You need to find which part/parts does not/do not have any error in terms of grammatical or contextual usage. If the sentence is absolutely correct, mark (E) as your answer.

8)

- I. With new tools and new expeditions,
- II. scientists are peering into Antarctica's nooks and crannies
- III. and even its subsurface, discovering a world
- IV. that seems unimaginable from more temperate climes.

- a) Only I and II

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- b) Only I and III
- c) Only II and III
- d) No Error

Correct Choice: d

Explanation:

There is no error in the given sentence.

The sentence is absolutely correct.

Hence, option D is the correct answer.

9. Identify the best way to improve the bold part of the given sentence. If there is no improvement required, select 'No improvement'.

In today's time, many private companies **follow the concept** of corporate social responsibility.

- a) Follows the concept
- b) follow the concepts
- c) follows the concepts
- d) No improvement

Correct Choice: d

Explanation:

The above sentence is absolutely correct so no correction is required.

Hence, option D is the correct answer.

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10. **Choose the most appropriate option to change the Narration (direct/indirect) form of the given sentence.**

Meena inquired of me why I had done that.

- a) Meena told me, “Why did I do that?”
- b) Meena said to me, “Why did you do that?”
- c) Meena said to me, “Why did you do this?”
- d) Meena asked me, “Why did you did this?”

Correct Choice: c

Explanation:

As there are no quotes in the sentence, it is the case of an indirect narration.

Reporting Speech Tense: Past Indefinite

Reported Speech: The indirect narration is given in Past Perfect Tense so it will reversely be converted into Past Indefinite Tense.

Changes to be followed:

Reporting verb ⇒ said to

I ⇒ You

Had ⇒ did

Done ⇒ do

That ⇒ this

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The sentence in direct speech will become:

Meena said to me, “Why did you do this?”

Option C is hence the correct answer.

11. Identify the segment in the sentence, which contains the grammatical error.

The egg were fragile, with the thin outer shell protecting its liquid interior until it was put in the boiling water.

- a) with the thin outer shell
- b) The egg were fragile,
- c) it was put in the boiling water.
- d) protecting its liquid interior until

Correct Choice: b

Explanation:

Fragment B of the sentence is erroneous.

Reason:

The usage of ‘**were**’ (second person singular past, plural past, and past subjunctive of the verb ‘to be’) is incorrectly used with the singular noun ‘egg.’

Thus, it shall be replaced with ‘**was**’ (first and third person singular past of the verb ‘to be’).

[*Forms of the verb to be: be, am, is, are, was, were, will be, being, been.]

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Correct Sentence:

The egg was fragile, with the thin outer shell protecting its liquid interior until it was put in the boiling water.

Thus, Option B is the correct answer.

12. Choose the most appropriate option to change the voice (active / passive) form of the given sentence.

Somebody built the house last year.

- a) The house has been built last year.
- b) The house is built last year by someone.
- c) The house was being built last year by somebody.
- d) The house was built last year.

Correct Choice: d

Explanation:

Given Sentence:

Somebody built the house last year.

In the above sentence, the subject 'Somebody' is performing the action, so the sentence is made in active voice.

The given sentence is in Past Indefinite Tense.

Rule:

Object in the original sentence + was/were + V₃ + Other word.

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(Note: Make sure, the subject 'somebody' is generally not used in the last as 'by somebody' while converting the sentence into passive voice.)

Passive Voice:

The house was built last year.

Hence, option D is the correct answer.

13. Choose the most appropriate option to change the voice (active / passive) form of the given sentence.

A book has been given to me by him last week.

- a) He has been given me a book last week.
- b) He has given me a book last week.
- c) He has gave me a book last week.
- d) A book has to be given to me last week.

Correct Choice: b

Explanation:

Given Sentence:

A book has been given to me by him.

In the above sentence, the subject 'A book' is receiving the action and hence the sentence is in passive voice.

The given sentence is given in Present Perfect Tense.

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Rule:

Object in the original sentence + has/have + V_3 + Subject in the original sentence.

Active Voice:

He has given me a book.

Hence, option B is the correct answer.

14. Select the most appropriate option to fill in the blank.

The brain keeps _____ over one's life, its very structure shaped by a wide variety of stimuli all round.

- a) Evolving
- b) Accelerating
- c) Controlling
- d) balancing

Correct Choice: a

Explanation:

If we observe the sentence closely, we can understand the fact that our brain is made up of muscles and tissues that constantly changes its structure and form over time and this exact meaning can be well understood if we place 'evolving' in the blank above.

Clearly, option A is the correct answer.

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15. **Select the most appropriate option to fill in the blank.**

The brain keeps _____ over one's life, its very structure shaped by a wide variety of stimuli all round.

- a) Evolving
- b) Accelerating
- c) Controlling
- d) balancing

Correct Choice: a

Explanation:

If we observe the sentence closely, we can understand the fact that our brain is made up of muscles and tissues that constantly changes its structure and form over time and this exact meaning can be well understood if we place 'evolving' in the blank above.

Clearly, option A is the correct answer.

16. In the following question, one part of the sentence may have an error. Find out which part of the sentence has an error and select the appropriate option. If a sentence is free from error, select 'No Error' as your answer.

6) Jefferson ended the great public receptions, (A)/ and turned the State Dining Room, where (B)/ they had been held, into his office. (C)/ No error (D)

- a) B
- b) C
- c) D

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d) A

Correct Choice : c

Solution

The sentence is grammatically correct and free of error. Thus, (c) is the right answer.

17. In the following question, a sentence has been given in Active/ Passive Voice. Out of the four alternatives suggested, select the one which best expresses the same sentence in Passive/Active Voice.

Sundarbans is being threatened by rising sea levels and extreme weather.

- a) Rising sea levels and extreme weather are threatening Sundarbans.
- b) Rising sea levels and extreme weather will be threatening Sundarbans.
- c) Rising sea levels and extreme weather were threatening Sundarbans.
- d) Rising sea levels and extreme weather had been threatening Sundarbans.

Correct Choice : a

Solution

The sentence is in indicative mood and passive voice. Follow the rules below to convert a sentence in indicative mood to active voice:

1. The subject clause will become the object clause. Here, the subject (SUNDARBANS) will change to the object of the verb, and the object (RISING SEA LEVELS AND EXTREME WEATHER) will change into the subject and begin the sentence.

2. Replace IS BEING THREATENED with ARE THREATENING.

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3. Remove the conjunction BY before RISING SEA LEVELS AND EXTREME WEATHER.

Option (a) is the right answer.

18. In the following question, a sentence is given with a phrase or idiom in brackets. Select the option given below that can replace the bracketed phrase.

When funding shifts too drastically or is (cut off) altogether, then problems can dismantle research programmes anywhere.

- a) cut down
- b) cut across
- c) cut back on
- d) No Improvement

Correct Choice : d

Solution

(d) is the right answer. We need a phrase here that means to be stopped completely, as hinted by the use of the word 'altogether'.

Cut down – reduced. Cut across – to go across a place rather than around it. Cut back on – to reduce. Cut off – stopped completely.

19. In the following question , a sentence is given in which an idiom is highlighted. From the options below, choose the one that gives the correct meaning of the idiom.

This election is an eyewash, the leader has already been selected.

- a) A deceptive action
- b) A futile effort
- c) An important day
- d) An event or action that one is ashamed of

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Correct Choice : a

Solution

'Eyewash' means "misleading or deceptive statements, actions, or procedures". Thus, (a) is the correct answer.

20. In the question below, a sentence is given, divided into five parts (A), (B), (C), (D) and (E). One of the parts is grammatically incorrect or has an error in it. You are required to identify the parts that are grammatically correct and choose the option accordingly.

Governments increasingly recognize (A)/ that economies can reach (B)/ their full potential only (C)/ with the full participation (D)/ of both women and men. (E)

- a) ABCD
- b) ACDE
- c) ABDE
- d) No error

Correct Choice : d

Solution

(d) is the right answer. The sentence is grammatically correct. It does not contain any error.

21. In the question below, a sentence is given, divided into five parts (A), (B), (C), (D) and (E). One of the parts is grammatically incorrect or has an error in it. You are required to identify the parts that are grammatically correct and choose the option accordingly.

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Policymakers around the world already (A)/ recognize that they need to find a way to (B)/ reopen national economies safely and in (C)/ accordance to policies to keep the (D)/ COVID-19 pandemic under control. (E)

- a) ABCE
- b) ACDE
- c) ABDE
- d) BCDE

Correct Choice: a

Solution

(a) is the right answer. In D, we need to replace the phrase IN ACCORDANCE TO with IN ACCORDANCE WITH. If something is done IN ACCORDANCE WITH a particular rule or system, it is done in the way that the rule or system says that it should be done. The phrase IN ACCORDANCE TO is incorrect.

22. In the given sentence, a blank is given indicating that something is missing. From the given options a combination of words would fit the blank thereby making it grammatically and contextually correct.

Part of the continuing allure of police action films is the chance to get under the skin of a criminal, to _____ into an alien world.

1. Peak
2. Glimpse
3. Peek
4. Glare

- a) 1 and 2
- b) 1 and 4

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c) 2 and 3

d) 2 and 4

Correct choice: c

Solution

We need a base form verb to fit in the infinitive construction TO + VERB. GLIMPSE and PEEK mean to look into or get a view of, and will fit here as the sentence tells us how police action films allow us to get a view of an alien world. Thus, (c) is the right answer.

Peak (noun) - summit. Glare - to stare in an angry or fierce way.

23. There was little **doubt** that the process **complained** milk safety by **eliminating** the diseases that led to so many deaths, but consumers **improved** that pasteurized milk was flavourless.

a) doubt – eliminating

b) doubt – improved

c) complained – improved

d) eliminating -- improved

Correct Choice : c

Solution

The sentence tells us that there was little doubt (uncertainty) that the process improved (bettered) milk safety by eliminating (getting rid of) the diseases, but consumers complained (expressed dissatisfaction) that pasteurized milk was flavourless. We need to interchange COMPLAINED and IMPROVED, as the former will agree with the subject CONSUMERS, and the latter will link the subject PROCESS with the object MILK SAFETY. Thus, (c) is the right answer.

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24. In the following question, match the sentences beginning in Column 1 with their appropriate endings in Column 2.

Column 1	Column 2
A. Innovation in the private sector depends	D. the direction it takes must reflect social priorities.
B. If technological innovation is to serve society,	E. crucially on government funding of basic science and research labs.
C. Living standards are determined by productivity growth,	F. which in turn depends on the introduction of new technologies.

- a) A and D
- b) A and F
- c) B and D
- d) B and E

Correct Choice: c

Solution

(c) is the right answer. The correct pairs are: AE, BD and CF.

AE - Innovation in the private sector depends crucially on government funding of basic science and research labs. The sentence seeks to convey that innovation carried out by the private sector is dependent on the government funding of research labs.

BD - If technological innovation is to serve society, the direction it takes must reflect social priorities.

The sentence seeks to convey that if we want technological innovation to benefit the society then it must take into account the social priorities.

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CF - *Living standards are determined by productivity growth, which in turn depends on the introduction of new technologies.* The sentence seeks to convey that the living standards of people are determined by productivity growth, which is dependent on new technologies.

25. In the following question, out of the four alternatives, choose the one which best expresses the meaning of the given word.

Disparage

- a) Diminish
- b) Criticize
- c) Evade
- d) Defy

Correct Choice: b

Solution

DISPARAGE means to criticise or speak unfavourably of something or someone. CRITICISE will be its synonym; Thus, (b) is the right answer.

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DIMINISH means to reduce, EVADE means to avoid and DEFY means to oppose.