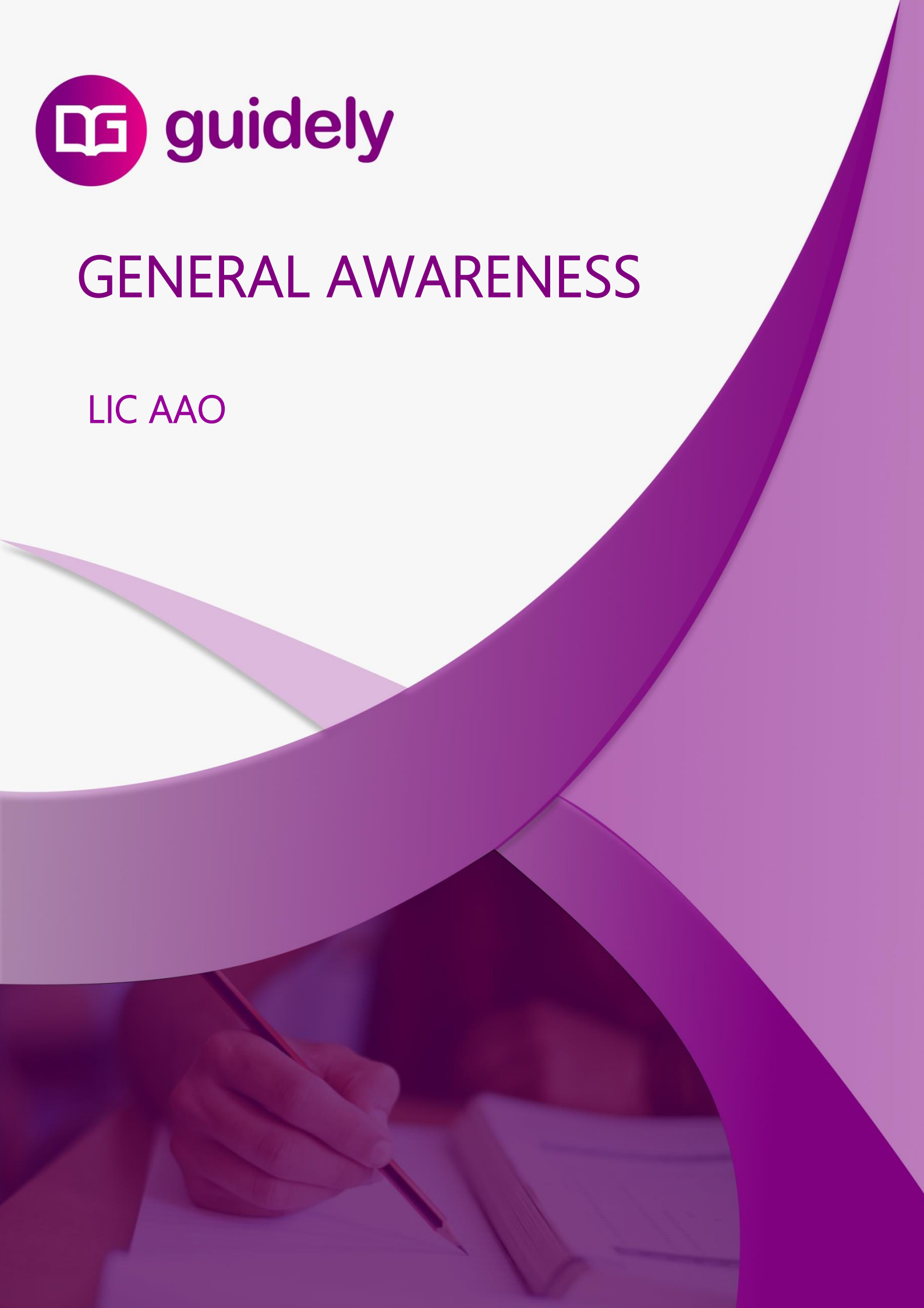




GENERAL AWARENESS

LIC AAO



1) Which of the following statements in context of Treasury bills (T- Bills) is not correct?

- a) T-bills offer short-term investment opportunities, generally up to one year
- b) T-bills are available for a minimum amount of Rs.25,000
- c) T-bills auctions are held at the SEBI headquarter.
- d) Both (a) & (b)
- e) All of the above are true

2) Which of the following not a function of Reserve Bank of India?

- a) Formulates, implements and monitors the monetary policy.
- b) Manages the Foreign Exchange Management Act (FEMA), 1999.
- c) Approving rules and laws pertaining to the stock exchanges.
- d) Maintains banking accounts of all scheduled banks.
- e) All of the above

3) In the first half of FY20, Government is set to raise Rs _____ lakh crore through gilts i.e. instruments issued by the government to borrow money from the market.

a) 4.42

b) 3.11

c) 6.67

d) 1.77

e) None of the above

4) The Reserve Bank of India recently, came out with guidelines for banks to set up new currency chests. As per RBI norms the currency chests should have CBL of ₹_____ crore.

a) 500

b) 1000

c) 1500

d) 2000

e) 2500

5) In which of the following years Forward Markets Commission (FMC) merged with the capital markets watchdog SEBI?

a) 2015



b) 2010

c) 2012

d) 2014

e) 2008

6) Which of the following terms is used to define rise in the price of a security or in the value of one currency in terms of another?

a) Appreciation

b) Accreting

c) Accrued Interest

d) Arbitrage

e) None of the above

7) Cash Management Bills (CMBs) are issued for maturities less than _____days.

a) 182

b) 91



c) 364

d) 45

e) 22

8) STRIPS are the securities created by way of separating the cash flows associated with a regular G-Sec. 'I' in STRIPS stands for_____.

a) Interest

b) Integrate

c) Inflation

d) Indexed

e) Investment

9) _____refers to the percentage rate of return paid on a stock in the form of dividends.

a) Repo trade

b) Debt

c) Floating rate



d) Yield

e) None of the above

10) SIP allows us to invest regularly a fixed sum in our favourite mutual fund scheme/s. It stands for_____.

a) Schematic Investment Plan

b) Structured Investment Pattern

c) Structured Investment Plan

d) Schematic Investment Process

e) Systematic Investment Plan

Answers :

1) Answer: C)

T-bills auctions are held at the Reserve Bank of India, Mumbai. Treasury bills (T-bills) offer short-term investment opportunities, generally up to one year. They are useful in managing short-term liquidity. At present, the Government of India issues four types of treasury bills, namely, 14-days, 91-days, 182-days and 364-days.

2) Answer: c)

SEBI approves rules and laws pertaining to the stock exchanges.

To protect the rights of investors and ensuring safety to their investment.

To prevent fraudulent and malpractices by having balance between self-regulation of business and its statutory regulations.

To regulate and develop a code of conduct for intermediaries such as brokers, underwriters, etc.

3) Answer: a)

Government is set to raise Rs 4.42 lakh crore through gilts in the first half of FY20. The borrowing for the second half is set at Rs 2.68 lakh crore. The Centre will auction Rs 17,000 crore of gilts per week during April-September.

4) Answer: b)

RBI appointed committee recommended that RBI should encourage banks to open large currency chests with modern facilities and Chest Balance Limit (CBL) of at least ₹1,000 crore. As per the recommendation currency chests should have CBL of ₹1,000 crore, subject to ground realities and reasonable restrictions, at the discretion of the Reserve Bank.

5) Answer: A)

In the year 2015, Forward Markets Commission (FMC) merged with the capital markets watchdog SEBI. The merger was precipitated with the National Spot Exchange Ltd. scam, which involved a payment crisis of more than Rs. 5000 crore. This was considered a regulatory failure by the FMC.

6) Answer:a)

Appreciation is a rise in the price of a security or in the value of one currency in terms of another. It is Increase in the value of an asset which is in excess of the asset's depreciable cost and is due to economic and other factors (such as scarcity or inflation) and not due to additions or improvements made to it.

7) Answer: b)

To meet the temporary mismatches in the cash flow of the Government of India .Government of India, in consultation with RBI introduced a new short-term instrument, known as Cash Management Bills (CMBs), The CMBs have the generic character of T-bills but are issued for maturities less than 91 days.

8) Answer: a)

STRIPS is an acronym for Separate Trading of Registered Interest and Principal of Securities. They are the securities created by way of separating the cash flows associated with a regular G-Sec i.e. each semi-annual coupon payment and the final principal payment to be received from the issuer, into separate securities. They are essentially Zero-Coupon Bonds (ZCBs).

9) Answer: D)

Yield refers to the percentage rate of return paid on a stock in the form of dividends, or the effective rate of interest paid on a bond or note. There are many different kinds of yields depending on the investment scenario and the characteristics of the investment.

Yield To Maturity (YTM) is the most popular measure of yield in the Debt Markets and is the percentage rate of return paid on a bond, note or other fixed income security if you buy and hold the security till its maturity date.

Current Yield is the coupon divided by the Market Price and gives a fair approximation of the present yield.

10) Answer: e)

SIP is an acronym for Systematic Investment Plan. It is a method of investing a fixed sum, regularly, in a mutual fund scheme. SIP allows an investor to buy units regularly on a specific date of the month. It is a planned approach towards investments.



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