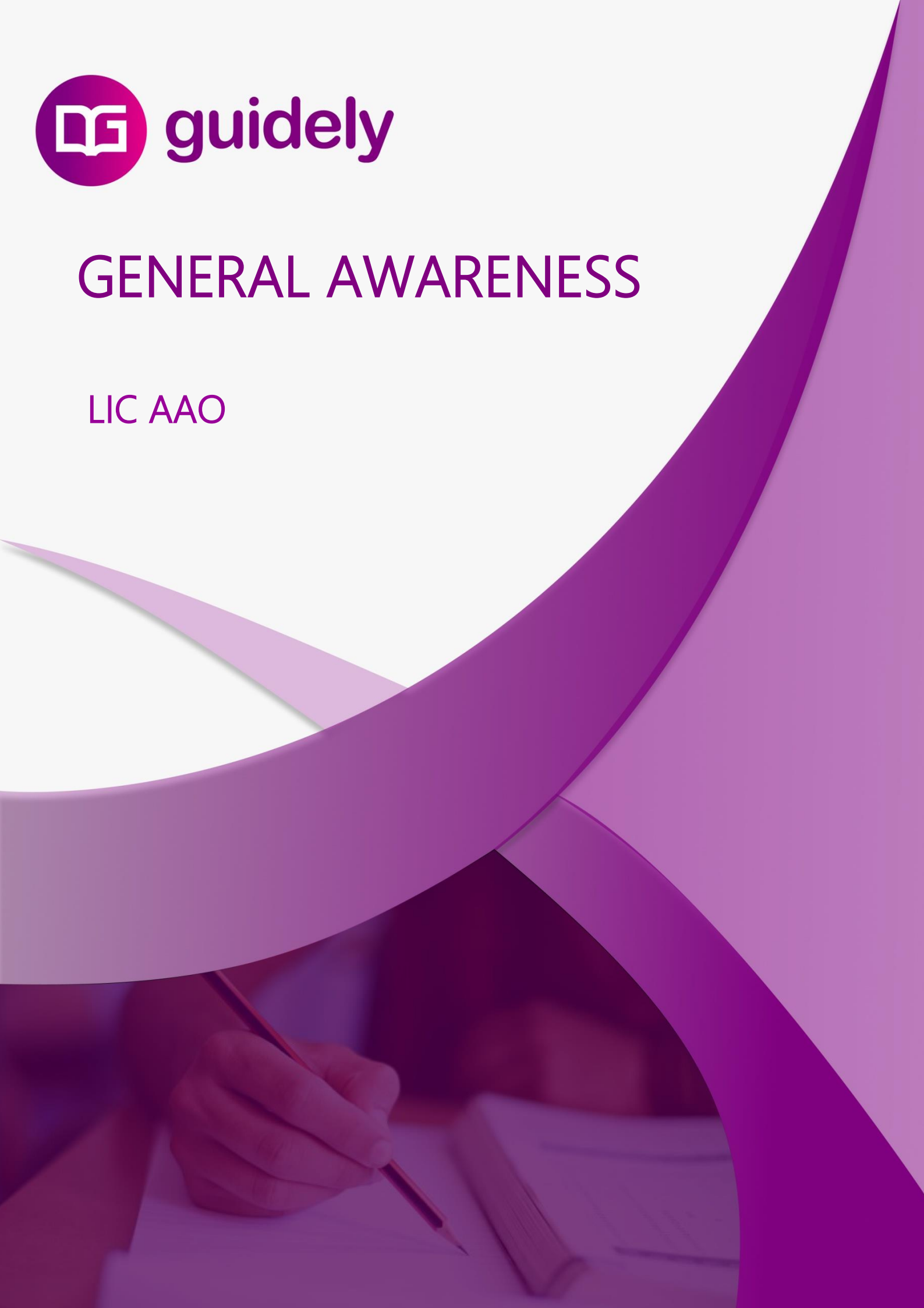




# GENERAL AWARENESS

LIC AAO



1) What is a Hard Loan?

- a) A loan which has immovable property as collateral
- b) A loan which has movable assets as collateral
- c) A foreign loan that must be paid in hard currency
- d) A loan of "last resort"
- e) A loan taken by farmers in harsh weather conditions.

2) Which of the following inflations is taken care by RBI's monetary policy?

- a) Cost Push inflation
- b) Demand pull inflation
- c) Structural deficiencies
- d) Both 1 and 2
- e) All 1, 2 and 3



3) Bank Credit Grows by what percentage in FY19.

- a) 13.24
- b) 15.64
- c) 18.94
- d) 2.74
- e) 7.84

4) Which of the following is not a derivative instrument?

- a) Backward Contract
- b) Cash & cash equivalents
- c) Forward Contract
- d) Both (a) & (c)
- e) None of the above

5) A document that signifies that a person or organisation has sold goods to another person or customer is called \_\_\_\_\_.

- a) Bill of Sale
- b) Absolute Assignment
- c) Appropriation Bill
- d) Bill of lading
- e) None of the above



6) Pakistan reaches agreement with IMF, to get \_\_\_\_\_ over 3 years

- a) \$6 Billion
- b) \$6 Million
- c) \$4 Million
- d) \$7 million

e) \$13 Billion

7) The cheque truncation system was introduced for faster clearing of cheques, in which of the following years?

a) 2005

b) 2000

c) 2012

d) 2010

e) 2014

8) RBI has recently imposed a monetary penalty on Nainital Bank. What is the amount of penalty?

a) 10 lakhs

b) 1 crore

c) 10 crore

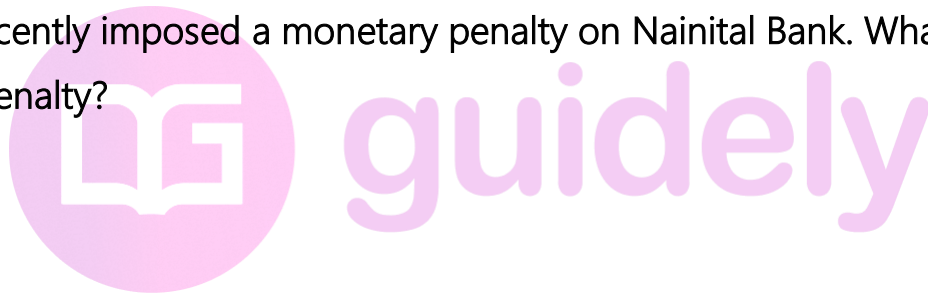
d) 50 lakhs

e) 5 lakhs

9) The Maximum loan size to group borrowers for a small finance banks would be restricted to \_\_\_\_ percent of total capital funds.

a) 15

b) 25



c) 10

d) 20

e) 30

10) Which of the following factors is not a reason for rising of Non-Performing Assets?

a) Lack of Demand

b) Poor credit appraisal system

c) Wilful Defaults

d) Defective Lending Process

e) None of these

**Answers :**

1) Answer: c)

A **hard loan** is a foreign loan that must be paid in hard currency, which is the currency of a nation that has political stability and a reputation for economic strength.

A hard loan is a type of loan between a lender and borrower in two different countries, and is denominated in hard currency. **Hard currency** is a monetary system that is widely accepted around the world as a form of payment for goods and services.

A loan agreement between a Brazilian company and an Argentinean company in which the debt is to be paid in U.S. dollars is a type of hard loan because U.S.

dollars are considered to be hard currency and more stable than either the Brazilian real or the Argentine peso.

2) Answer: b)

**Demand Pull inflation:** Excess money in the market will lead to higher demand, which leads to inflation. RBI with its tight money monetary policy restricts the money circulation and hence brings down inflation.

**Cost push inflation** is due to increase in raw material prices, scarcity of raw materials, increase in labour cost. Cost of production is increased and hence inflation. It is within the preview of central government. Structural deficiencies: Lack of infrastructure

3) Answer: a)

Bank credit grew by 13.24% in FY19 as compared to 10.3% in the previous FY, mainly aided by loans to services and retail sector. Deposit growth also gained momentum, growing by 10% as compared to 6.7% a year ago.

4) Answer: b)

Cash & cash equivalents is a non- derivative instrument. A derivative is a financial security with a value that is reliant upon, or derived from, an underlying asset or group of assets. Non-derivative financial instruments comprise investment in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowing, and trade and other payables.

5) Answer: a)

Bill of Sale is regarded as a legal document and can be used as a valid proof in all legal matters. It also signifies that the ownership of goods has been transferred to another party. It can be used as a proof to signify a sale.

**6) Answer: a)**

IMF has agreed to give \$ 6 billion over three years, to Pakistan. A formal approval by the IMF is awaited. The agreement aims to support Pakistan's strategy for stronger & more inclusive growth by reducing domestic and external imbalances, etc.

**7) Answer: d)**

Cheque Truncation System (CTS) or Image-based Clearing System (ICS), in India, is a project of the Reserve Bank of India (RBI), commencing in 2010, for faster clearing of cheques.

**8) Answer: b)**

RBI has imposed a monetary penalty of Rs.1 crore on Nainital Bank for its failure to fully automate the NPA identification process, despite specific directions issued. This penalty has been imposed under the provisions of the Banking Regulation Act, 1949.

**9) Answer: a)**

Small finance banks are a type of niche banks in India. Banks with a small finance bank license can provide basic banking service of acceptance of deposits and lending.

Small finance banks will provide banking products to the unserved and underserved sections of the country, which includes small and marginal farmers, micro and small industries, and other organized sector entities, at an affordable cost.

The Maximum loan size to a single person cannot exceed 10% of total capital funds and cannot exceed 15% in the case of a group. And at least 50% of its loans should constitute loans and advances of up to 25 Lakh.

10) Answer: e)

The NPAs in Indian commercial banks are growing due to external as well as internal factors. The major external factors which lead to the rise in NPAs and non-controllable by Banks are Ineffective Statutory Recovery Procedures, Wilful Defaults, Natural Calamities, Industrial Sickness, Lack of Demand and Change in Government Policies etc.,

The major internal factors which lead to the rise in NPAs and being internal in nature and controllable by the Banks are Defective Lending Process or Poor Lending Decision, Inappropriate Technology, Improper SWOT analysis, Poor credit appraisal system, Managerial deficiencies, Absence of regular industrial visits, Re-loaning process etc.