



GENERAL AWARENESS

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1) The RBI changed the methodology for valuing the bonds on last day of the quarter by debt market players. What was the reason for the change?

- a) To simplify the valuation process of securities/bonds
- b) To standardise the valuation process across the various market participants
- c) To reduce volatility in the prices of government securities
- d) To prevent manipulation in the prices of securities/bonds
- e) All of the above

2) In which of the following market, equity or debt instruments of a public firm are created?

- a) Flow market
- b) Secondary market
- c) Primary Market
- d) Grey Market
- e) None of the above



3) The Basel Committee on Banking Supervision provides a forum for regular cooperation on banking supervisory matters. From where does the committee derive its name?

- a) It refers to the name of the person on whose recommendation the Basel guidelines are based
- b) It refers to the location where the committee is based.
- c) It refers to the founding members nations of the committee
- d) It refers to the name of the first Chairman of the Basel committee
- e) It refers to the banking crisis following which the Basel committee was formed in 1974

4) What is the FDI limit for public sector and private sector banks in India?

- a) 10% and 51% respectively

- b) 15% and 49% respectively
- c) 15% and 100% respectively
- d) 20% and 74% respectively
- e) 49% and 100% respectively

5) Exim Bank was established in 1982 by an Act of Parliament as the apex financial institution for financing, facilitating and promoting India's international trade. Recently, the Cabinet has approved an increase in the authorized capital of Exim Bank to _____.

- a) Rs.12000 crore
- b) Rs.15000 crore
- c) Rs.20000 crore
- d) Rs.35000 crore
- e) Rs.45000 crore

6) _____ is/are typically the earliest equity investments made in start-up companies. These investors have a high net worth and are usually with business experience, who directly invests part of his or her personal assets in new and growing unquoted businesses

- a) Venture Capitalists
- b) Seed Funding
- c) Angel Investments
- d) Crowd funding
- e) None of the above

7) In the union budget 2019-2020, in which of the following segment the Finance Minister Smt. Nirmala Sitharaman proposed Public-Private-Partnership?

- a) Defence
- b) Railways

- c) Naval Warfare
- d) Ports and Shipping
- e) Roads and Highways

8) “The board should maintain sound risk management and internal control systems”. Which of the following principles of corporate governance is mentioned here?

- a) Trust
- b) Accountability
- c) Responsibility
- d) Transparency
- e) Uniformity

9) After the 36th GST Council Meeting held on 27th July 2019, the GST rate on electric vehicles is reduced from

- a) From 28% to 18%
- b) From 28% to 12%
- c) From 18% to 5%
- d) From 12% to 5%
- e) From 5% to Nil

10) Which of the following inflation is beneficial for economic growth?

- a) Walking inflation
- b) Galloping inflation
- c) Creeping Inflation
- d) Stagflation
- e) Skewflation

Answers :

1) Answer: D

As per a central bank directive, security/bond valuation will be based on the weighted average price of the last half-an-hour of trading on the last trading day of every quarter against the last traded price on the last working day of a quarter. The methodology as to how the bonds are valued is crucial for mark-to-market (MTM) purposes. MTM entails recording the price or value of a security to reflect the current market value rather than the book value. The change has been done to prevent the possibility of manipulation in the prices of securities, especially government securities (G-Secs), on the last trading day of a quarter.

2) Answer: C

The primary market is where securities are created. It's in this market that firms float new stocks and bonds to the public for the first time. An initial public offering, or IPO, is an example of a primary market. An IPO occurs when a private company issues stock to the public for the first time. Various types of issues made by the corporation are a Public issue, Offer for Sale, Right Issue, Bonus Issue, Issue of IDR, etc. Hence equity or debt instruments of publicly traded firm are included in Primary Market.

3) Answer: B

The Basel Committee – initially named the Committee on Banking Regulations and Supervisor/ Practices – was established by the central bank Governors of the Group of Ten countries at the end of 1974 in the aftermath of serious disturbances in international currency and banking markets (notably the failure of Bankhaus Herstatt in West Germany).

The committee is headquartered at the Bank for International Settlements which is located at Basel in Switzerland. It currently has 27 members with 12 countries as permanent members. Till date, the BCBS has released three Basel Accords known as Basel 1, Basel 2 and Basel 3.

4) Answer: D

As of 31st Mar 2019, 20% foreign investment is permitted in PSU banks under government approval route and 74% in private sector banks provided there is no change in control and management of the investee bank.

5) Answer: C

Exim Bank of India was established in 1982 by an Act of Parliament as the apex financial institution for financing, facilitating and promoting India's international trade. The Bank primarily lends for exports from India including supporting overseas buyers and Indian

suppliers for export of developmental and infrastructure projects, equipment, goods and services from India. It is regulated by RBI. The Cabinet also approved an increase in the authorized capital of Exim Bank from Rs. 10,000 crores to Rs. 20,000 crores. The recapitalisation bonds will be on the lines issued to Public Sector Banks.

6) Answer: C

Angel investments are typically the earliest equity investments made in start-up companies. Angel Investor is a private individual, mostly high net worth, usually with business experience, who directly invests part of his or her personal assets in new and growing unquoted businesses.

7) Answer: B

The newly formed Government's Finance and Corporate Affairs Minister Smt. Nirmala Sitharaman presented the Budget 2019-2020 in the Parliament on 5th of July 2019. Public-Private-Partnership proposed in the segment of Railways for development and completion of tracks, rolling stock manufacturing and delivery of passenger freight services.

8) Answer: B

Corporate accountability refers to the obligation and responsibility to give an explanation or reason for the company's actions and conduct.

- > The board should present a balanced and understandable assessment of the company's position and prospects;
- > The board is responsible for determining the nature and extent of the significant risks it is willing to take;
- > The board should maintain sound risk management and internal control systems;
- > The board should establish formal and transparent arrangements for corporate reporting and risk management and for maintaining an appropriate relationship with the company's auditor.

9) Answer: D

36th GST council meeting was held on 27th July 2019. The meeting was primarily called to decide GST rate cut on electric vehicles that are currently taxed at 12%. The GST Council has reduced the GST rate on electric vehicles (EV) from 12% to 5%. Also, the GST rate on chargers or charging stations for electric vehicles is slashed from 18% to 5%.

10) Answer: C

Creeping inflation is when prices rise mildly and pave way for expansion which is beneficial for economic growth. Consumers buy more goods & services in the anticipation of higher prices in the near future. Generally, this is around 3%.

