GICED

|  |  |
| --- | --- |
| Course : MGFM (ATKT) | Subject: TREASURY & RISK MANAGEMENT |
| Semester : semester 3 | Paper no : XXII |
|  |  |

Sr. No. Question Body & Option:

1. The concept of treasury historically is related to

A. Bank

B. Corporate

C. Government

D. Museum

ANSWER: C

1. Which of the following instruments is used by public to directly lend to the Government?
2. Bank Deposit
3. Treasury Bills
4. Post Office Schemes
5. Corporate Papers

ANSWER : C

1. What is NDTL in Banking?
2. No Demand & Time Liabilities
3. Net Demand & Time Liabilities
4. New Demand & time Liabilities
5. Net Corporate Liabilities

ANSWER: B

1. What are the two reserve requirements of a Banks Treasury to comply with?
2. CRR & Repo Rate
3. SLR & PLR
4. CRR & SLR
5. CRR & MCLR

ANSWER : C

1. Integrated in Bank Treasury refers to:
2. Computerisation of all bank’s branches
3. Computerisation of all banks operations
4. Centralisation of bank's bank back office operations
5. Integration of Money Market, Forex & Securities operations

ANSWER: D

1. Treasury in the normal course will manage:
2. All funds raised through Deposit
3. All deployment of Loans
4. Liquidity
5. ALM book, merchant book & trading book

ANSWER: D

1. what is the important feature of Integrated Treasury
2. Have a common dealing room
3. Have a common Mid & Back office
4. Looking for arbiterage operations in MM, Forex & Securities
5. All Above

ANSWER : D

1. RBI uses following money market tools for managing Interest Rates, Inflation & Liquidity
2. CRR/SLR
3. OMO
4. Repo/Reverse Repo Rate
5. All Above

ANSWER : D

1. CCIL provides platform for dealing in products like:
2. TREP
3. CROMS
4. NDS-OM
5. ALL ABOVE

ANSWER : C

1. what is the maturity period of Treasury Bills issued by RBI.
2. 364 DAYS
3. 91 DAYS
4. 182 DAYS
5. ALL ABOVE

ANSWER: D

1. Commercial Papers are issued by:
2. Banks
3. Corporates & Primary Dealers
4. RBI
5. FIIs

ANSWER : B

1. Certificate of Deposits are issued by:
2. Commercial Banks & financial Institutions
3. Corporates & NBFCs
4. RBI
5. FIIs

ANSWER : A.

1. Increasing Interest rates :
2. Encourage Corporate Borrowing
3. Discourage Corporate Borrowing
4. Encourage Individual Savings
5. Encourage Corporate Expansion

ANSWER :C

1. \_\_\_\_\_\_\_\_\_\_arises due to default by any counter party to the transaction
2. Major party Risk
3. Counterparty Risk
4. Opposite Party risk
5. Minor party risk

ANSWER : B

1. Base Rate & MCLR is decided by:
2. RBI
3. Finance Minister
4. Bank’s Alco
5. Corporate & Primary Dealers

ANSWER: C

1. Repo & Reverse Repo rates are decided by:
2. RBI
3. Finance Minister
4. Bank’s Alco
5. Corporate & Primary Dealers

ANSWER: A

1. Currencies are issued by:
2. Commercial Banks
3. Crypto currency company
4. RBI
5. NBFCS & Primary Dealers

ANSWER: C

1. State Bank of India is maintaining account in Japanese Yen with American Express Bank, Tokyo . It is known as

A. Nostro Account

B. vostro Account

C. ACU account

D. Loro account

ANSWER: A

19. An appreciation of the Rupee relative to the US Dollar would be expected to have which of the following effects?

A. Increase US exports to India

B. Increase US imports from India

C. Raise the cost to Americans for Indian imports

D. Create Balance of Payments surplus for India

ANSWER: A

20. What is Coupon Rate in Govt Securities?

A. Coupon issued by Govt as incentive for borrower

B. An interest rate on Govt. borrowing/securities

C. A discounted rate on a Treasury Bill

D. Interest rate on a corporate debenture

ANSWER: B

21. On a notification from the buyer bank that foreign currency funds have not been received, what is the period, within which seller bank shell deliver foreign currency funds to the said bank?

A.24 hours

B. 48 hours

C. 3 hours

D. five days

ANSWER D

22. The rate at which one currency is converted into another currency is called exchange rate. There can be two methods for rate of exchange, direct method and indirect method. In India, how the quotations are quoted?

A. US $ 1 = Rs. 70.5000 only

B. Rs. 70.5000 = US $ 1 only

C. Rs. 100 = US $ 2.4695 only

D. only (1) or (2)

ANSWER: A

23. For buying and selling of foreign currency in India, which one of the Following ‘maxim’ is applied

A. Buy low only

B. Sell high only

C. Buy High – Sell Low

D. Buy Low – Sell High

ANSWER : D

24. In respect of Bill purchased returned unpaid, which one of the following rates is quoted?

A. T.T. Selling Rate

B. Bill Selling Rate

C.T.T. Buying Rate

D. Bill Buying Rate

ANSWER: A

25. In Indian Market, the US Dollar is quoted at US $ 1 = Rs. 70.5000/70.5200 . In case, the EURO is quoted in New York as EUR 1 = US D 1.1810/ 1.1815, which one of the following will be buying rate of 1 EUR ? per rupee?

A. 95.40

B. 85.45

C. 83.26

D. none of these

ANSWER: C

26. In respect of ‘SPOT’, on which one of the following day, the delivery under foreign exchange contract shell be made?

A. the transaction is to be settled on the same day

B. the delivery of foreign exchange/currencies is to be made on the day next to the date of transaction

C. the delivery would take place on the 2nd working day from the date of contract

D. the delivery would be made on T+2 basis

ANSWER :D

27. In foreign exchange business, if transaction is concluded on Thursday spot value, on which day it will be payable?

A. Thursday

B. Friday

C. Saturday

D. Monday

ANSWER: D

28. Which one of the following derivative can be simply described as transformation of one stream of future cash flows into another stream of cash flows with different maturities?

A. Forward contracts

B. Futures

C. Swaps

D. options

ANSWER: C

29. The mark-to market is to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A. Calculate the value of a financial instrument based on the current market rates only

B. Calculate the value of a financial instrument based on the average rates only

C. Calculate the price of underlying only

D.(A) or (C)

ANSWER: D

30. In which one of the following type of derivatives, future contracts are normally traded on an exchange?

A. Forwards

B. Futures

C. Swaps

D. Options

ANSWER: 1

31. In foreign exchange business, when the party to an exchange transaction is unable or unwilling to meet his obligation under the contract, it is known as -

A. mismatched position

B. gap limit

C. credit risk

Settlement risk

ANSWER: C

32. While dealing in foreign currencies and banks domiciled outside India, which one of the following risk is involved?

A. Temporal risk

B. Settlement risk

C. Herstatt risk

D. Country risk

ANSWER: D

33. There is a time log between the conclusion of a deal at branch level and its reporting being received at the dealing / accounting department. Such a transaction is called \_\_\_\_\_\_\_\_\_\_\_\_\_

A. business transactions

B. overtrading transaction

C. pipeline transactions

D. business transactions

ANSWER: C

34. Which one of the following is a financial contract between two parties to exchange interest payment for a “Notional & Principal” amount on settlement date, for a specified period from start date to maturity date?

A. Forward Contracts

B. Futures

C. Forward Rate Agreement

D. Swaps

ANSWER: C

35. An option in which one investor acquires the right but not the obligation to sell an underlying asset for a specified price, during a specified period of time is known as \_\_\_\_\_\_\_

A. Exercise Price

B. Strike Price

C. Call

D. Put

ANSWER: D

36. Which one of the following is not a basic derivative?

A. forwards

B. futures

C. swaps

D. foreign exchange rates

ANSWER: D

37. In respect of ‘TOM’, on which day delivery under a foreign exchange contract shell be made?

A. the transaction is to be settled on the same day

B.the delivery of foreign exchange/ currencies is to be made on the day next to the date of transaction

C. the delivery would take place on the 2nd working day from the date of contract

D. the delivery would be made on T+2 basis

ANSWER: B

39. Which one of the following derivatives confers upon the buyer a right, not an obligation?

A. Forwards

B. Futures

C. Swap

D. Options

ANSWER: D

40. In respect of transaction involving transfer of proceeds of import bills, which one of the following rate is applicable?

A.T.T. Selling Rate

B. Bill Selling Rate

C. T.T. Buying Rate

D. Bill Buying Rate

ANSWER B

41. In respect of ‘Ready’ or ‘Cash’, on which one of the following day, the delivery under foreign exchange contract shell be made?

A. the transaction is to be settled on the same day

B. the delivery of foreign exchange / currencies is to be made on the day next to the date of transaction

C. the delivery would take place on the 2nd working day from the date of contract

D. the delivery would be made of T+2 basis

ANSWER :A

42. In respect of cancellation of a forward sales contract in foreign exchange business, which one of the following rate is quoted?

A. T.T. Selling Rate

B. Bill Selling Rate

C. T.T. Buying Rate

D. Bill Buying Rate

ANSWER : C

43. In all the Forex Rates, FX quotes include a “bid” and “ask” what do you understand by bid?

A. the “bid” is the price at which a market maker (Fx merchant) is willing to buy

B. the “bid” is the price at which a market maker (Fx merchant) is willing to sell

C. the “bid” is the price at which a customer is prepared to buy foreign exchange

D. the “bid” is the price at which a market maker (Fx merchant) is willing to buy and clients can sell the base currency in exchange for the counter currency

ANSWER :D

44. What are Capital Account transactions as notified by RBI under FEMA?

A. the transactions that change the asset position outside India

B. the transactions that change liability position outside India

C. the transactions that change the asset and liability position in India

D. the transactions that change the asset or liability position outside India

ANSWER : D

45. SBI maintains an account with a bank abroad, this account would be maintained in D US dollars. Such an account will be classified as -

A. Nostro Account only

B. Vostro Account only

C. Loro Account only

D. (1) or (2)

ANSWER: A

46. “Basel Committee on Banking Supervision” is also known as:

* 1. Thomas Cook Committee
  2. BIS Committee
  3. Bank for International Settlements Committee
  4. Peter Cooke Committee

ANSWER: C

1. Increasing interest rates:

A. Encourages corporate borrowing

B. Encourages corporate expansion

C. Discourages Corporate borrowings

D. Discourages individuals savings

ANSWER: C

48. What is Liquidity risk?

A.. Risk Investment Bankers face

B. Risk increases when interest rate increases

C. Risk associated with secondary market transactions

D. Risk is lower for small OTC

ANSWER: B

1. Which of the following instruments is used by public to directly lend to RBI?

A. Bank Deposit

B. Post Office schemes

C. RBI Bonds

D. Corporate Papers

ANSWER: C

1. Which one of the following is not a part of institutions under Bretton Woods System?

* 1. IMF
  2. IBRD( World Bank)
  3. IFC
  4. BIS

ANSWER: D

1. An appreciation of the Rupee relative to the US Dollar would be expected to have which of the following effects?
   1. Increase US exports to India
   2. Increase US imports from India
   3. Raise the cost to Americans for Indian imports
   4. Create Balance of Payments surplus for India

ANSWER: A

1. Integrated in Bank Treasury refers to:
   1. Computerisation of all bank’s branches
   2. Computerisation of all banks operations
   3. Centralisation of bank's bank back office operations
   4. Integration of Money Market, Forex & Securities operations

ANSWER: D

1. Treasury in the normal course will manage:
   1. All funds raised through Deposit
   2. All deployment of Loans
   3. Liquidity
   4. ALM book, merchant book & trading book

ANSWER: D

1. RBI uses following money market tools for managing Interest Rates, Inflation & Liquidity

A.CRR/SLR

1. OMO
2. Repo/Reverse Repo Rate
3. All Above

ANSWER : D

1. CCIL provides platform for dealing in products like:
   1. TREP
   2. F-Trac
   3. NDS-OM
   4. ALL ABOVE

ANSWER: D

1. What is the maturity period of Treasury Bills issued by RBI.
   1. 364 DAYS
   2. 91 DAYS
   3. 182 DAYS
   4. ALL ABOVE

ANSWER: D

1. Commercial Papers are issued by:
   1. Banks
   2. Corporates & Primary Dealers
   3. RBI
2. FIIs

ANSWER: B

1. Certificate of Deposits are issued by:
   1. Commercial Banks & financial Institutions
   2. Corporates & NBFCs
   3. RBI
   4. FIIs

ANSWER: A

1. Decreasing Interest rates :
   1. Encourage Corporate Borrowing
   2. Discourage Corporate Borrowing
   3. Encourage Individual Savings
   4. Encourage Corporate Expansion

ANSWER: A

1. \_\_\_\_\_\_\_\_\_\_arises due to default by any country/Govt to the transaction
2. Major party Risk
3. Country Risk
4. Opposite Party risk
5. Minor party risk

ANSEWR : B

1. Base Rate & MCLR is decided by:
   1. RBI
   2. Planning comission
   3. Bank’s Alco
   4. Corporate & Primary Dealers

ANSWER: C

1. Under a “TOM Value” transaction, the rate is agreed today but the settlement is to be done on:
2. Next working day
3. Same day
4. 3 Working days after the date of deal
5. 4 working days after the date of deal

ANSWER: A

1. Currencies are issued by:
   1. Commercial Banks
   2. Crypto currency company
   3. RBI
   4. NBFCS & Primary Dealers

ANSWER: C

1. American Exporess, New York is maintaining account in IINR with State Bank of India, Mumbai . It is known as

A. Nostro Account

B. vostro Account

C. ACU account

D. Loro account

ANSWER: B

64. Which one of the following is not a source of fund available to banks Pre-shipment Credit In Foreign Currency ( PCFC) Scheme?

* 1. EEFC A/cs
  2. NRE A/cs
  3. RFC A/cs
  4. FCNR(B) A/cs

ANSWER: B