

CLAT 2020 Test Series Plan

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Current Affairs Questions for CLAT Exam

Current Affairs Quiz 42

Directions: Study the following information carefully and answer the questions given beside.

It appears there is a never-ending queue of investors lining up to buy shares of Jio Platforms Ltd. It all started with Facebook Inc. making a strategic investment of Rs. 43,574 crore (\$5.7 billion) for a [1] %-stake in the firm. Around the time, parent company Reliance Industries Ltd (RIL) said it has achieved half the targeted value-unlocking in Jio Platforms, and that global investors had expressed interest for a similar-sized additional stake.

That could either have meant that Jio Platforms would raise about \$5.7 billion more, or sell another 10% stake. But as it turns out, the company has ended up selling an additional 12.4% stake already to global investors, and has raised \$8 billion more. At the rate Jio Platforms is signing up investments—\$1.3 billion per week in the past six weeks—it may well reach the \$15-billion mark soon.

It's almost as if the delay in the \$15-billion deal with Saudi Aramco doesn't matter, when it comes to RIL's stated plan to reduce debt in its books. And to add, its \$7-billion rights issue was oversubscribed 1.6 times—although with the staggered payment option only a fourth of these proceeds will be received this year. By and large, strong investor interest in Jio Platforms is rubbing off on RIL, where the traditional oil-linked businesses have taken a hit owing to covid-19. RIL shares have risen by about a third since it announced the Facebook investment, compared with a less than 10% increase in the Nifty 50 index during the same period.

So, what is driving investors by the droves to Jio Platforms? To start with, Jio ticks a number of boxes such as proven execution, a nearly debt-free capital structure and being on the right side of regulation. But the fact also remains that private equity funds are flush with cash. "Competition for assets remains high, a consequence of the superabundance of capital-seeking investment. Prequin estimates there is around \$2.5 trillion in dry powder dedicated to private capital strategies," PwC said in a report this February.

It has also helped that shares of technology companies such as Amazon and Facebook have risen since the coronavirus outbreak, in stark contrast to the drop in markets overall. Social distancing has meant increased usage of technology and digital solutions, which is driving investors towards tech companies.

When was jio launched in India?



1. When was Reliance Jio 4G services launched in India commercially?

- A. 2015 B. 2007 C. 2017 D. 2016

2. How much percent [1] stake did Facebook buy in jio platform?

- A. 9.99 B. 2.32 C. 1.15 D. 3.56

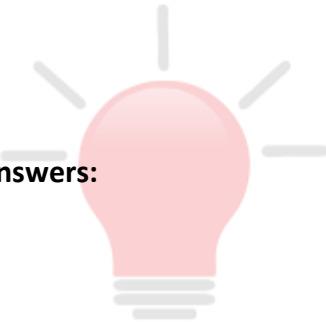
3. Who is the chairperson of Reliance Industries Ltd (RIL) ?

- A. Anil Ambani B. Nita Ambani C. Mukesh Ambani D. Akash Ambani

4. When was NIFTY 50 was launched?

- A. 1995 B. 1996 C. 1994 D. 1997

Correct Answers:



1	2	3	4
D	A	C	B

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Explanations :

1. The 4G services were launched internally on 27 December 2015. The company commercially launched its 4G services on 5 September 2016. Within the first month, Jio announced that it had acquired 16 million subscribers.

Hence, option D is correct.

2. Facebook will invest Rs 43,574 crore in Jio Platforms, a unit of Reliance Industries Ltd (RIL), for a 9.99% stake, an allcash deal that will help the oil-to-retail conglomerate reduce debt and strengthen the social media company's presence in its largest market, especially for its WhatsApp unit.

Hence, option A is correct.

3. Mukesh D. Ambani - Chairman and Managing Director - Reliance Industries Limited.

Hence, option C is correct.

4. The Nifty 50 was launched 22 April 1996, and is one of the many stock indices of Nifty. The NIFTY 50 index covers 14 sectors (as on 20 Jun 2020) of the Indian economy and offers investment managers exposure to the Indian market in one portfolio. The base period for the NIFTY 50 index is 3 November 1995, which marked the completion of one year of operations of the National Stock Exchange Equity Market Segment.

Hence, option B is correct.



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