



## Important Facts For Prelims (25th March 2019)

### Gilt Funds

- **Gilt funds are a type of investment fund that invests in gilt securities (fixed-interest generating securities of the central and state governments).**
- Gilts originated in Britain where gilt funds are primarily utilized. **However, some Commonwealth nations, such as South Africa and India also use this term.**
- When the Government of India requires funds (or loans), it approaches the Reserve Bank of India (RBI).
  - So, the **RBI lends money to the government after taking it from other entities** like insurance companies and banks.
  - In return for the loan, the **RBI issues government securities having a specific tenure**, which the fund manager of gilt fund subscribers. Upon maturity, this gilt fund returns the government securities and receives money in return.
  - Since these are issued by the Governments, **they are high-grade securities (government rarely fails financially and there is no risk for losing money)**, consequently carrying low yields. Because of higher credit ratings (AA), these offer a very low rate, say 4%.
  - Similarly, **well-known companies with high credit ratings (AA)** also issue bonds but pay low rates.
- **However, these not completely risk-free and are vulnerable to change in interest rates.**
  - In fact, for long-term investing, they are the riskiest of all other debt funds available in the market due to their sensitivity to change in interest rates.

### Virtual SIM Card

- Investigating agencies have found that **virtual SIM cards (Subscriber Identification Module Cards)** were used by the Jaish-e-Muhammad's terrorists for communications during the Pulwama attack.

### What is a Virtual SIM?

- **In this technology, the computer generates a telephone number and the user downloads an application of the service provider on their smartphone.**
- It is a **cloud-based number that can be used from any device via an app.**
- All voice calls and SMS text messages directed from/to this virtual phone number are transferred to the Virtual SIM service provider's network over available data/Wi-Fi connection.