



# GENERAL AWARENESS

LIC AAO



**1) Which of the following is not a feature of gilt edged securities?**

- a) Issued by non-governmental service organization
- b) Issued by government entities
- c) Repayment of both principal and interest is secured
- d) They have zero default risk
- e) All of them

**2) Which risk cannot be eliminated by diversification?**

- a) Portfolio risk
- b) Systematic risk
- c) Unsystematic risk
- d) Business risk
- e) Financial risk



**3) Market risk premium in CAPM is defined as**

- a) Difference between market return and risk free rate
- b) Difference between stock return and risk free rate
- c) Difference between market return and stock return
- d) Beta times the risk free rate
- e) Beta times the market return

**4) What can be a reason for the firm to have a high operating leverage**

- a) Low fixed costs relative to variable costs
- b) High fixed costs relative to variable costs
- c) High selling price per unit relative to others
- d) Low selling price per unit relative to others
- e) High total costs relative to selling price per unit

**5) A firm with a high financial leverage is characterized by**

- a) High operating risk
- b) High debt to equity
- c) High Earning per share
- d) High Sales
- e) High EBIT



**6) How much amount of swap facility as offered to banks by RBI to aid liquidity before the end of the financial year?**

- a) \$8 billion
- b) \$4 billion
- c) \$5 billion
- d) \$10 billion
- e) \$20 billion

**7) As per UIDAI, business organizations using Aadhar services will now have to pay how much amount for each customer?**

- a) Rs 15
- b) Rs 5
- c) Rs 20
- d) Rs 10
- e) Rs 25

**8) How much amount of additional loan financing was signed by the World Bank, the Indian government and representatives of 5 states of Government of India for the Dam Rehabilitation and Improvement Project?**

- a) \$135 million
- b) \$137 million
- c) \$140 million
- d) \$145 million
- e) \$147 million

**9) According to labour Ministry, the income tax exemption limit has been doubled to how much amount?**

- a) Rs 25 lakh
- b) Rs 15 lakh
- c) Rs 20 lakh

d) Rs 10 lakh

e) Rs 8 lakh

**10) India granted how much loan assistance million to Nepal for the reconstruction of infrastructures in the areas of housing, education, health and cultural heritage?**

a) USD 250 million

b) USD 225 million

c) USD 200 million

d) USD 100 million

e) USD 350 million

**Answers :**

**1) Answer: a)**

These securities are usually referred to as 'gilt-edged' securities as repayments of principal as well as interest are totally secured, being the first charge on the nation's purse. Hence the Central Government securities are considered as safest claims

**2) Answer: b)**

Non-diversifiable risk is that part of total risk (which stems from various sources like interest rate risk, inflation risk, financial risk, etc) which is related to the general economy or the stock market as a whole and hence cannot be eliminated through diversification. Non-diversifiable risk is also referred to as market risk or systematic risk.

**3) Answer: a)**

The market risk premium is the difference between the expected return on a market portfolio and the risk-free rate.

**4) Answer: b)**

Operating leverage is a measurement of the degree to which a firm or project incurs a combination of fixed and variable costs.

High operating leverage. A large proportion of the company's costs are fixed costs. In this case, the firm earns a large profit on each incremental sale, but must attain sufficient sales volume to cover its substantial fixed costs. If it can do so, then the entity will earn a major profit on all sales after it has paid for its fixed costs

**5) Answer: b)**

The Financial Leverage ratio equals total assets divided by total equity. The financial leverage ratio is a measure of how much assets a company holds relative to its equity. A high financial leverage ratio means that the company is using debt and other liabilities to finance its assets — and, everything else being equal, is more riskier than a company with lower leverage.

**6) Answer: c)**

RBI offered a \$5 billion swap facility to banks to aid liquidity before the end of the financial year. The auction will happen on March 26 and the buy/sell swap will run up to March 28, 2022, or for a three-year duration.

**7) Answer: c)**

Business organizations using Aadhar services will now have to pay Rs 20 for each customer and 50 paise for authentication of each transaction carried out by the entities, the UIDAI said.

**8) Answer: b)**

The World Bank, the Indian government and representatives of 5 states of Government of India and Implementing Agencies signed in New Delhi the Loan Agreement for Additional Financing of \$137 million for the Dam Rehabilitation and Improvement Project.

**9) Answer: c)**

The labour Ministry said that the income tax exemption limit has been doubled to Rs 20 lakh .from the existing Rs 10 lakh, a move that will benefit employees who are not covered by the Payment of Gratuity Act, 1972.

**10) Answer: a)**

India has extended a grant assistance of up to USD 250 million to Nepal for the reconstruction of infrastructures in the areas of housing, education, health and cultural heritage that was destroyed during the devastating April 2015 earthquake which saw the death of over 9,000 people.