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Comprehension Test Questions for SBI Clerk Mains, IBPS Clerk Mains, LIC AAO, SBI PO Pre and IBPS PO Pre Exams.

Passage No 132

Direction: Read the following passage carefully and answer the questions that follow.

There is now no denying that the new government takes office amid a clear economic slowdown. The first macro data set released showed an under-performing economy with GDP growth falling to 5.8% in the fourth quarter of 2018-19 and pulling down the overall growth for the fiscal to a five-year low of 6.8%. Growth in gross value added (GVA), which is GDP minus taxes and subsidies, fell to 6.6% in 2018-19, pointing to a serious slowdown. If further confirmation were needed, the growth in core sector output — a set of eight major industrial sectors — fell to 2.6% in April, compared to 4.7% in the same month last year. And finally, unemployment data, controversially suppressed by the Union government so far, showed that joblessness was at a 45-year high of 6.1% in 2017-18. These numbers highlight the challenges ahead in drafting the Budget for 2019-20. The economy is beset by a consumption slowdown as reflected in the falling sales of everything from automobiles to consumer durables, even fast-moving consumer goods. Private investment is not taking off, while government spending, which kept the economy afloat during the last NDA government, was cut back in the last quarter of 2018-19 to meet the fiscal deficit target of 3.4%.

The good news is that inflation is undershooting the target and oil prices are on the retreat again. But the rural economy remains in distress, as seen by the 2.9% growth in agriculture last fiscal; the sector needs a good monsoon this year to bounce back. Overall economic growth in the first quarter of this fiscal is likely to remain subdued, and any improvement is unlikely until the late second quarter or the early third. There are not too many options before the new Finance Minister. In the near term, she has to boost consumption, which means putting more money in the hands of people. That, in turn, means cutting taxes, which is not easy given the commitment to rein in the fiscal deficit. In the medium term, Ms. Sitharaman has to take measures to boost private investment even as she opens up public spending again. These call for major reforms, starting with land acquisition and labour, corporate taxes by reducing exemptions and dropping rates, and nursing banks back to health. On the table will be options such as further recapitalisation of the ailing banks, and consolidation. The question, though, is where the money will come from. With tax revenues likely to be subdued owing to the slowdown, the Centre will have to look at alternative sources such as disinvestment. There may be little choice but to go big on privatisation. A rate cut by the Reserve Bank of India, widely expected this week, would certainly help boost sentiment. But it is the Budget that will really set the tone for the economy

1. Which of the following is the closest in meaning to the word beset?

- A. Terminate B. Filter C. Besiege D. Tiny E. Both A and C

2. Which of the following is / are true as per the passage?

- I. There is going to be a definite rate cut by the RBI in the coming week.
II. The rural economy is in better shape than the urban economy.
III. Government spending has increased in the last quarter of 2018-19.

- A. Only II B. Only I and II C. Only I and III D. Only II and III E. None of the above

3. Which of the following, as per the passage, indicate a slowdown in the Indian economy?

- I. Fall in sale levels of consumer durables
II. Negative growth in the core sector output
III. Fall in inflations levels

- A. Only I B. Only III C. Only II D. Only I and II E. All of the above

4. As per the passage, which of the following would lead to 'putting more money in the hands of people'?

- I. Decrease in tax rates.
II. Increase in inflation
III. Increase in private investment

- A. Only I B. Only III C. Only I and II D. Only I and III E. None of the above

5. As per the passage, which of the following reforms has NOT been mentioned in the passage to improve the investment climate?

- A. Land acquisition B. Privatization of banks C. Adjustment in the prevailing Corporate Tax Rates
D. Recapitalization of banks E. All are correct

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Correct Answers

1	2	3	4	5
C	E	A	A	B

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Explanations:

1. Beset: Something that troubles persistently.

As per this, **besiege** is correct and has the same meaning as **beset**.

The others are incorrect.

Hence, option C is correct.

2. Refer to:

‘A rate cut by the Reserve Bank of India, widely expected this week, would certainly help boost sentiment.’

Statement I is incorrect.

‘The good news is that inflation is undershooting the target and oil prices are on the retreat again. But the rural economy remains in distress, as seen by the 2.9% growth in agriculture last fiscal;’

Statement II is incorrect.

‘Private investment is not taking off, while **government spending, which kept the economy afloat during the last NDA government, was cut back in the last quarter of 2018-19** to meet the fiscal deficit target of 3.4%.’

Statement III is incorrect.

All the statements are incorrect as per the passage.

Hence, option E is correct

3. Refer to: ‘If further confirmation were needed, **the growth in core sector output — a set of eight major industrial sectors — fell to 2.6% in April, compared to 4.7%** in the same month last year. And finally, unemployment data, controversially suppressed by the Union government so far, showed that joblessness was at a 45-year high of 6.1% in 2017-18. These numbers highlight the challenges ahead in drafting the Budget for 2019-20. The economy is **beset** by a consumption slowdown as reflected in the **falling sales of everything from automobiles to consumer durables**, even fast-moving consumer goods.’

I is correct while II is incorrect as the growth has merely slowed down and has not gone in the negative for the core sector. III has not been mentioned in the passage and cannot be inferred.

Only I is correct

Hence, option A is correct.

4. Refer to: ' . In the near term, she has to boost consumption, which means putting more money in the hands of people. **That, in turn, means cutting taxes**, which is not easy given the commitment to rein in the fiscal deficit.'

As per this, only I is correct while the other points have not been mentioned.

Hence, option A is correct.

5. Refer to: 'Ms. Sitharaman has to take measures to boost private investment even as she opens up public spending again. **These call for major reforms, starting with land acquisition and labour, corporate taxes by reducing exemptions and dropping rates, and nursing banks back to health. On the table will be options such as further recapitalisation** of the ailing banks, and consolidation.'

The passage does not talk about privatization of banks and thus, option B is the correct answer..



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