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Comprehension Test Questions for IBPS PO Mains, SBI PO Mains and RBI Grade B Exams.

Passage No. 158

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

A well-known stock market sell signal is a company splurging on flashy new headquarters. It might then be time to go short the City of London. From the Shard, the tallest building in the European Union, the view is of a crowded skyline of fellow concept skyscrapers. There is the Gherkin, the Cheesegrater, the Walkie Talkie and, rising in their midst, 22 Bishopsgate, which will be the Square Mile's tallest and most **capacious** tower. The building frenzy is even accelerating. Londoners are waiting to hear if the 1,000-foot Tulip—with a design that many contend is more phallic than floral—will be approved.

None of this suggests a financial centre bracing for Britain's departure from the European Union. But as soon as Theresa May, the prime minister, made leaving the single market a "red line" after the Brexit referendum in 2016, it seemed likely that the City would be sundered from its biggest foreign market. Regulators on both sides of the Channel scrambled to ensure business continuity and financial stability. British firms were asked to draw up contingency plans, including opening hubs in the EU27. For much of the City, Brexit happened sometime last year.

According to New Financial, a think tank in London, 291 big financial firms have moved some activities or people to the EU 27, or opened legal entities there. Many contingency plans were triggered before March 29th, when Brexit was supposed to have happened. In the run-up to the extended deadline of October 31st, a wave of staff and their families will head off to new digs, offices and schools.

The moves do not seem hasty. Though Brexit's final form is unclear, only the softest of departures would keep Britain in the single market. And nothing short of that would safeguard "passporting" rights for City firms. These allow financial firms in any EU country to sell in any other and matter hugely in banking and asset management. In 2016, 5,476 firms based in Britain used 336,421 passports to sell in the EU. Around 8,000 firms in the European Economic Area, where much of the EU's writ runs, used 23,535 of them to offer services in Britain.

Financial services account for 6.5% of Britain's economic output and 11% of its tax revenue. The sector and its ecosystem of lawyers, consultants, lobbyists and the like employ 2.2m people, not only in the wealthy centres of the Square Mile, Canary Wharf and Edinburgh but also in places like Cardiff and Bournemouth. Yet Britain's negotiators have treated the industry as a sideshow.

The government took the view that the City is strong enough to cope, and made little effort to keep passporting, which would have meant blurring Mrs May's red lines. Nor did it press hard for "mutual recognition", in which the EU would accept Britain's rules as a basis for future trading as long as they did not diverge too much. The City is likely instead to be left with "equivalence", a piecemeal status that the EU sometimes grants to third countries.

Questions :

1. Which of the following is true as per the passage?

- I. Britain has been given piecemeal status by the EU.
- II. Britain has tried hard but failed to get mutual recognition from EU.
- III. EU has accepted Britain's rules as it did not diverge a lot from what it wants.

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

2. Which of the following is most similar in meaning to the word **capacious** as mentioned in the passage?

- I. Abundant
- II. Delightful
- III. Frenzied
- IV. Ample
- V. Extensive

A. Only II and V B. Only I, IV and V C. Only I, II, III and V D. Only II, III, IV and V
E. All of the above

3. Why is being a part of the 'Single Market' so important for Britain?

- A. It will help in maintaining selling rights for certain goods and services by British firms in other EU nations.
- B. It would lead to relatively better terms of departure for Britain.
- C. This would lead to no shifting of businesses from Britain to other parts of the EU.
- D. It would lead to more banking and asset management businesses to shift from EU to Britain.
- E. None of the above

4. Which of the following could be a possible consequence of businesses moving out of Britain?

- I. The nation would probably lose some of its assets.
- II. This would temporarily increase business opportunities for other EU nations.
- III. There may be a shift of people from Britain to other nations in the EU.

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

5. What does the author mean by the statement- 'For much of the City, Brexit happened sometime last year'?

- A. Brexit took place last year with the announcement made by the Prime Minister.
- B. People were willing to prepone Brexit due to increase in business.
- C. Most of the city had started preparing for Brexit since last year.
- D. The city was advised by the Prime Minister to brace for negative business impact by Theresa May.
- E. None of the above

6. Which of the following steps were taken to ensure business continuity by the British firms after Brexit?

- I. Increase protests against the decision to withdraw from the EU.
- II. Encourage building taller skyscrapers.
- III. Open centres outside Britain in other parts of EU.

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

7. What does the author mean by the statement- 'Yet Britain's negotiators have treated the industry as a sideshow'?

- A. The government has not taken any steps to prevent business from going outside Britain.
- B. The government thought Brexit would have no impact whatsoever on its financial services Industry.
- C. The EU negotiators have sidelined the financial services Industry in favour of others.
- D. The British government have given less importance to the financial services Industry in the Brexit negotiations.
- E. None of the above

Correct Answers :

1	2	3	4	5	6	7
E	B	A	E	C	B	D

Explanations:

1. Refer to: '**Nor did it press hard for "mutual recognition"**, in which the EU would accept Britain's rules as a basis for future trading as long as they did not diverge too much. The City is likely instead to be left with "**equivalence**", a piecemeal status that the EU sometimes grants to third countries.'

All statements are incorrect as per the passage.

Hence, option E is correct.

2. *Capacious* means *something in ample / extensive / abundant* amounts.

I, IV and V all mean the same and are correct.

Hence, option B is correct.

3. Refer to: '.Though Brexit's final form is unclear, only the softest of departures would keep Britain in the single market. And **nothing short of that would safeguard "passporting" rights for City firms. These allow financial firms in any EU country to sell in any other** and matter hugely in banking and asset management.'

As per the underlined statements above, only option A makes sense and conveys the right reason for the importance of the Single market.

Hence, option A is correct.

4. All the statements are correct as these are viable consequence of the impending Brexit.

Hence, option E is correct.

5. Refer to: 'Regulators on both sides of the Channel scrambled to ensure business continuity and financial stability. British firms were asked to draw up contingency plans, including opening hubs in the EU27.'

The above statements convey that steps had been taken since the time of the announcement to ensure business disruption was minimized. In this way, the city has already been bracing for the impact of Brexit as if it had already occurred.

The best fit here is C. The rest of the options are absurd.

Hence, option C is correct.

6. Refer to:

'Regulators on both sides of the Channel scrambled to ensure business continuity and financial stability. **British firms were asked to draw up contingency plans, including opening hubs in the EU27.**'

Only statement III tallies with the paragraph above. The other points are incorrect as they have not been mentioned anywhere in the passage.

Hence, option B is correct.

7. The statements before the one in question talk about how important financial services is to the economy of Britain. The statements after it talk about how the government gave it less importance and dismissed the concerns saying it was strong enough to cope. This is conveyed by Option D.

Hence, option D is correct.



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