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Comprehension Test Question IBPSPO & SBIPO

Comprehension Test Quiz 62

Directions (Q. 1 to 10): Read the following passage and answer the questions given below it in the context of the passage. Some words in the passage are printed in bold to help you locate them while answering some of the questions.

India's economic growth is now much more closely linked to the state of the rural economy than it ever was. Sustaining a 7.5 per cent growth in GDP would be **contingent** on higher growth in rural household consumption.

Rural expenditure grew 5.7 per cent annually during 2005-15 — against 5 per cent annual growth in the preceding decade — as the government increased social sector spending during the last 10 years.

However, the average rural monthly per capita expenditure (MPCE) at Rs. 1,430 is still about half the average urban MPCE of Rs. 2,630.

A higher social sector spend by the government is the key to India's sustained high economic growth, as it would cut rural populace's social expenditure burden, leaving them with more **disposable** income to buy consumer goods, clothes and vehicles.

The government's employment scheme, for instance, had significant contribution in raising disposable income among rural households. The National Rural Employment Guarantee Act (NREGA) generated 230.46 crore 'person days' of employment in 2012-13. Two years later, in 2014-15, this fell to 166.36 crore person-days of employment, as the government cut social-sector allocation.

The average NREGA wage being at Rs. 152 per day, a similar employment level in 2014-15 as that in 2012-13 would result in additional rural income generation of more than Rs. 9,700 crore, calculated for the gap of 64.1 core person-days.

The number of households that completed 100 days of employment under the NREGA in 2012-13 was at 50 lakhs. This fell by half in 2014-15 to 25 lakhs households. It shows the **enormity** of the impact that increased focus on one scheme alone can have.

Further, other social sector spend by the government through various schemes for health, education, rural housing, rural electrification, agriculture and financial inclusion would reduce rural households' expenditure burden on social goods and services.

This, in turn, would lead to increased spending on apparel and footwear, FMCG, consumer services and consumer durables. The spending pattern in rural areas too would depend on households' income category (lower, middle and higher).

According to India Brand Equity Foundation, the rural FMCG market has been growing at around 13 per cent per year over the past five years. It is expected to reach \$100 billion in next 10 years, from \$19 billion in 2014-15.

Such growth is possible only with sustained growth in rural economy and households' disposable income.

In the last few years, rural households have shown a trend of increasing spending on apparel and footwear, which were **hitherto** more of semi-urban and urban characteristics.

This segment is expected to see decent growth in coming years in rural markets, specifically in ready-to-stitch and ready-to-wear wear clothes, T-shirts, denims, sandals, etc.

The rural consumer durable market is roughly 35 per cent of the overall \$10-billion market as of 2014-15. This segment is expected to see higher volume growth in rural areas as the urban markets are getting saturated, and the next cycle of growth there would come from replacements and upgrades.

In rural markets, the demand is expected to rise for items such as refrigerators, two-wheelers and other consumer electronic goods.

The recent media interactions and public speeches of the Prime Minister and the Finance Minister indicate a policy shift towards looking at increased spending on social schemes and targeted subsidies for the needy.

Such measures will **spur** rural economy and can have a positive impact on sectors such as consumer goods, apparel and footwear, consumer durables and services.

1. What has been the latest expenditure trend in the last few years? Answer in the context of the passage.

- I. Decreased spending on consumer goods and services.**
- II. Decreased social sector spending on rural electrification and financial inclusion.**
- III. Increasing spending on apparel and footwear in rural households.**

A. Only 1 and 2 B. Only 2 and 3 C. Only 1 and 3 D. Only 1 E. Only 3

2. How can higher social sector spending by the government boost sustainable economic growth?

- I. By providing additional income opportunity.**
- II. By cutting down rural populace's social expenditure burden.**
- III. By hoarding remissible income to promote consumerism.**

A. Only 1 B. Only 2 C. Only 3 D. Only 1 and 2 E. All 1, 2 and 3

3. What is/are true about rural market?

- A. Increased usage of ready-to-wear clothes.
- B. Increased purchasing of luxury items such as refrigerators, electronic goods and two-wheelers.
- C. The rural FMCG market has been growing at around 13 per cent per year over the past five years.
- D. Rural growth is possible only with sustained growth in rural economy and households' disposable income.
- E. All the above

4. What is/are the moot point(s) of the recent media interactions and public speeches of the Prime Minister and the Finance Minister? Answer in the context of the passage.

- I. Increased spending on social schemes.**
- II. Increased focus on boosting urban income and consumption.**
- III. Increased focus on targeted subsidies for the poor.**

A. Only 1 B. Only 2 C. Only 1 and 2 D. Only 1 and 3 E. Only 3

5. Which of the following is/are not true according to the passage?

- A. Several employment schemes have tremendously contributed in raising disposable income among rural households.
- B. Other social sector spend by the government would help reduce expenditure burden on social goods and services.
- C. The increase in employment rate shows the enormity of the impact that increased focus on one scheme alone can have.
- D. The spending pattern of consumer expenditure would depend on households' income category.
- E. All the above

6. Choose the word which is most similar in meaning to the word printed in bold as used in the passage.

Contingent

- A. certain B. conditional C. real D. definite E. sure

7. Choose the word which is most similar in meaning to the word printed in bold as used in the passage.

Enormity

- A. goodness B. delight C. offence D. volition E. horribleness

8. Choose the word which is most similar in meaning to the word printed in bold as used in the passage.

Hitherto

- A. until now B. never C. no D. now E. always

9. Choose the word which is most opposite in meaning of the word printed in bold as used in the passage.

Spur

- A. activate B. incite C. hinder D. goad E. induce

10. Choose the word which is most opposite in meaning of the word printed in bold as used in the passage.

Disposable

- A. indispensable B. excessive C. useless D. removable E. superfluous

Correct Answers:

1	2	3	4	5	6	7	8	9	10
E	B	E	D	C	B	E	A	C	A



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