

CLAT 2020 Test Series Plan

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Logical Reasoning Questions for CLAT Exam

Logical Reasoning Quiz 17

Directions: Study the following information carefully and answer the questions given beside.

It's been said that markets stop panicking when the government starts panicking. True to form, the Indian stock market has been steadily rising in response to reforms since August, even as evidence mounts that the economy is still in the dire straits. The basic bet is that as reforms take hold, growth in India will return to normal.

Since the 1980s when India started to open to the outside world, its economy has tended to rise and fall with the global economy. That pattern held through the boom of the last decade, and the slowdown this decade, but started to break as BJP got over-confident in its grip on office, and began making major policy mistakes.

First came the radical experiment with demonetisation in late 2016, then the clumsy rollout of GST, the haphazard handling of stresses in the financial sector, and a soak the rich budget this July, which represented a step backward into India's socialist past. India's economy began to decouple from the rest of the world in 2007, when it missed out on the synchronised global upswing, and has slowed more sharply than its peers in the subsequent years. By this August, the pain in India was acute, marked by slumping car sales and piling inventories.

The government's subsequent shift back to more conventional policies comes as a relief. If the past is any guide, the government will do just enough to stabilise the economy before it settles back into cruise control, likely at a significantly lower speed.

Though India's official GDP growth rate has been suspect since it adopted a new methodology for gathering the data in 2015, Indians still tend to see 7% growth as the minimum threshold for economic success.

[Extracted from editorial by Ruchir Sharma " India Returns To Normal "]



1. Which of the following contention supports the statement “markets stop panicking when the government starts panicking”.

- A. The Indian stock market has been steadily rising in response to reforms.
- B. The basic bet is that as reforms take hold, growth in India will return to normal.
- C. Since the 1980s when India started to open to the outside world, its economy has tended to rise and fall with the global economy.
- D. All of the above

2. Why the pattern of growth rate began to break according to the author?

- A. The government stopped working on economic reforms.
- B. The BJP led government did a lot of mistakes in formulating policies being overconfident with majority at the office.
- C. The industry being too much competitive with the global counterparts.
- D. The economic turmoil created by the global recession in the decade.

3. Consider the following statement from the passage and answer accordingly.

Assertion (A) : The pain in India was acute, marked by slumping car sales and piling inventories.

Reason (R) : India’s economy began to decouple from the rest of the world in 2007, when it missed out on the synchronised global upswing, and has slowed more sharply than its peers in the subsequent years.

- A. A is true and R is false.
- B. A is false and R is true.
- C. Both A and R are true and R is the correct explanation of A.
- D. Both A and R are true and R is not the correct explanation of A.

4. Which statement or statements from the passage support the contention that BJP led government has made policy mistakes leading to economic downturn?

- A. The radical experiment with demonetisation in late 2016
- B. The clumsy rollout of GST
- C. The haphazard handling of stresses in the financial sector
- D. All of the above



5. Consider the following statement from the passage and answer accordingly.

Assertion (A) : India's official GDP growth rate has been suspect.

Reason (R) : It has adopted a new methodology for gathering the data in 2015.

- A. A is true and R is false.
- B. A is false and R is true.
- C. Both A and R are true and R is the correct explanation of A.
- D. Both A and R are true and R is not the correct explanation of A.

Correct Answers:

1	2	3	4	5
D	B	C	D	C



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Explanations :

1. According to the passage the opening paraphrase clearly echoes that government intervention to reforms lead to normalisation of the markets. Option A is an example of stock markets rising as the response to reforms by the government. Even option B also echoes the same contention and option C notifies that India's response to globalize its trade has led its market to synchronise with the world markets. So all the options support the contention that when governments start panicking the markets stop panicking.

So option D is the right answer.

2. Refer to the lines 7-8 of the passage where the author mentions that pattern of the growth rate broke after the BJP led government made policy mistakes which doomed the economy.

So option B is the answer.

3. According to the passage the economy is in downturn as the decoupling from the rest of the world market has led the markets to downturn and dipping of car sales is just a symptom of it.

Therefore the option C is the correct answer as both the statements are true and explain each other.

4. Refer to the lines 9-11 of the passage where the haphazard policies mentioning all the above factors as the cause of the economic downturn.

Therefore all the options are correct answers.

Hence, option D is correct.

5. The author clearly explains in the lines 19-20 that the new methodology of gathering the data on growth rate has made statistic of GDP as a suspect.

Therefore option C is the clear answer. Other options can be rejected by method of elimination.



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