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# Comprehension Test for Bank Exams (LIC AAO, SBI PO Pre, IBPS PO Pre, SBI Clerk Mains, and IBPS Clerk Mains)

## Passage No. 114

**Directions:** Read the passage and answer the questions that follow:

**Paragraph 1:** Between September 2017 and April 2018, as per a CSO report, the economy added 4.1 million new jobs in the formal sector. The CSO release defines jobs as ones that provide at least one government financed (or mandated) social security benefit such as Employees' Provident Fund (EPF), National Pension Scheme, or Employees' State Insurance Scheme. NITI Aayog and official economists have also put out similar estimates since early this year, inviting widespread **skepticism** among knowledgeable people.

**Paragraph 2:** How reliable or credible are the official estimates? Very little and for two reasons: the estimates are based on administrative records of implementing the social security schemes, whose completeness, consistency and accuracy are unknown; and since a formal sector worker, in principle, can legitimately access more than one social security scheme, double counting is a distinct possibility. The release does not explain how the problem is addressed in the database. Therefore, rightly, experts have demanded the release of the administrative data for independent verification.

**Paragraph 3:** Moreover, the official data suffer from a conceptual problem. The social schemes mentioned above are applicable to establishments above a certain size (of employment), and to certain kinds of enterprises. For instance, in the factory sector, those employing 20 or more workers are mandated to provide EPF to all the workers. So, if in a factory, employment goes up from 19 to 20 workers, it comes under the **purview** of the EPF, to be provided to all the 20 workers. Thus, the EPF enrolment increases by 20 workers, but the additional job created is just for one worker. Herein lies the fault.

**Paragraph 4:** The formal sector stands at the apex of India's labour market pyramid, agriculture being at the bottom, employing 50% of the workforce. The remaining workers are in the non-farm informal sector, spread across rural and urban areas. In fact, it is this sector that has grown in recent decades at the expense of the other two sectors mentioned above. Moreover, nearly half of the informal labour workers are self-employed in household (or own account) enterprises, often engaging unpaid family labour. Varying degrees of under-employment or disguised unemployment are the defining feature of informal labour markets.

**Paragraph 5:** Since 1972-73, the five-yearly Employment-Unemployment Surveys (EUS) conducted by the National Sample Survey (NSS) have been the mainstay for analysing labour market trends. Though infrequent, the database has served a valuable purpose of capturing the complexities of the labour market; access to household-level data lately has **spawned** rich and granular analyses of the informal economy. As the last round of the EUS was in held in 2011-12, there is no reliable way of updating employment trends. The EUS has been replaced with an annual Period Labour Force Survey, and a time use survey. However, it will be a while before these data series come up with stable and credible estimates. The Labour Bureau under the Ministry of Labour and Employment has been carrying out household surveys somewhat similar to the EUS since 2010-11. They show a decline in worker-population ratio between 2013-14 and 2015-16, suggesting a deteriorating employment situation recently.

## Questions:

1. Which of the following is/are synonyms of **skepticism**?

- I. Cynicism
- II. Belief
- III. Distrust
- IV. Conviction

- A. Only II                      B. Only II and IV                      C. Only I and III                      D. Only I, II and III  
E. Only I, III and IV

2. Which of the following is/are antonyms of **spawned**?

- I. Destroyed
- II. Engender
- III. Procreated
- IV. Sired

- A. Only I                      B. Only IV                      C. Only II and IV                      D. Only I, III and IV  
E. Only II, III and IV

3. **As per paragraph 1, which of the following could weaken the importance of having added 4.1 million jobs in the economy as per the CSO report?**

- I. The report is silent about the majority of the workforce engaged in the informal sector.
- II. The formal sector accounts for just about 12-15% of India's workforce.
- III. The estimates supplement the data on organised sector employment reported regularly by the Ministry of Labour and Employment.

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

4. **As per paragraph 1, which of the following could weaken the importance of having added 4.1 million jobs in the economy as per the CSO report?**

- I. The report is silent about the majority of the workforce engaged in the informal sector.
- II. The formal sector accounts for just about 12-15% of India's workforce.
- III. The estimates supplement the data on organised sector employment reported regularly by the Ministry of Labour and Employment.

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

**5. Which of the following is a suitable gist of paragraph 3?**

- A. The social security databases are lists of workers enrolled in the schemes, as an entitlement or as voluntary subscribers and not employment registers.
- B. The social security databases lists out workers and accurately informs the actual level of employment in the firm.
- C. The employees have the option to get themselves enrolled in social security schemes on reaching a particular number as specified by the Central and State laws.
- D. The official data is matched with the register for social schemes to avoid any discrepancies in the calculation of the employment figures.
- E. None of the above

**6. As per paragraph 4, which of the following is/are some features of the non-farm informal labour markets?**

- I. It has grown the most in recent decades.
- II. Almost all of the workers are self employed or engaged in unpaid labour.
- III. This segment suffers from disguised employment.

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

**7. What could be a/some possible reason/s for so few jobs to be created, given that the growth rate is more than 7%?**

- I. There is no proper record of job creation in the informal economy, which forms the bulk of employment, and hence no way of accurately knowing how many jobs have been created.
- II. The growth has mostly been in areas which are capital intensive and not labour intensive.
- III. There is a possibility that the GDP figures are overestimated on account of some changes in the new National Accounts Statistics (NAS) series and the economic growth is overstated.

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

**8. Which of the following is/are true as per paragraph 5?**

- I. The Labour Bureau under the Ministry of Labour and Employment carries out household surveys similar to the annual Period Labour Force Survey.
- II. The results of the Household Surveys point to a worsening employment situation.
- III. The Unemployment Surveys (EUS) conducted by the National Sample Survey (NSS) were biennial in nature.

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

## Correct Answers:

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
C	A	C	B	A	D	E	B

## Explanations:

- 1.** **Skepticism** means a skeptical attitude; doubt as to the truth of something.

I and III are synonyms while II and IV are antonyms.

Hence, option C is correct.

- 2.** *Spawned* means to produce or generate a large number of.

II, III and IV are all synonyms and hence incorrect.

Only *destroyed* is the opposite of *spawned*.

Hence, option A is correct.

- 3.** Statements I and II are correct and weaken the impact of the report. Both state that the informal employment stats have not been provided and that this area forms the majority of the employment in India.

Statement III is incorrect. It reinforces the importance of the report by stating it strengthens other similar data.

Only I and II are correct.

Hence, option C is correct.

- 4.** Refer to:

'..the estimates are based on administrative records of implementing the social security schemes, whose completeness, consistency and accuracy are unknown; and since a formal sector worker, in principle, can legitimately access more than one social security scheme, double counting is a distinct possibility. The release does not explain how the problem is addressed in the database. Therefore, rightly, experts have demanded the release of the administrative data for independent verification.'

As per the highlighted fragments, I and II are correct while III is not.

Hence, option B is correct.

- 5.** Paragraph 3 talks about how the social schemes are applicable to a firm only once it reaches a certain threshold and how this shows that the people under a particular scheme may have increase by a huge amount but that does not correspond with an increase in actual employment. Basically, social security database is not a good source to understand about employment data.

This eliminates option B.

Option C is also incorrect as the paragraph does not state that enrolling is voluntary. Option D is incorrect as there is no matching of numbers as stated in the paragraph.

Only option A gives the best gist and states that the databases simply have the list of workers under the scheme but do not depict correct employment figures.

Hence, option A is correct.

- 6.** Refer to: 'The remaining workers are in the non-farm informal sector, spread across rural and urban areas. In fact, it is this sector that has grown in recent decades at the expense of the other two sectors mentioned above. Moreover, nearly half of the informal labour workers are self-employed in household (or own account) enterprises, often engaging unpaid family labour. Varying degrees of under-employment or disguised unemployment are the defining feature of informal labour markets.'

Only I and III are correct. II is incorrect as the paragraph states only about half of the workers are self employed or engaged in unpaid labour and not 'almost all'.

Hence, option D is correct.

- 7.** All of the statements above are valid/plausible reasons for the job growth to be less than the growth in economy.

Hence, option E is correct.

8. Refer to:

‘The Labour Bureau under the Ministry of Labour and Employment has been carrying out household surveys somewhat similar to the EUS since 2010-11.’

Hence, I is incorrect

‘The household surveys somewhat similar to the EUS since 2010-11. They show a decline in worker-population ratio between 2013-14 and 2015-16, suggesting a deteriorating employment situation.’

II is correct.

‘Since 1972-73, the five-yearly Employment-Unemployment Surveys (EUS) conducted by the National Sample Survey (NSS) have been the mainstay for analysing labour market trends.’

Biennial refers to an event that takes place *every other year* while this used to occur every five years. III is incorrect.

Only II is correct.

Hence, option B is correct.



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