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# Comprehension Test Question IBPS PO Pre, IBPS RRB, IBPS SO Pre, IBPS Clerk, IBPSPO, SBI PO Pre & SBI Clerk

## Comprehension Test Quiz 75

**Directions:** Kindly study the passage given below and answer the questions given beside.

**Paragraph 1:** The RBI Annual Report reveals that almost all demonetized notes have been returned to the central bank. This number does not include the old notes with District Central Cooperative Banks for the short window when they were allowed to accept deposits. It also does not include the notes within Nepal. The shortfall of Rs 16,050 crore between the notes in circulation when the notes were demonetised and those that were returned, could therefore also be made up once these notes are returned to the RBI.

**Paragraph 2:** It should come as no surprise that almost all the notes have been returned, including the stock of black money held as cash. To the extent that it was possible to exchange money legally, individuals did so. When cash limits for withdrawal made it difficult, friends and families participated. The inconvenience of long queues was overcome by household staff. A private company offered booking of "chhotus", who would stand in long queues for people for Rs 90 an hour until their turn came. Bank employees were **averse** to being unhelpful to regular customers and found ways to serve them. Innumerable ways were found to work around the changing rules of exchange, cash limits, indelible ink and specified uses of old notes.

**Paragraph 3:** Those who could not exchange money legally found money changers. Innumerable **anecdotes**, media reports and arrests of bank staff tell stories about how this was done all over the country. When the government announced that old notes could no longer be exchanged, but only deposited, new ways of changing the stock of unaccounted cash emerged. Individuals with bank accounts, including Jan Dhan accounts, and companies showing cash accrual from sales came into business. Large amounts could be laundered through this route as it did not involve immediate cash payouts by banks, since cash shortages still persisted with the RBI and banks **scrambling** to remonetise the economy.

**Paragraph 4:** It was to be expected that even if people have to pay tax on their hoarded cash, and a change fee, they would prefer to do that rather than lose the whole amount. Data from Prowess, a database of companies in India, shows that in the quarter of demonetisation, when purchasing power had fallen sharply, net sales by companies rose significantly. At the same time, the number of tax payers and tax collections rose. The tax department is said to have found thousands of shell companies which were possibly engaging in the activity of depositing money in their accounts during the demonetisation period, claiming that it was cash from sales. This provided a means for laundering money.

**Paragraph 5:** The total currency in circulation, according to the RBI's annual report, is about Rs 2 lakh crore short of the pre-demonetisation period. This is partly due to the increase in focus on printing of lower denomination currency notes. Initially, the RBI had focused on printing the Rs 2,000 notes to rapidly remonetise the economy. In addition, there could be some **reluctance** to hold cash. The replacement of cash transactions by digital transactions, the slowdown in small-scale industry, in the rural economy, construction and other informal segments of the economy could also lead to somewhat lower demand for cash. However, it is less probable that the cash of black money holders has not been withdrawn because they are unlikely to leave that in the bank accounts of the money launderers for long. It might have partly been settled for bitcoins, gold, or similar assets that are difficult to trace.

**1. As per paragraph 5, which of the following may not be reason/reasons for a decrease in cash in circulation?**

- A. Some amount of cash transactions have been replaced by digital transactions.
- B. Demonetization has hit the small-scale industry which is heavily cash dependent, leading to a slowdown in terms of demand.
- C. Multiple sectors of the economy were hit by demonetization affecting the aggregate demand in the economy.
- D. There has been a decrease in printing of lower denomination currency notes.
- E. Most of the Black money holders withdrew their money at the first available opportunity.

**2. With reference to paragraph 2, which of the following is not true?**

- A. The notes returned include some stock of black money as well.
- B. People came up with many innovative ideas for exchanging money.
- C. Bank employees were generally unhelpful and reluctant to even serve their regular customers.
- D. Demonetization was utilized as a new business opportunity.
- E. None of the above

**3. As per paragraph 1, what factors account for the shortfall between notes before demonetization and notes returned?**

- A. Old notes deposited with Regional Rural Banks for the period where they were allowed to accept deposits.
- B. Old notes from neighbouring nations like Nepal, Bangladesh and Pakistan.

- C. Notes were smuggled overseas via hawala transactions.
- D. Money was laundered via fraudulent investment in real estate.
- E. Old notes that were deposited with District Central Cooperative Banks were not included.

**4. What is the tone of the author in the passage?**

- A. Appreciative
- B. Angry
- C. Sarcastic
- D. Gloomy
- E. Analytical

**5. What could be an appropriate title for the passage?**

- A. RBI and Government at odds on demonetization
- B. Demonetization- how effective was it really?
- C. India in a new cashless phase
- D. Crackdown on money launderers
- E. Pre-demonetization tax evasion

**6. As per the passage, which of the following would come closest to being a synonym of 'anecdote'?**

- A. Narrative
- B. Middlemen

- C. Illegal
- D. History
- E. Memoir

**7. As per the passage, which of the following would come closest to being an antonym of 'averse'?**

- A. Hostile
- B. Unwilling
- C. Inimical
- D. Agreeable
- E. Dominating

**8. Which of the following can be considered possible effects of trying to legalize illegal cash?**

**I. A sudden spike in Jan Dhan accounts post demonetization.**

**II. An increase in cash from sales of companies suddenly while the net purchasing power fell sharply.**

**III. The sudden increase in the number of shell companies with no actual business activities on ground.**

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



E. None of the above

**9. As per the passage, which of the following would come closest to being a synonym of 'scrambling'?**

A. orderly

B. rush

C. shout

D. crawl

E. decompose

**10. As per the passage, which of the following would come closest to being an antonym of 'reluctance'?**

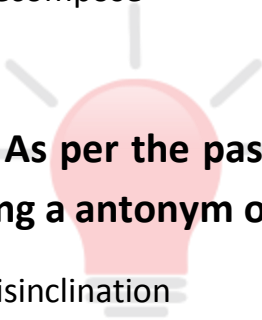
A. disinclination

B. hesitation

C. qualm

D. revulsion

E. eagerness



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**Correct Answers:**

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

**Explanations:**

**1.**

Paragraph 5- lines 2,3, 4 and 5 mention the reasons for the decrease in cash in circulation.

**'...The total currency in circulation, according to the RBI's annual report, is about Rs 2 lakh crore short of the pre-demonetisation period. This is partly due to the increase in focus on printing of lower denomination currency notes. Initially, the RBI had focused on printing the Rs 2,000 notes to rapidly remonetise the economy. In addition, there could be some reluctance to hold cash. The replacement of cash transactions by digital transactions, the slowdown in small-scale industry, in the rural economy, construction and other informal segments of the economy could also lead to somewhat lower demand for cash. However, it is less probable that the cash of black money holders has not been withdrawn because they are unlikely to leave that in the bank accounts of the money launderers for long. It might have partly been settled for bitcoins, gold, or similar assets that are difficult to trace...'**

Option D is opposite to what has been mentioned. There has been an increase and not decrease in printing of lower denomination notes.

Hence Option D is the correct answer.

**2.**

Option A can be found in paragraph 2 line 1.

Options B and D are corroborated by paragraph 2 lines 2, 3 and 4.

Option C is the opposite of what has been stated in Paragraph 2 line 5. Bank employees were helpful in helping their regular customer deal with demonetization.

**'...It should come as no surprise that almost all the notes have been returned, including the stock of black money held as cash. To the extent that it was possible to exchange money legally, individuals did so. When cash limits for withdrawal**



made it difficult, friends and families participated. The inconvenience of long queues was overcome by household staff. A private company offered booking of “chhotus”, who would stand in long queues for people for Rs 90 an hour until their turn came. Bank employees were averse to being unhelpful to regular customers and found ways to serve them. Innumerable ways were found to work around the changing rules of exchange, cash limits, indelible ink and specified uses of old notes...'

Hence Option C is correct.

**3.**

Paragraph 1 lines 2, 3 and 4 clearly specify the reasons for the shortfall.

'...The RBI Annual Report reveals that almost all demonetized notes have been returned to the central bank. This number does not include the old notes with District Central Cooperative Banks for the short window when they were allowed to accept deposits. It also does not include the notes within Nepal. The shortfall of Rs 16,050 crore between the notes in circulation when the notes were demonetised and those that were returned, could therefore also be made up once these notes are returned to the RBI...'

Option E is mentioned as one of the reasons and is the correct answer.

**4.**

The passage talks about demonetization and its actual benefits or the lack of it thereof. The author starts with the RBI annual report's findings about the demonetized notes coming back to it and analyses the reasons for the same. The entire passage consists of the author taking a detached clinical and analytical view of how people innovated during demonetization to stay ahead of the government.

Hence, options A, B, C and D can be ruled out as the author's tone is not any of these.

Option E is correct as the author delves into the subject and explains it in detail.

**5.**

The entire passage is about the effectiveness of demonetization wherein the author states what innovative and adaptive ideas people and companies came up with to

deal with it. It also talks about how despite best efforts, people were successful in getting their illegal cash deposited and in general legalize unaccounted cash.

Options A, C and E are not mentioned anywhere in the passage. Option D is mentioned briefly but does not form the theme of the entire passage.

Option B fits in well with the general tone of the passage..

**6.**

Anecdote refers to a short account of a particular incident or event, especially of an interesting or amusing nature.

Example: In the same interview, he told an anecdote about what it means to be a good salesman

Middlemen, history and illegal are clearly irrelevant.

Memoir refers to a record of somebody's experiences/ a journal and is incorrect.

Narrative means a story/incident/episode.

Hence, option A is correct.

**7.**

Averse refers to having a strong feeling of opposition, antipathy, repugnance, etc.; opposed

Example: He is not averse to having a drink now and then

Hostile, unwilling and inimical are synonyms of averse while dominating is absurd.

The only option which fits in perfectly is agreeable.

Hence, option D is correct.

**8.**

The above mentioned lines can be found in paragraph 3- line 2 and paragraph 4- lines 2 and 4 respectively.

**'...When the government announced that old notes could no longer be exchanged, but only deposited, new ways of changing the stock of unaccounted cash emerged. Individuals with bank accounts, including Jan Dhan accounts, and companies showing cash accrual from sales came into business...'**

**'...Data from Prowess, a database of companies in India, shows that in the quarter of demonetisation, when purchasing power had fallen sharply, net sales by**

companies rose significantly. At the same time, the number of tax payers and tax collections rose. The tax department is said to have found thousands of shell companies which were possibly engaging in the activity of depositing money in their accounts during the demonetisation period, claiming that it was cash from sales. This provided a means for laundering money....'

Hence all options are correct.

Option D is hence the correct answer.

**9.**

Scrambling is a verb (used without object).

Meaning: to move hastily and with urgency.

Example: She scrambled into her coat and ran out the door.

Here, options A and D are antonyms while Options C and E do not fit with the context.

Hence, Correct option is B.

**10.**

Reluctance refers to unwillingness; disinclination

Example: I don't understand his reluctance to go.

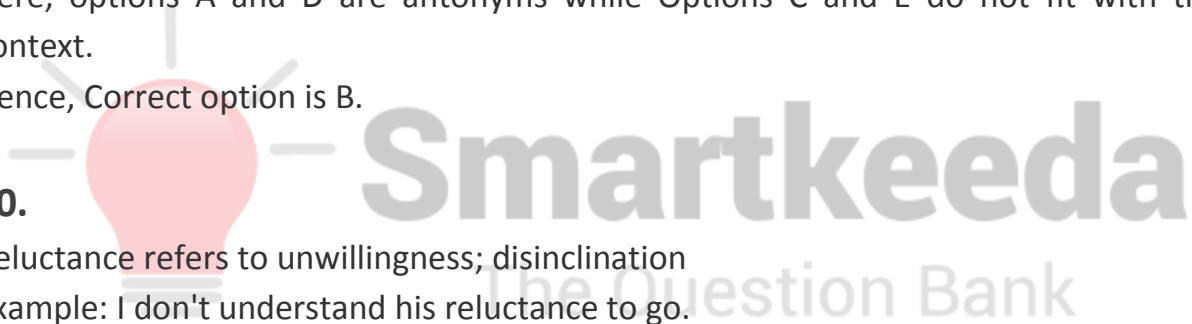
Disinclination and hesitation both are synonyms of reluctance.

Qualm means to be doubtful/uneasy.

Revulsion is to be disgusted by something/somebody.

Eagerness means to be enthusiastic and is the correct answer.

Hence, Option E is correct.





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