

Reading Comprehension Practice Set for NABARD Office Attendant Mains 2020

Directions (1-8): Read the following passage and answer the following questions based on the given passage.

There is no longer any room for doubt on the parlous state of the Indian economy. The automobile industry, seen as a bellwether of activity in the post-liberalisation years, is in crisis, as automakers, parts manufacturers and dealers have laid off about 350,000 workers since April this year, with more job cuts likely. While this could still reflect falling demand only from higher income groups, recently, Parle Products, once the world's largest selling biscuit brands, announced that it may have to lay off up to 10,000 workers (around a tenth of its workforce). The company blamed falling sales due to the Goods and Services Tax (GST) that led to higher prices of the cheapest small packets of biscuits at a time of extreme price sensitivity because of reduced livelihood, especially among rural consumers.

Sales in the fast-moving consumer goods (FMCG) sector as a whole grew at only 10% in the April-June quarter of this year, less than nominal GDP growth. The slowdown in sales is across food and non-food items, with the biggest reductions in salty snacks and biscuits, spices, soaps and packaged tea. These represent the more discretionary element of consumer spending even among the poor — the items more likely to be cut down when household budgets are under strain.

The hugely damaging impact of demonetisation in November 2016 was further accentuated by the poor implementation of the GST barely seven months later. These badly managed policy measures served as body blows to informal economic activity, causing major declines in employment and output. At first, they did not affect formal enterprises so much as they gained at the cost of informal ones. But the resulting loss in livelihoods and wage incomes eventually had an effect on demand for formal sector output, which has worsened over time because there have been no counterbalancing moves by the government. Total employment actually declined by more than 15 million workers between 2011-12 and 2017-18, even as unemployment rates reached their highest levels in nearly half a century.

This operated in addition to a medium-term trend of wage suppression, something that was even celebrated by the late former Finance Minister Arun Jaitley as a means of combating inflation. Rural wages have been stagnant or declining in the recent period. Meanwhile, the continuing crisis of cultivation has obviously affected the purchasing power of the farming community. Urban wage incomes are also apparently not keeping pace with inflation, even as informal activity and “start-ups” in urban areas have faltered.

The government could have countered this adverse impact of declining employment and consumption demand, which in turn reduced the profit expectations of producers in formal enterprises, by providing a fiscal stimulus. It did not do so. Instead, it kept assuming or hoping that using optical measures — manipulating “Ease of Doing Business” indicators and offering further incentives to foreign capital to attract more inflows, however volatile — would somehow attract investment into the economy that would counteract all the negative impulses.

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Private investors simply kept demanding more fiscal and regulatory concessions even as they continued to sit on investment plans as they waited for overall demand improvement. More recent complaints of the private corporate sector have been about oppressive tax collection methods of a government desperate to meet its revenue targets. But these along with the greater difficulties of accessing loans from both banks and non-banks are irritants that would have been tolerated in a buoyant economy. They have become serious issues now because of the wider stagnation.

In this context, the Finance Minister's recent announcements of measures to boost the flagging economy are not a case of "too little too late"; rather, they completely miss the point. They do nothing to address the issue of inadequate demand generation or the underlying tendencies of wage suppression and low employment growth. Instead, they once again reveal a supply-side approach to the problem, which is unlikely to yield much benefit.

Even these measures are mostly cosmetic or affect only a small segment of the economy, not enough to cause any real change in economic direction. The capital infusion of ₹70,000 crore into public sector banks had already been announced in the Budget; frontloading this inadequate amount is not going to rev up an economy if those whom banks are willing to lend to are hesitant to invest. Giving into demands of foreign portfolio investors with regard to taxation likewise does nothing to increase domestic demand; it simply provides some solace to the stock market. The middle classes repaying home loans may see a minor benefit if banks actually do pass on lower interest rates, but this too will not provide a major boost to the economy. The decision of the government to buy more cars to shore up the automobile industry is bizarre in the extreme, because it undermines the medium-term strategy of shifting to electric vehicles as soon as possible.

What could the Finance Minister have done instead? If the immediate problem is lack of demand, the immediate response should be to increase it — ideally in ways that provide the desired basis for future economic growth.

Q1. According to the above passage, what does the highlighted phrase 'bellwether of activity' infer?

- (a) One of the leading industries in post liberalisation years
- (b) Leading all the industries
- (c) Bellwether the activities
- (d) Leading Indian Economy
- (e) None of these

Q2. As given in the above passage, what does the phrase 'laid off' mean?

- (a) Laying off entire industry
- (b) Permanently terminating employment of employees due to business reasons
- (c) Calling off certain activities within an organization
- (d) Checking for any malfunctions in the company
- (e) None of these

Q3. As per the above passage, what is the cause of slowdown in sales?

- (a) Extreme GDP growth
- (b) Reduction in sales of food and non-food items
- (c) Household budgets are restricted
- (d) Both (b) and (c)
- (e) None of these

Q4. What are the causes of credit system mess, a factor in current slowdown?

- (a) Overhang of banks' bad debts
- (b) Erosion of non-banks after collapse of Infrastructure Leasing & Financial Services Limited.
- (c) Both (a) and (b)
- (d) Finance stress inherited from UPA government
- (e) None of these

Q5. What does the slowdown in consumption and suppressed rates of investment have led to?

- (a) Crisis of insufficient effective demand in the Indian economy
- (b) Extreme price sensitivity due to reduced livelihood.
- (c) Increased disproportion in jobless growth
- (d) Broader economic improvement
- (e) None of these

Q6. What were the effects of poor implementation of GST?

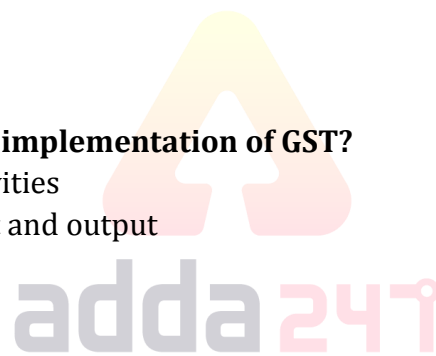
- (a) Blowing informal economic activities
- (b) Huge declination in employment and output
- (c) Loss in livelihoods
- (d) Reduction in wage incomes
- (e) All of the above

Q7. In the above paragraph, what does the phrase 'by providing fiscal stimulus' means?

- (a) By stimulating financial support
- (b) Declined employment and consumption
- (c) Disproportional growth
- (d) Inadequacy in demand
- (e) None of these

Q8. According to the above passage, what steps government took to deal with the decline in employment as well as consumption demand?

- (a) It manipulated indicators of 'ease of doing business'
- (b) It offered incentives to foreign capital for attracting more inflows
- (c) It assumed that attracting investment into the economy would be able to counteract negative impulses
- (d) All of the above
- (e) None of these



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Directions (9-13): Read the following passage carefully and answer the questions given below it. Certain words are given in bold to help you locate them while answering some of the questions.

Paragraph 1: Ancient money lending systems used to serve a limited area, but current banking systems has gone global. Now resource mobilization happens not only in an economy but also beyond political borders. Obviously, degree of integration differs from country to country, as attested by after-effects of Global Financial crisis of 2008. Different persons in an economy have different risk **appetite** or capacity to take risk. But at same time, most important concept of finance is direct relation of risk and return/profit. More is the risk, more is the profit. Banking system facilitates movement of money from risk-averse people to risk ready ones.

Paragraph 2: Surplus money you have can be (among many other things) invested in Stock markets or deposited in banks. Banks guarantee repayment of whole sum along with pre-agreed interest, so there is high degree of certainty and assurance to the depositor. In contrast, Stock exchanges provide no such assurances; person may not be able to recover even his invested money. So risk-averse person will prefer bank over, stock markets, private business or any other riskier investment. This is a hypothetical scenario.

Paragraph 3: On the other hand, many people who have some knowledge for what else to do of money are ready to invest, but they don't have money. These will borrow same money which was just deposited by risk-averse people. So bank ensures its lending to these (so-called) risk ready people by adequate risk assessment, mortgages or hypothecation.

Paragraph 4: In Risk assessment, bank studies financial capacity and **credibility** of potential borrower. For this, it goes into matters like his annual income, past credit history, etc. Term loans are disbursed by keeping some physical property of borrower mortgage. Under mortgage bank keeps documents of such property on understanding that those will be returned, on repayment of loan. Loan agreement includes a clause in which borrower authorize bank to sell property on inability of borrower to repay such money. In case loan is given against a financial asset such as shares or Debentures, it is called 'Hypothecation' (not mortgage).

Paragraph 5: In the initial phases of economic development, banks are main means of resource **mobilization** in an economy. On same lines, this is case currently with India. This is because majority people in such economies are too risk-averse. New firms in developing economies find it difficult to raise much money through capital markets and consequently, they naturally go to banks for loans. As Indian economy is expanding, capital markets are getting stronger year by year. This makes banking industry a most important backbone of Indian economy.

Q9. Why according to the author the direct relationship between risk and return is the most important concept of finance as mentioned in the Paragraph 1?

(I) The mindset of people in corporate world is so conservative that all they care about is only profit and earning greater return on their investment.

(II) To earn a greater profit on investment, risk plays a critical role in it and thus with more risk, there is an equal opportunity of getting better return.

(III) In the financial market, risk decides the future prospects of growth of the market as wealth maximization is one of the most important features of any market.

(a) Only (II) is correct

(b) Only (III) is correct

(c) Both (I) and (II) are correct

(d) Both (II) and (III) are correct

(e) All are correct

Q10. Which of the following statements cannot be related to Paragraph 2?

(I) Banks provide a higher degree of certitude to the depositor in comparison to Stock market.

(II) There is a greater number of risk-averse people in the market who generally prefer bank over stock markets, private business or any other riskier investment.

(III) The preference of bank as a safer investment institute over others is some kind of hypothetical scenario.

- (a) Only (I)
- (b) Only (III)
- (c) Both (I) and (II)
- (d) Both (I) and (III)
- (e) All three can be related

Q11. What does author mean by “many people who have some knowledge for what else to do of money are ready to invest, but they don’t have money” as mentioned in the Paragraph 3?

(a) There are many people who are risk lovers but they don’t get ample opportunity to invest in proper market.

(b) There are people with good knowledge of money market but they don’t have considerable money to invest, they get the financial support from banks to carry out their needs.

(c) Those who don’t have money should consider banks as their best option to invest.

(d) There are very few rich people in the market who carry out the task of risk lovers by investing in the stock market or certain institutions that provide a good return.

(e) None of the above.

Q12. How according to the passage, “Hypothecation” is different from “Mortgage” in the banking system?

(I) In the case of Hypothecation, it is used for creating charge against the security of movable assets like car/vehicle loans, shares, debentures etc., while Mortgage is used for creating charge against immovable property like land, buildings, etc.

(II) In the case of hypothecation, the possession of the asset remains with the borrower, while in the case of a mortgage, the ownership is usually with the borrower but may not always be the case.

(III) The amount of loan given against mortgage is always higher than the amount of loan given just for hypothecation.

- (a) Only (I) is true
- (b) Both (I) and (III) are true
- (c) Both (I) and (II) are true
- (d) Both (II) and (III) are true
- (e) All are true

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Q13. Which of the following sentences does not agree with the statement, “**This makes banking industry a most important backbone of Indian economy**”?

- (a) Banks provide the much-needed help to the new firms in the market by raising the required loans to set them up in the existing economy.
- (b) Banks play the central role in economic development of the country as they are the major means of resource mobilization in the economy.
- (c) Banks provide the sense of security and assurance to many people as they help depositors in securing their surplus amount along with sufficient return in the form of interest generated on the amount.
- (d) Banks are the major source of credit to the government.
- (e) None of the above.

Directions (14-15): Choose the word/group of words which is most **SIMILAR** in meaning to the word/group of words printed in bold as used in the passage.

Q14. Credibility

- (a) Mastery
- (b) Finesse
- (c) Plausibility
- (d) Presumption
- (e) Acuity

Q15. Mobilization

- (a) Selection
- (b) Manoeuvre
- (c) Vitality
- (d) Spirit
- (e) Recoil



Directions (16-20): Read the following passage carefully and answer the questions given below it.

With the Genetic Engineering Appraisal Committee, an Environment Ministry body that evaluates genetically modified crops, approving transgenic mustard for environmental release, a key hurdle remains before farmers can cultivate it: Environment Minister Anil Dave’s approval, under a procedure set down by the UPA government.

A GM or transgenic crop is a plant that has a novel combination of genetic material obtained through the use of modern biotechnology. For example, a GM crop can contain a gene(s) that has been artificially inserted instead of the plant acquiring it through pollination. The resulting plant is said to be “genetically modified” although, in reality, all crops have been “genetically modified” from their original wild state by domestication, selection, and controlled breeding over long periods of time. The advantages of GM crops: Higher crop yields, Reduced farm costs, Increased farm profit, Improvement in health and the environment. The technology of genetic engineering is an evolving one and there is much, especially on its impact on human health and environment, that is yet to be understood properly. The scientific community itself seems uncertain about this. While there are many in this community who feel that the benefits outweigh

the risks, others point to the irreversibility of this technology and uncontrollability of the Genetically Modified Organisms (GMO) once introduced in the ecosystem. Many important crops like rice, brinjal, and mustard, among others, originated here, and introducing genetically modified versions of these crops could be a major threat to the vast number of domestic and wild varieties of these crops. In fact, globally, there is a clear view that GM crops must not be introduced in centers of origin and diversity. India also has mega biodiversity hotspots like the Eastern Himalayas and the Western Ghats which are rich in biodiversity yet ecologically very sensitive. Hence it will only be prudent for us to be careful before we jump on to the bandwagon of any technology. There is also a potential for pests to evolve resistance to the toxins produced by GM crops and the risk of these toxins affecting nontarget organisms. There is also the danger of unintentionally introducing allergens and other anti-nutrition factors in foods.

Currently, India has the world's fourth-largest GM crop acreage on the strength of Bt cotton, the only genetically modified crop allowed in the country. The introduction of Bt cotton has been both highly successful and controversial. Cotton yield more than doubled in the first decade since its introduction in 2002. At the same time it was also shadowed by controversy, with a tangle of pricing and intellectual property rights (IPR) issues followed by government price interventions and litigation. An agreement to develop Bt brinjal was signed in 2005 between Mahyco—American agricultural biotech giant Monsanto's Indian Bt cotton partner—and two Indian agricultural universities. Following the study of biosafety data and field trials by two expert committees, Bt brinjal was cleared for commercialization by India's top biotech regulator, the Genetic Engineering Appraisal Committee, in 2009. But nothing came of it, with moratoriums imposed by then government following opposition from civil society groups and brinjal-growing states.

Few evidences show that though GM crops have been gaining acceptance their use still remains highly skewed. Only 29 countries allow commercial cultivation of GM crops while a similar number also allow their import. And most of the 170 million hectares under GM crops are in the USA, Brazil, Argentina, India, and China. Moreover 98% of GM cultivation falls under four main crops: soybean, maize, cotton, and canola. Experts also say that GM technologies will continue to focus on these crops for some time.

GM mustard (DMH-11) was developed by a team of scientists at Delhi University led by former vice-chancellor Deepak Pental under a government-funded project. It uses three genes from soil bacterium that makes self-pollinating plants such as mustard amenable to hybridization. This means local crop developers have the equivalent of a platform technology to more easily develop versions of mustard with custom traits such as higher oil content and pest resistance. It has also gone through safety and toxicity tests (on mice) prescribed by the regulator, but this is unlikely to convince opponents of GM technology.

Field trials in India, in which the State governments have a say, must ensure that there are sufficient safeguards against such violations. If GM food is allowed to be sold to consumers, they must have the right to know what they are buying, and labeling should be made mandatory. India has taken only halting steps towards establishing a strong regulatory system; the Biotechnology Regulatory Authority of India Bill, 2013, which provided for multi-level scientific assessments and an appellate tribunal, has lapsed. Hence, a strong regulatory authority should be established.

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Farmers need technology, new knowledge, and governmental support to get the best out of their seeds. Successive governments have failed to move on the draft National Biotechnology Regulatory Bill, 2008 that would enable a biotechnology regulator to take shape. Without such legislation, issues to be decided on the basis of science will be at the mercy of political expediency.

Q16. According to the passage, what does the author mean by “genetically modified” crops?

- (a) Modification of crops through domestication, selection, and controlled breeding.
- (b) Artificial insertion of genes in the plant
- (c) Fertilization of plants through transfer of pollen to the flower.
- (d) Both (a) and (b) are true
- (e) All are true

Q17. According to the passage, what concerns are associated with the transgenic crops?

- (i) Lower yielding of the crops is the main concern associated with transgenic crops.
 - (ii) The risks of injecting the antigen in foods is the issue concerned with the transgenic crops.
 - (iii) It led to the danger of vast number of varieties of the crops.
- (a) Only (i) is correct
 - (b) Only (ii) is correct
 - (c) Both (i) and (ii) are correct
 - (d) Both (ii) and (iii) are correct
 - (e) All are correct

Q18. According to the passage, why Bt mustard should be approved for release?

- (i) As it makes self-pollinating plants compliant to hybridization.
 - (ii) As it is certified by the higher authorities.
 - (iii) As crop developers accede to grow limited versions of the mustard with custom traits.
 - (iv) As it has gone through safety and toxicity tests prescribed by the regulator.
- (a) Only (iii) is correct
 - (b) (i), (ii) and (iv) are correct
 - (c) (i), (iii) and (iv) are correct
 - (d) (ii), (iii) and (iv) are correct
 - (e) All of the above statements are correct

Q19. According to the passage, what need to be ensured regarding the sale of GM foods?

- (i) There must be proper implementation of policy by the government.
 - (ii) Safety and toxicity tests must be ensured.
 - (iii) The manufacturers should specify about the GM foods so that consumers must know what they are buying.
- (a) Only (i) is correct
 - (b) Only (iii) is correct
 - (c) Both (i) and (iii) are correct
 - (d) Both (ii) and (iii) are correct
 - (e) All are correct

Q20. Which of the following is **false** in context of the passage?

- (a) Eastern Himalayas and Western Ghats are rich in biodiversity but ecologically very sensitive.
- (b) A transgenic crop makes the use of modern technology.
- (c) Bt cotton in India has been both lucrative and contentious.
- (d) Before going to any form of the technology, we must be heedless.
- (e) All of the above statements are true.

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