

Quiz Date: 18th March 2020

Directions (1-12): In each of the given questions a statement is given in bold which is then followed by three paragraphs. You have to find the paragraph(s) from where it is inferred. Choose the option with the best possible outcome as your choice.

Q1.

The PCI must act in the interest of a free media and not kowtow to the government.

(I) The Press Council of India (PCI)'s support of government restrictions on communication last week was brazenly contrary to its mandate and purpose. It has sought to intervene in a petition by *Kashmir Times* executive editor Anuradha Bhasin, pending before the apex court, seeking an end to the restrictions on communication in Jammu and Kashmir that were imposed before the Government's decision on August 5 to revoke the special constitutional status of the erstwhile State.

(II) The PCI's stance in the instant case goes against the letter and spirit of this claim. Its track record may not have been stellar; nevertheless, its interventions occasionally held the mirror to deviant journalists and publications and, at the same time, sought to shield the profession and professionals from the highhandedness of the state and non-state actors.

(III) Mr. Malik said whenever there was a crisis in Kashmir in the past; at least 50 people would die by the first week. "Our attitude is that there should be no loss of human life. If there is no phone connection for 10 days, so be it. But, we will restore everything soon. In fact, we delivered meat, vegetables and eggs to people's doorsteps on Id," he said.

- (a) Only [I]
- (b) Only [II]
- (c) Only [III]
- (d) Both [I] & [III]
- (e) None of these

Q2.

The rupee is falling, but it is too early to start worrying

(I) In fact, the fall will make India's exporters competitive. Economists often complain that the rupee is over-valued in terms of the real effective exchange rate making exports uncompetitive. Interestingly, the Reserve Bank of India does not appear to have intervened in support of the rupee, signalling that it is not comfortable with the fall.

(II) The fall in the rupee is, of course, influenced to some extent by the overall economic slowdown and the sell-out in the equity markets in the last couple of months leading to capital withdrawal by foreign portfolio investors. The capital outflow particularly has hit the currency's valuation. But the fall is no cause for alarm as yet because there is stability on the external account with the current account deficit at a comfortable 0.7% in the quarter ended March 2019.

(III) That judgment in Justice K.S. Puttaswamy (Retd) vs Union Of India fundamentally changed the way in which the government viewed its citizens' privacy, both in practice and prescription. It

undertook structural reforms and brought transparency and openness in the process of commissioning and executing its surveillance projects, and built a mechanism of judicial oversight over surveillance requests

- (a) Only [I]
- (b) Only [II]
- (c) Only [III]
- (d) Both [I] & [III]
- (e) None of these

Q3.

India needs to remind President Trump of the real basis of its claim to J&K

(I) The unfair discrimination against a nascent industry in domestic alternative assets is Exhibit A of the nonstrategic thinking that's clouding policy-making in India. Exhibit B is the so-called angel tax on startups, a much-hated levy that has finally been removed. The tax was introduced by the previous Congress Party-led government and treated money raised by fledgling firms as income.

(II) India is belatedly acknowledging that something's gone wrong with what was once billed as the world's fastest-growing economy. That's the good news. The bad news is that New Delhi still doesn't have a cohesive strategy to reverse the slowdown.

(III) Mr. Trump's assertion that the issue over Kashmir is a religious one unwittingly plays into the Pakistani narrative of a conflict that has defied such narrow definitions for more than 70 years. It is therefore necessary that the government firmly corrects Mr. Trump on the matter.

- (a) Only [I]
- (b) Only [II]
- (c) Only [III]
- (d) Both [I] & [III]
- (e) None of these

Q4.

In rolling back some measures, the government shows it listens to feedback

(I) The rollback of the capital gains tax imposed in the budget on foreign portfolio investors, the withdrawal of angel tax on start-ups and the promise that non-compliance with corporate social responsibility (CSR) norms will be decriminalised show a government that is willing to listen to feedback from the ground.

(II) The reversal of enhanced surcharge on equity capital gains for foreign and domestic investors was the most anticipated rollback and this should be a sentiment booster. Although the announcement by the finance minister is not a remedy for all the economic woes, it signals a step in the right direction by a government, which is now willing to listen and course-correct.

(III) Emerging market currencies have also been depressed more since the bond yield curve inverted in the U.S. last week when yields on 10-year bonds fell below the two-year note signalling the market's fear of a recession in the U.S. economy. While there's no data to support such fears as of now, the trade spat with China seems to be giving the jitters to the market.

- (a) Only [I]
- (b) Only [II]
- (c) Only [III]

- (d) Both [I] & [II]
- (e) None of these

Q5.

The Dunhuang city has been witness to multiple interactions and mutual learning between China and India

(I) Recently, Chinese President Xi Jinping visited the Mogao Grottoes in Dunhuang city of China to inspect cultural relics protection and research work. Some Indian friends may have heard about Dunhuang, but not many know about its unique beauty, history and culture. Here I wish to share with you stories about the Dunhuang that I know.

(II) Dunhuang is a land that has gone through vicissitudes of history with ancient legacies and magic beauty. Around 2,000 years ago, a Chinese geographer of the Eastern Han dynasty Ying Shao said: "Dun, means grand; Huang, means splendid." Therefore Dunhuang means the land of grand splendour. Historical changes over the millennium shaped the magnificent landscape of this frontier region west of China's Gansu province and left colourful and gorgeous cultural treasures.

(III) The Mogao Grottoes, located in a desert oasis surrounded by water and mountain, have stood quietly for over 1,650 years and become the most abundant and exquisite Buddhist art relics in China and beyond. Mogao Grottoes are a treasure house of art, architecture, sculpture and painting with 735 grottoes, over 45,000 square meters of murals and 2,000 painted sculptures.

- (a) Only [I]
- (b) Only [II]
- (c) Only [III]
- (d) Both [I] & [II]
- (e) None of these

Q6.

An end to the New START in 2021 will leave the arsenals of the two major nuclear powers unencumbered by any pact

(I). On August 2, the U.S. formally quit the pact. Concluded in 1987, the agreement had obliged the two countries to eliminate all ground-based missiles of ranges between 500 km and 5,500 km, an objective achieved by 1991. At risk is the New START (Strategic Arms Reduction Treaty) signed in 2010 and due to lapse in February 2021.

(II) New START imposes limits on the number of US and Russian long-range nuclear warheads and launchers. The deal was made in 2010, but the limits didn't take effect until 2018. It is unlikely the administration will agree to the five-year extension to New START that the treaty allows and which can be done without legislative action in either capital.

(III) The Gross Domestic Savings Rate also fell between 2011-12 and 2017-18 by 4.1% points, from 34.6% of GDP to 30.5%. However, this fall was entirely due to the household sector, with

the private corporate and public sectors showing increases in their savings rates by margins of 2.2% points and 0.2% points, respectively.

- (a) Only [I]
- (b) Only [II]
- (c) Only [III]
- (d) Both [I] & [II]
- (e) None of these



Q7.

Attention needs to be paid to both cyclical and structural dimensions of India's present economic slowdown

(I) When it comes to the Gross Fixed Capital Formation (GFCF) relative to GDP at current prices, a steady fall has been visible since 2011-12, when it was 34.3%. By 2017-18, it had fallen by 5.7% points, to a level of 28.6%. Assuming an Incremental Capital Output Ratio (ICOR) of 4, this meant a fall of nearly 1.4% points in the potential growth rate.

(II) India's current economic slowdown is due to a combination of two underlying trends. First, there is the short-run cyclical slowdown exhibited by a number of high-frequency indicators. Second, there is the more serious long-term fall in investment and savings rates. Raising growth requires that attention be paid to both cyclical and structural dimensions of the problem.

(III) In contrast to the household sector rate, the private corporate sector investment rate did not show any fall up to 2015-16 when, at 11.9%, it was in fact higher than the corresponding rate for 2011-12 (11.2%). It fell in the subsequent years, but only by 0.7% points.

- (a) Only [I]
- (b) Only [II]
- (c) Only [III]
- (d) Both [I] & [II]
- (e) None of these

Q8.

SEBI's liberalised norms for FPIs will make Indian markets attractive to foreign investors

(I) While the steps taken by policymakers to make amends for their previous policy errors are obviously welcome, they should not deflect attention from the larger and persistent issue of overreach by the government against investors.

(II) Smart cities, along with other urban development agencies, will now be allowed to issue municipal bonds to raise funds for development. These measures to cut red tape will help lower the regulatory burden on investors, globalise India's financial markets.

(III) Foreign investors who have been fleeing the country since the Union budget presented early last month have something to cheer about finally. On Wednesday, the Securities and Exchange Board of India (SEBI), based on the recommendations of the H.R. Khan committee, eased several regulatory restrictions that are likely to make life easier for foreign portfolio investors (FPIs).

- (a) Only [I]
- (b) Only [II]
- (c) Only [III]
- (d) Both [I] & [II]
- (e) None of these

Q9. The backlash against China is growing.

[I] The recent annual Pacific Islands Forum meeting was one of the most contentious in its history. Chinese policies in the region, together with the Chinese delegation leader's behaviour at the event itself, drove the president of Nauru—the world's smallest republic, with just 11,000 inhabitants—to condemn China's "arrogant" presence in the South Pacific. China cannot, he declared, "dictate things to us."

[II] The European Union has filed a complaint with the World Trade Organization (WTO) about China's practices of forcing technology transfer as a condition of market access. China's export subsidies and other trade-distorting practices are set to encounter greater international resistance. Under the WTO rules, countries may impose tariffs on subsidized goods from overseas that harm domestic industries.

[III] Nepal and India have sustained good bilateral ties. However, with China entering the equation, India might just have a hard time in keeping its status intact. Chinese foreign policy experts have noted that Nepal's inclusion in OBOR may force India to join the initiative or face exclusion. Hu Shisheng, Director of the China Institutes of Contemporary International Relations, told The Indian Express: "If India does not participate in the Belt and Road Initiative, something all her neighbours are positive about, then the neighbours will have a cause to complain."

- (a) Only (I)
- (b) Both (I) and (II)
- (c) Only (II)
- (d) All (I), (II) and (III)
- (e) None of these

Q10. Winning trust helps in market-building function thus increases participation in the digital economy.

[I] Privacy actually engenders trust, and is, therefore, key to unlocking meaningful innovation. Any thoughtful regulation that enhances trust will also redirect innovation toward privacy-protecting practices. A lot of innovation in today's digital economy is driven by access to high-quality data. This is a trend that we see in sectors ranging from healthcare to finance, and from the gig economy to government services.

[II] Uber would be unable to provide a seamless customer experience without access to customers' location and payments data. Innovations such as Retina Risk, which helps identify risk for sight-threatening damage to the retina, relies on access to healthcare data. Companies such as Destacame and Tala use alternative sources of data (such as utility repayment rates and length of phone calls, respectively) to provide access to credit for previously excluded populations. In recognition of such potential, OECD has recognized that "data-driven innovation forms a key pillar in 21st century sources of growth".

[III] US states adopted different approaches to protect patients' genetic privacy, researchers saw how a policy can be designed to both promote innovation and protect privacy. In this case, they found that limiting re-disclosure without consent encourages the spread of genetic testing, whereas requiring informed consent deters it. Therefore, the regulatory environment needs to be nimble and react rapidly to advances in technology.

- (a) Only (I)
- (b) Both (I) and (II)
- (c) Only (II)
- (d) Only (III)
- (e) None of these

Q11. One size does not fit all; new story leads a new presentation

[I] Last week, we heard a slew of important Supreme Court judgments that have a profound impact on our lives. The available space within newspapers cannot do justice to the findings of the learned judges, especially in the verdicts where there were dissenting voices. And these dissenting voices do not fall into neat categories like liberal-progressive versus conservative-conformist.

[II] Earlier, in a majority opinion, the Supreme Court upheld Aadhaar as a reasonable restriction on individual privacy that fulfils the government's "legitimate aim" to provide dignity to a large, marginalised population living in poverty. Justice Chandrachud, who wrote the lone dissenting opinion declaring Aadhaar unconstitutional, held that the unique identity scheme reduces a person to a 12-digit number.

[III] Design editors mix horizontal and vertical modules to break the monotony and create an asymmetry that captures attention. This template also provides readers certainty about what story to find on which page and how news is organised. Within this template, editors try to

provide two important elements that constitute public interest journalism: the credible-informational and the critical-investigative-adversarial.

- (a) Only (I)
- (b) Only (II)
- (c) Both (I) and (III)
- (d) All (I), (II) and (III)
- (e) None of these

L1Difficulty 3

QTags Inference

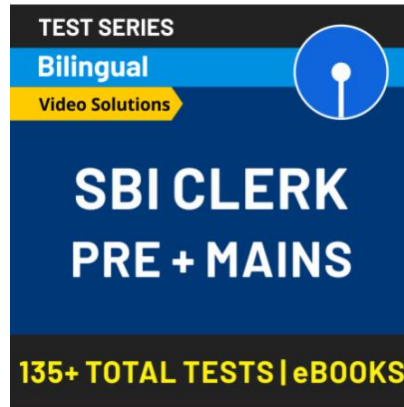
Q12. **Oversimplification and one-size-fits-all solution given by robo advisors doesn't work.**

[I] Most platforms have certain bundled solutions based on your risk profile and goal horizon. As an advisor, I have never really believed in risk profile questionnaires simply because investors never end up following the recommended asset allocation. A person's risk profile is more about their ability to take risk than their need to take risk. Even if an investor needs to invest 70% into equity to be able to reach his goal, he will not do it unless he can stomach that risk.

[II] You may consider hiring a financial planner to draw up a holistic financial plan and then use transaction platforms to invest. This way you have the best of both. On their part, if robos are really in this business for the long term, they need to focus on having the right messaging which could be more educational in nature rather than just focusing on the convenience their platform provides, as wealth management is not only about algorithms but also a lot about behaviour. Remember technology can be an enabler but not an end in itself.

[III] Just because an advisor mis-sold products, online platforms may not be the panacea. Most robos have come up while markets are doing well and hence there is no proof that their recommendations will do better compared to the traditional advisor. One of the robos advertises its recommended plans with the average return over the last five years and how long it took money to double, which should not be the criteria to choose funds.

- (a) Both (II) and (III)
- (b) Only (II)
- (c) Both (I) and (III)
- (d) All (I), (II) and (III)
- (e) None of these



Solutions

S1. Ans. (a)

Sol. Among the paragraphs given above, only paragraph [I] clearly justifies the given inference. Hence, option (a) is the most suitable answer choice.

S2. Ans. (b)

Sol. Among the paragraphs given above, only paragraph [II] clearly justifies the given inference. Hence, option (b) is the most suitable answer choice.

S3. Ans. (c)

Sol. Among the paragraphs given above, only paragraph [III] clearly justifies the given inference. Hence, option (c) is the most suitable answer choice.

S4. Ans. (d)

Sol. Among the paragraphs given above, both paragraph [I] and [II] clearly justify the given inference. Hence, option (d) is the most suitable answer choice.

S5. Ans. (e)

Sol. Among the paragraphs given above, no paragraph justifies the given inference. Hence, option (e) is the most suitable answer choice.

S6. Ans. (a)

Sol. Among the paragraphs given above, only paragraph (I) justifies the given inference. Hence, option (a) is the most suitable answer choice.

S7. Ans. (b)

Sol. Among the paragraphs given above, only paragraph (II) justifies the given inference. Hence, option (b) is the most suitable answer choice.

S8. Ans. (c)

Sol. Among the paragraphs given above, only paragraph (III) justifies the given inference. Hence, option (c) is the most suitable answer choice.

S9. Ans. (b)

Sol. The given inference states that a strong negative reaction is growing by a large number of states against China. Among the given paragraphs, this can be deduced by only [I] and [II] paragraph. Drawing a hint from the sentence in paragraph [I] “.....drove the president of Nauru—the world’s smallest republic, with just 11,000 inhabitants—to condemn China’s “arrogant” presence in the South Pacific.” the given inference can be deduced. Drawing a hint from the sentence in paragraph [II] “The European Union has filed a complaint with the World Trade Organization (WTO) about China’s practices of forcing technology transfer as a condition of market access.” the given inference can be deduced. Paragraph [III] is talking about the involvement of Nepal in China’s OBOR project. So the correct answer choice is option (b).

S10. Ans. (d)

Sol. The given inference states that many users would only share their data if they feel confident that a business would manage it effectively and thus the data gained by users can be used for the innovation in technology. Among the given paragraphs, this can be deduced by only 3rd paragraph. Drawing a hint from the sentence in paragraph (III) “US states adopted different approaches to protect patients’ genetic privacy, researchers saw how a policy can be designed to both promote innovation and protect privacy.” the given inference can be deduced. Therefore the best answer choice is option (d). Paragraph (I) does not indicate how the participation increases while (II) has the similar issue and the given inference cannot be fully inferred from it.

S11. Ans. (a)

Sol. The given inference states that for some momentous stories or judgments, design editors need to tweak the design template to introduce a one-page explainer. On the basis of some unusual call these editors need to modify their systems to render the news in a fluidic and responsive way. Among the given paragraphs, this can be deduced only by [I] paragraph. Drawing a hint from the sentence in the paragraph (I) “The available space within newspapers cannot do justice to the findings of the learned judges, especially in the verdicts where there were dissenting voices.” the given inference can be deduced.

Hence, the correct answer is the option (a).

S12. Ans. (b)

Sol. The given inference states that the robos, typically, ask you a set of questions to decipher your risk profile, goals and suggest some plans based on your answers, the same algorithm can’t be used for the different investment plans as they usually differ in time period as well as purpose of the investor. Among the given paragraphs, this can be deduced only by [II] paragraph. Drawing a hint from the sentence in paragraph (II) “On their part, if robos are really in this business for the long term, they need to focus on having the right messaging which could be more educational in nature rather than just focusing on the convenience their platform provides, as wealth management is not only about algorithms but also a lot about behaviour.” the given inference can be deduced. Thus option (b) is the correct answer choice.

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