

Quiz Date: 25th March 2020

**Directions (1-5):** 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.

Q1. 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

Q2. 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.

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**BANKERS**

Q3. 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.

Q4. 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.

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Q5. 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 (6-7): 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.

Q6. **Credibility**

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

Q7. **Mobilization**

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



Directions (8-15): In each of the following questions, a statement is given with two blanks. Followed by two columns, Column (A) contains words that might fill in the first blank and Column (B) contains words that might fill in the second blank. Choose among the options, the right pair of words that can fill in the blanks consecutively to make the sentence grammatically correct and contextually meaningful. If none of the options could fill in the blanks, mark your answer, “None of the above; (e)”.

Q8. Although the BJP government had \_\_\_\_\_ withdrawn its move to amend the Acts under public pressure, \_\_\_\_\_ protests had taken place across Jharkhand.

Column (A)

- (1) Deliberately
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Q9. The \_\_\_\_\_ of “exemplary damages” for property destroyed in incidents of \_\_\_\_\_ should be based on electronic media/private video evidence.

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Column (A)

- (1) Renounced
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Q12. \_\_\_\_\_ in section 21 of the CNT Act and section 13 of the SPT Act would have \_\_\_\_\_ the government to allow use of agricultural land for non-agricultural purposes.

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- (1) Fluctuations
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- (3) Changes

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English Medium

**RBI ASSISTANT MAINS**  
**COMPLETE BATCH**

Starts February 21, 2020

10am-11am & 3pm-4pm

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L1 Difficulty 3

QTags Reading Comprehension

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L1Difficulty 3

QTags Synonym

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L1Difficulty 3

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L1Difficulty 2

QTags column based

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L1Difficulty 2

QTags column based



### Solutions

S1. Ans. (a)

Sol. Read the first paragraph carefully, "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." Hence only statement (II) is correct in the context of the paragraph.

S2. Ans. (e)

Sol. Read the second paragraph carefully, all the three given statements can be connected with the paragraph. Hence (e) is the correct option.

S3. Ans. (b)

Sol. Read the third paragraph, the author clearly mentions the above statement in reference to the lack of money to those investors who are willing to take risks to earn larger profits. Hence (b) is the correct choice.

S4. Ans. (c)

Sol. Read the fourth paragraph carefully, it can be inferred from there that statements (I) and (II) are true in differentiating these two important banking terms while statement (III) is not mentioned in the paragraph. Hence (c) is the correct option.

S5. Ans. (e)

Sol. All the given statements agree with the statement as it can be easily inferred from the passage. Hence none of the statements disagrees to the statement in the context of the passage.

S6. Ans. (c)

Sol. **Credibility** means the quality of being convincing or believable. **Plausibility** means the quality of seeming reasonable or probable. Hence both are similar in meanings.

**Finesse** means impressive delicacy and skill.

**Presumption** means the acceptance of something as true although it is not known for certain.

**Acuity** means sharpness or keenness of thought, vision, or hearing.

S7. Ans. (b)

Sol. **Mobilization** means the action of making something movable or capable of movement.

**Manoeuvre** means a movement or series of moves requiring skill and care. Hence both are similar in meanings.

**Vitality** means the state of being strong and active; energy.

**Recoil** means rebound or spring back through force of impact or elasticity.

S8. Ans. (b)

Sol. **Subsequently and Widespread** can fill in the blanks consecutively to make the sentence grammatically correct and contextually meaningful. Hence, **option (b)** is the right answer choice.

S9. Ans. (a)

Sol. **Assessment and Violence** can fill in the blanks consecutively to make the sentence grammatically correct and contextually meaningful. Hence, **option (a)** is the right answer choice.

S10. Ans. (c)

Sol. **Declined and Announced** can fill in the blanks consecutively to make the sentence grammatically correct and contextually meaningful. Hence, **option (c)** is the right answer choice.

S11. Ans. (d)

Sol. **Attend and Reportedly** can fill in the blanks consecutively to make the sentence grammatically correct and contextually meaningful. Hence, **option (d)** is the right answer choice.

S12. Ans. (b)

Sol. **Changes and Enabled** can fill in the blanks consecutively to make the sentence grammatically correct and contextually meaningful. Hence, **option (b)** is the right answer choice.

S13. Ans. (d)

Sol. **Borne and Decided** can fill in the blanks consecutively to make the sentence grammatically correct and contextually meaningful. Hence, **option (d)** is the right answer choice.

S14. Ans. (c)

Sol. **Unambiguous and Tabulate** can fill in the blanks consecutively to make the sentence grammatically correct and contextually meaningful. Hence, **option (c)** is the right answer choice.

S15. Ans. (b)

Sol. **Liability and Precipitated** can fill in the blanks consecutively to make the sentence grammatically correct and contextually meaningful. Hence, **option (b)** is the right answer choice.

***For any Banking/Insurance exam Assistance, Give a Missed call @ 01141183264***

