

Quiz Date: 28th March 2020

Directions (1- 8): 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.

The rupee made a sharp recovery after touching a record low of 74.50 a dollar in early trade following intervention and assurance of liquidity by the Reserve Bank of India. The rupee opened weak at 74.39 a dollar compared with the previous close of 74.24 and then touched the day's low of 74.50. The previous record low was on October 9, 2018 when the rupee closed the day at 74.39 a dollar.

On Friday, the rupee closed the day at 73.80 a dollar, up 44 paise from its previous close. The **turbulence** in the financial market steered the central bank into making a statement, saying it would take steps to ensure adequate liquidity and that the situation was being monitored closely. Markets around the globe are facing volatility due to risk aversion; investors are holding liquidity even as COVID-19 keeps spreading. Trading was halted in the domestic equities market after hitting their lower circuits on Friday.

"The Reserve Bank of India is closely and continuously monitoring the rapidly evolving global situation and will take all necessary measures to ensure that money, debt and forex markets remain adequately liquid and stable, and continue to function normally," the RBI said. On Thursday, the RBI announced that it would open a six-month dollar sell-buy swap window to pump in liquidity in the foreign exchange market. The central bank will conduct U.S. dollar-rupee sell-buy swaps worth \$2 billion on March 16, to 'begin with,' in its effort to fight market volatility.

The central bank observed mismatches in the U.S. dollar liquidity had become accentuated across the world but added that the level of foreign exchange reserves remained at comfortable levels to meet any **exigency**. Latest data released by the RBI showed the country's foreign exchange surged \$5.69 billion to reach an all-time high of \$487.23 billion in the week to March 6 due to .....(A).

Q1. What led to the speedy recovery of rupee?

- (a) Launching schemes for keeping in line with the current market status
- (b) Measures to boost the condition of rupee in the international market
- (c) RBI's intervention and assurance to maintain liquidity and stability in the market
- (d) Both (a) and (b)
- (e) All (a), (b), and (c)

Q2. What were the effects of turmoil in the financial markets?

- (a) The central bank stated to take adequate measures
- (b) Ensuring proper liquidity and closely monitoring the situation
- (c) The rupee will be brought back to a better position
- (d) Both (a) and (b)
- (e) None of these

Q3. What were the causes of market volatility around the world?

- (a) The risk aversion behavior of the investors
- (b) Holding liquidity even during a crisis.
- (c) Investors in India holding liquidity due to spread of COVID-19
- (d) Both (a) and (b)
- (e) All (a), (b), and (c)

Q4. What announcements did the central bank make to fight market volatility?

- (a) Opening of a 6month dollar sell-buy swap window
- (b) Conducting Dollar-rupee sell-buy swaps of worth \$2 billion in the first round
- (c) Both (a) and (b)
- (d) Monitoring the functioning of forex markets
- (e) All (a), (b), and (d)

Q5. What were the observations of the central bank?

- (a) Acute Supply/Demand mismatch in the liquidity of US dollar
- (b) Comfortable levels of Forex for meeting any emergency
- (c) Both (a) and (b)
- (d) Confidence to cope up the crisis
- (e) All (a), (b), and (d)

Q6. Which of the following is most opposite in meaning with **TURBULENCE** as highlighted in the passage?

- (a) Violence
- (b) Agitation
- (c) Calmness
- (d) Heaviness
- (e) Rough

Q7. Which of the following passage is most similar in meaning with **EXIGENCY** as highlighted in the passage?

- (a) Pleasure
- (b) Uncertainty
- (c) Dubiousness
- (d) Urgency
- (e) Possibility

Q8. Which of the following phrases can fit into the blank (A) to make it a complete and contextually and grammatically correct sentence?

- (a) The same amount of US dollars
- (b) An increase in foreign currency assets



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- (c) The first round of US dollar rupee sell-buy swaps
- (d) The latest data released by the RBI
- (e) None of these



**Directions (9-15):** Read the following passage and answer the questions as directed. There are some blanks given in the passage based on which some questions are framed, and some words are highlighted as well to help you answer some of the questions.

Investors thought it would be a Black Friday as the barometer Sensex yo-yoed 5,400 points and the Nifty hit the lower circuit breaker of 10% as trading ground to a \_\_\_\_\_ (A), albeit temporarily. But the markets sprang a surprise, ending in the green.

(B) The Sensex, which had **touched (1)** a low of 29,388.97 **closing (2)** the morning session, **rebounded (3)** to a high of 34,769.48 before **during (4)** at 34,103.48, up 1,325.34 points or 4.04%. The broader Nifty settled at 9,955.20, gaining 365.05 points, or 3.81%. In fact, minutes after start of the trading session, the Nifty's plunge to a low of 8,555.15 led to suspension of trading in both exchanges for 45 minutes.

(C) *Sector heavyweights and bluechips such as TCS and State Bank of India was all trading more than 10% lower as the markets hit their lower circuit for the first time in 12 years.* The \_\_\_\_\_ (D) of trading, however, saw buying support for stocks, most of which are currently trading at their 52-week lows on account of growing concerns over the global impact of the COVID-19 pandemic.

Incidentally, the India VIX index, which had more than doubled in the recent past, \_\_\_\_\_ (E) by another 25% on Friday. The recovery in the markets was primarily led by

\_\_\_\_\_ (F) led by LIC as the net buying by such entities was pegged at almost ₹5,900 crore on Friday as per BSE data.

Foreign portfolio investors (FPIs) continued selling shares in huge numbers with the day's off-loading totaling ₹6,027.58 crore. On Thursday, they were net sellers at almost ₹3,500 crore.

(G) "Selling (1) on the spread of COVID-19, especially in the EU and the **resultant (2)** impact on travel, tourism and business has impacted **sentiment (3)** leading to high FII **concerns (4)** in Indian equity markets," said Chandraprakash Padiyar, senior fund manager, Tata Asset Management.

He added the markets seemed to be closer to the bottom of the current correction phase. Elsewhere in Asia, Japan's Nikkei lost over 6%, or 1,128 points, while the benchmarks of Malaysia, South Korea and Taiwan lost between 2% and 6% each.

Q9. Which of the following word given in the options should come at the place marked as (A) in the above passage to make it grammatically correct and meaningful? Also, the word should fill in the two sentences given below to make them contextually correct and meaningful.

- (I) The two rear carriages tipped over on their sides before the train came to a \_\_\_\_\_.
- (II) Scientists tackling the thorny problem of a foreign superweed hope a humble insect could \_\_\_\_\_ its rampage across UK gardens.

- (a) Help
- (b) Halt
- (c) Attend
- (d) Steep
- (e) None of these

Q10. The sentence given in (B) has four words given in bold. Amongst the given bold words which of the followings must replace each other to make the sentence contextually correct and meaningful?

- (a) 2-1 and 3-4
- (b) 1-4 and 2-3
- (c) 2-4 and 1-3
- (d) 1-4
- (e) 2-4

Q11. In the above passage, sentence (C) is italicized. There may or may not be error in one part of the sentence, select the part having error in it.

- (a) *Sector heavyweights and bluechips such as TCS*
- (b) *and State Bank of India was all trading*
- (c) *more than 10% lower as the markets hit their*
- (d) *lower circuit for the first time in 12 years*
- (e) All are correct

Q12. Which of the following should fill the blank given in (D) to make it contextually correct and meaningful?

- (a) Emanating
- (b) Resumption
- (c) Assumption
- (d) Entrance
- (e) None of the above

Q13. Which of the following word given in the options should come at the place marked as (E) in the given passage to make it grammatically correct and meaningful? Also, the word should fill in the two sentences given below to make them contextually correct and meaningful.

(I) As the energy swirled about him, he marvelled at the sudden explosion of power that \_\_\_\_\_ through his veins.

(II) At the first strum the previously subdued audience \_\_\_\_\_ forward waving and chanting.

- (a) Annoyed
- (b) Afflict
- (c) Combated
- (d) Uncolored
- (e) Surged

Q14. Which of the following phrases should fill the blank (F) to make it contextually and grammatically meaningful and correct respectively?

- (a) Such investors were attracted by the selling shares
- (b) Strong buying by domestic institutional investors
- (c) The net sellers were having almost 2500 crore rupee
- (d) The benchmarks set up in other countries
- (e) None of these

Q15. The sentence given in (G) has four words given in bold. Amongst the given bold words, which of the followings must replace each other to make the sentence contextually correct and meaningful?

- (a) 1-3
- (b) 1-4
- (c) 2-3
- (d) 2-4
- (e) 3-4



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## Solutions

S1. Ans. (c)

Sol. Refer to the first paragraph, the hint can be drawn from the lines, *The rupee made a sharp recovery after touching a record low of 74.50 a dollar in early trade following intervention and assurance of liquidity by the Reserve Bank of India.*

Hence, **option (c)** is the right answer choice.

S2. Ans. (d)

Sol. Refer to the second paragraph, the hint can be drawn from the lines, *The turbulence in the financial market steered the central bank into making a statement, saying it would take steps to ensure adequate liquidity and that the situation was being monitored closely.*

Hence, **option (d)** is the right answer choice.

S3. Ans. (d)

Sol. Refer to the second paragraph, the hint can be drawn from the lines, *Markets around the globe are facing volatility due to risk aversion; investors are holding liquidity even as COVID-19 keeps spreading. Trading was halted in the domestic equities market after hitting their lower circuits on Friday.*

Hence, **option (d)** is the right answer choice.

S4. Ans. (c)

Sol. Refer to the third paragraph of the given passage, the hint can be drawn from the lines, *the RBI announced that it would open a six-month dollar sell-buy swap window to pump in liquidity in the foreign exchange market. The central bank will conduct U.S. dollar-rupee sell-buy swaps worth \$2 billion on March 16, to 'begin with,' in its effort to fight market volatility.*

Hence, **option (c)** is the right answer choice.

S5. Ans. (e)

Sol. Refer to the fourth paragraph of the given passage, the hint can be drawn from the lines, *The central bank observed mismatches in the U.S. dollar liquidity had become accentuated across the world but added that the level of foreign exchange reserves remained at comfortable levels to meet any exigency.*

Hence, **option (e)** is the right answer choice.

S6. Ans. (c)

Sol. **Calmness** is the most opposite in meaning with the given word. Hence, **option (c)** is the right answer choice.

S7. Ans. (d)

Sol. **Exigency** means an urgent need or demand. **Urgency** is most similar in meaning with the given word. Hence, **option (d)** is the right answer choice.

S8. Ans. (b)

Sol. **“an increase in foreign currency assets”** can fit into the blank (A) to make it a complete and contextually and grammatically correct sentence. Hence, **option (b)** is the right answer choice.

S9. Ans. (b)

Sol. The word which can fill the blank as well as given grammatical and contextual meaning to the sentences given is ‘halt’ meaning ‘bring or come to an abrupt stop’. Hence, option (b) is the right answer choice.

S10. Ans. (e)

Sol. **2-4; During-closing** must replace each other to make the sentence contextually correct and meaningful. Hence, **option (e)** is the right answer choice. The sentence after replacement is: ***The Sensex, which had touched a low of 29,388.97 during the morning session, rebounded to a high of 34,769.48 before closing at 34,103.48, up 1,325.34 points or 4.04%.***

S11. Ans. (b)

Sol. Here, **‘were’** will be used instead of **‘was’** as ***Sector heavyweights and bluechips such as TCS and State Bank of India*** is plural. Hence, **option (b)** is the right answer choice.

S12. Ans. (b)

Sol. **Resumption** should fill in the blank given in (D) to make it contextually correct and meaningful. Hence, **option (b)** is the right answer choice.

S13. Ans. (e)

Sol. **Surged** should fill in the blank given in (E) to make it contextually correct and meaningful. Hence, option (e) is the right answer choice.

S14. Ans. (b)

Sol. **“strong buying by domestic institutional investors”** should fill the blank (F) to make it contextually and grammatically meaningful and correct respectively. Hence, **option (b)** is the right answer choice.

S15. Ans. (b)

Sol. **1-4: concerns and selling** must replace each other to make the sentence contextually correct and meaningful. Hence, **option (b)** is the right answer choice. The sentence after replacement is: ***Concerns on the spread of COVID-19, especially in the EU and the resultant impact on travel, tourism and business has impacted sentiment leading to high FII selling in Indian equity markets.***

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