Quiz Date: 23rd May 2020

Directions (1-10): In each of the questions given below four words are given in bold. These words may or may not be in their correct position. Following each sentence four sequences are provided. Select the sequence of the words which will make the given sentence contextually meaningful.

Q1. India and Nepal have reached a **flashpoint (A)** over the Kalapani territorial **threaten (B)** that appears to **special (C)** the basis of their **issue (D)** relationship.
(a) BADC
(b) ADBC
(c) ABDC
(d) ACBD
(e) None of the above

Q2. The RBI has once again **measures (A)** up to the plate at the right time with **ease (B)** that will reduce the cost of capital and **extended (C)** the financial burden on businesses due to the **stepped (D)** lockdown.
(a) ADBC
(b) CBDA
(c) CABD
(d) DABC
(e) None of the above

Q3. While the world is **speculating (A)** with the fallout of COVID-19 and **grappling (B)** on how far China can be **digital (C)** for the pandemic, a silent **blamed (D)** revolution is taking place in China.
(a) BADC
(b) ADBC
(c) ABDC
(d) ACBD
(e) None of the above

Q4. The **followed (A)** of a road from Dharchula to Lipu Lekh (China border) has now been **claiming (B)** by Nepal's charge **inauguration (C)** that the stretch passes though Nepalese **territory (D)**.
(a) ADBC
(b) CBDA
(c) CABD
(d) DABC
(e) None of the above

Q5. Boundary disputes are common **ground (A)** for countries that have an ancient history and shared **issue (B)**, and the Kalapani **resolved (C)** is one such dispute that India and Nepal have **borders (D)** to sort out.
(a) BADC
(b) ADBC

(c) ABDC
(d) ACBD
(e) None of the above

Q6. The RBI has shown **accumulated (A)** by allowing **converted (B)** interest on working capital loans to be **empathy (C)** into a term loan **repayable (D)** by the end of this fiscal.
(a) ADBC
(b) CBDA
(c) CABD
(d) DABC
(e) None of the above

Q7. In order to **approaches (A)** the FinTech Development Plan (2019-2021), the People's Bank of China has explored **mechanism (B)** to designing an inclusive, **implement (C)** and flexible trial-and-error **prudent (D).**
(a) BADC
(b) ACBD
(c) BACD
(d) CADB
(e) None of the above

Q8. With the **asset (A)** turn in the Chinese stock **market (B)** in 2015-16, bitcoins became **bearish (C)** popular as an alternative **increasingly (D)** class in China.
(a) ADBC
(b) CBDA
(c) CABD
(d) DABC
(e) None of the above

Q9. By acting as a powerful **laundering (A)** for tax evasion, money **antidote (B)** and terror financing, CBDCs can **materially (C)** boost tax revenues while also **improving (D)** financial compliance and national security.
(a) BADC

(b) ACBD
(c) BACD
(d) CADB
(e) None of the above

Q10. In the **faced (A)** of RBI's step, borrowers would otherwise have been **daunting (B)** with the **dues (C)** prospect of paying up their interest **absence (D)** in one shot at the end of the moratorium period.
(a) ADBC
(b) CBDA
(c) CABD
(d) DABC
(e) None of the above

Directions (11-15): Read the following passage carefully and answer the questions given below them.

Credit ratings and research help investors analyze the credit risks associated with fixed-income securities. Such independent credit ratings and research also contribute to efficiencies in fixed-income markets and other obligations, such as insurance policies and derivative transactions, by providing credible and independent assessments of credit risk. Moody's Investors Service is a leading provider of credit ratings, research, and risk analysis. Moody's commitment and expertise contributes to translucent and integrated financial markets, protecting the integrity of credit.
Moody's Investors Service on Wednesday cut India's 2018 growth forecast to 7.3% from the previous estimate of 7.5%, saying the economy is in cyclical recovery but higher oil prices and tighter financial conditions will weigh on the pace of acceleration. Moody's, however, maintained its 2019 growth forecast at 7.5%.
"The Indian economy is in cyclical recovery led by both investment and consumption. However, higher oil prices and tighter financial conditions will weigh on the pace of acceleration. "We expect GDP growth of about 7.3% in 2018, down from our previous forecast of 7.5%. Our growth expectation for 2019 remains unchanged at 7.5%," it said in an update of its 'Global Macro Outlook: 2018-19. Moody's said growth should benefit from an acceleration in rural consumption, supported by higher minimum support prices and a normal monsoon. "The private investment cycle will continue to make a gradual recovery, as twin balance-sheet issues — impaired assets at banks and corporates — slowly get addressed through deleveraging and the application of the Insolvency and Bankruptcy Code," it said.

Also, ongoing transition to the new Goods and Service Tax regime could weigh on growth somewhat over the next few quarters, which poses some downside risk to the forecast, it said. "However, we expect these issues to moderate over the course of the year." For the world economy, Moody's expected 2018 to be a year of robust global growth, similar to 2017. "However, global growth will likely moderate by the end of 2018 and in 2019 as a result of a number of advanced economies reaching full employment, and because of rising borrowing costs and tighter credit conditions in both advanced and emerging market countries that will hamper further acceleration," it said. The G-20 countries, it said, would grow 3.3% in 2018 and 3.2% in 2019. The advanced economies will grow at a moderate 2.3% in 2018 and 2% in 2019, while G-20 emerging markets will remain the growth drivers, at 5.2% in both 2018 and 2019, down from 5.3% in 2017.

"The ongoing financial market turbulence in emerging market countries poses risks of a broader negative spillover effect on growth for a range of countries beyond Argentina and Turkey, while there is a risk that high oil prices will be detrimental to consumption demand. A re-escalation of trade tensions between the U.S. and China is another risk factor to growth. Political concerns add to downside risks in Brazil, Mexico and Italy," it said. "Overall, we expect 2018 to be a year of robust global growth, similar to 2017," said Moody's VP senior credit officer Madhavi Bokil. The outlook for global monetary policy is broadly unchanged with the U.S. Federal Reserve on a predictable and gradual tightening monetary policy path. Three additional increases in the U.S. federal funds rate this year are expected to be followed by three more in 2019. The European Central Bank will likely stop additional asset purchases by the year-end and start increasing the deposit facility rate in the first half of 2019. The Bank of Japan will maintain its current monetary policy over the next two years.

Q11. What is the contribution of Moody's Investor's Service in the market?
(a)It has improved assets at banks and corporates portraying a gradual recovery in market.
(b)The ongoing financial turbulence in emerging market countries has settled down.
(c)It has created woolly financial market removing the threat of risks and thus providing a better analysis.
(d) Its commitment and expertise has led to explicit and integrated financial markets, protecting the integrity of credit.
(e) none of these.

Q12. What are the factors that could weigh on the pace of acceleration?
(a) Risk factor of lesser investment and higher consumption.
(b) The European Central Bank will likely stop additional asset purchases by the year-end and start increasing the deposit facility rate in the first half of 2019.
(c) Higher oil prices.
(d) Tighter financial conditions, ongoing transition to the new Goods and Service Tax Regime.
(e) Both (c) and (d).

Q13.Why will global growth become robust/moderate in 2018-2019?
(a)it will become robust due to full employment and good credit conditions.
(b)it will get moderate because of a gradual tightening monetary policy path.
(c)it will neither become robust nor moderate, instead it will remain stagnant.
(d)it will get moderate as a result of a number of advanced economies reaching full employment, and because of rising borrowing costs and tighter credit conditions in both advanced and emerging market countries that will hamper further acceleration.
(e)none of these

Q14.The growth rate of G20 countries in 2018 would be
(a)7.3%
(b)3.3%
(c)7.5%
(d)3.2%
(e)2.3%

Q15.In what way are the trade relations between U.S. and China going to impact the growth?
(a)They are going to create a positive effect and a gradual increase in the monetary policy path.
(b)It poses a risk that high oil prices will be efficacious to consumption demand.
(c)The trade tensions and the ongoing financial market turbulence pose a risk factor to growth.
(d)The growth is enhanced which is supported by higher minimum support prices and a normal monsoon.
(e)None of these.

Solutions

S1. Ans. (b)

Sol. The correct sequence is **ADBC.** The sentence after rearrangement is.

India and Nepal have reached a flashpoint over the Kalapani territorial issue that appears to threaten the basis of their special relationship.
Hence, **option (b)** is the right answer choice.

S2. Ans. (d)
Sol. The correct sequence is **DABC.** The sentence after rearrangement is.
The RBI has once again stepped up to the plate at the right time with measures that will reduce the cost of capital and ease the financial burden on businesses due to the extended lockdown.
Hence, **option (d)** is the right answer choice.

S3. Ans. (a)
Sol. The correct sequence is **BADC.** The sentence after rearrangement is.
While the world is grappling with the fallout of COVID-19 and speculating on how far China can be blamed for the pandemic, a silent digital revolution is taking place in China.
Hence, **option (a)** is the right answer choice.

S4. Ans. (c)
Sol. The correct sequence is **CABD.** The sentence after rearrangement is.
The inauguration of a road from Dharchula to Lipu Lekh (China border) has now been followed by Nepal's charge claiming that the stretch passes though Nepalese territory.
Hence, **option (c)** is the right answer choice.

S5. Ans. (b)
Sol. The correct sequence is **ADBC.** The sentence after rearrangement is.
Boundary disputes are common ground for countries that have an ancient history and shared borders, and the Kalapani issue is one such dispute that India and Nepal have resolved to sort out.

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

S6. Ans. (c)
Sol. The correct sequence is **CABD.** The sentence after rearrangement is.
The RBI has shown empathy by allowing accumulated interest on working capital loans to be converted into a term loan repayable by the end of this fiscal.
Hence, **option (c)** is the right answer choice.

S7. Ans. (d)
Sol. The correct sequence is **CADB.** The sentence after rearrangement is.
In order to implement the FinTech Development Plan (2019-2021), the People's Bank of China has explored approaches to designing an inclusive, prudent and flexible trial-and-error mechanism.
Hence, **option (d)** is the right answer choice.

S8. Ans. (b)
Sol. The correct sequence is **CBDA.** The sentence after rearrangement is.
With the bearish turn in the Chinese stock market in 2015-16, bitcoins became increasingly popular as an alternative asset class in China.

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

S9. Ans. (c)
Sol. The correct sequence is **BACD.** The sentence after rearrangement is.
By acting as a powerful antidote for tax evasion, money laundering and terror financing, CBDCs can materially boost tax revenues while also improving financial compliance and national security.
Hence, **option (c)** is the right answer choice.

S10. Ans. (d)
Sol. The correct sequence is **DABC.** The sentence after rearrangement is.
In the absence of RBI's step, borrowers would otherwise have been faced with the daunting prospect of paying up their interest dues in one shot at the end of the moratorium period.
Hence, **option (d)** is the right answer choice.

S11. Ans. (d)
Sol. Refer to the first paragraph of the passage it is clearly mentioned that credit ratings and research contribute to efficiencies in fixed-income markets and other obligations, such as insurance policies and derivative transactions, by providing credible and independent assessments of credit risk. Moody's commitment and expertise contributes to transparent and integrated financial markets, protecting the integrity of credit.

S12. Ans. (e)
Sol. Refer to the second paragraph of the passage where it is highlighted that Moody's Investors Service on Wednesday cut India's 2018 growth forecast to 7.3% from the previous estimate of 7.5%, saying the economy is in cyclical recovery but higher oil prices and tighter financial conditions will weigh on the pace of acceleration. Furthermore, ongoing transition to the new Goods and Service Tax regime could weigh on growth somewhat over the next few quarters, which poses some downside risk to the forecast.

S13.Ans. (d)
Sol. The global growth is likely to become moderate as is evident from the fourth paragraph. It is mentioned that: For the world economy, Moody's expected 2018 to be a year of robust global growth, similar to 2017. However, global growth will likely moderate by the end of 2018 and in 2019 as a result of a number of advanced economies reaching full employment, and because of rising borrowing costs and tighter credit conditions in both advanced and emerging market countries that will hamper further acceleration.

S14. Ans. (b)

Sol. Refer to the second last paragraph, "the G-20 countries, Moody's said, would grow 3.3% in 2018 and 3.2% in 2019. The advanced economies will grow at a moderate 2.3% in 2018 and 2% in 2019, while G-20 emerging markets will remain the growth drivers, at 5.2% in both 2018 and 2019, down from 5.3% in 2017."

S15. Ans. (c)
Sol. The relations between the US and China are the trade tensions and they are going to create a negative impact as illustrated in the passage: "A re-escalation of trade tensions between the U.S. and China is another risk factor to growth." Option (b) will not be correct because it poses a risk that high oil prices will be detrimental and not efficacious to consumption demand.
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