

ENGLISH LANGUAGE

Directions (1-10) : Read the following passage carefully and answer the questions based on it. Some words have been printed in **bold** to help you locate them while answering some of the questions.

Gross Domestic Savings (GDS) play a vital role in the economic growth of a country since it facilitates to provide requisite financial resources to undertake various developmental and welfare programs. A high level of savings helps the economy to progress on a continuous growth path as investment is mainly financed out of savings. GDS is one of the important economic indicators to measure financial regulation and soundness of the country. Absence of required savings rate may lead to external dependence, which may **jeopardize** the interests of the Nation.

Savings habit is an in-built culture of the Indian system and it has been growing consistently over the years. The GDS percentage to GDP has shown considerable improvement from 10% in 1950 to 33.70% in 2010, which is one of the highest globally. It is interesting to note that while the share of corporate sector increased from 10% to 24% during 1950 to 2010, the share of public sector has come down to 6% from 19% during the said period. The buoyancy of corporate sector in post reform era could be one of the reasons for increased share of corporates in GDS. While there is increasing trend in saving rate, marginal decline is observed under household sector i.e. 72% to 70%.

Notwithstanding the fact that the share of household savings to GDS is showing decline, still this

segment is the significant contributor to GDS with 70% share. Indian households are among the most frugal in the world. However, **commensurate** capital formation has not been taking place as a lion's share of household savings are being parked in physical assets compared to financial assets.

The pattern of disposition of saving is an important factor in determining how the saved amount is utilized for productive purposes. The proportion of household saving in financial assets determines the channelisation of saving for investment in other sectors of the economy. However, the volume of investment of saving in physical assets determines the productivity and generation of income in that sector itself.

Post-independence era has witnessed a significant shift in deployment of household savings especially the share of financial assets increased from 26.35% in 1950 to 54.05% in 1990 may be an account of increased bank branch network across the country coupled with improved awareness of investors on various financial / banking products. However, contrast to common expectations, the share of financial assets in total household savings has come down from 54.05% to 50.21% especially in post reform period i.e. 1990 to 2010 despite providing easy access and availability of banking facilities compared to earlier years. The increased share of physical assets over financial assets (around 4%) during the last two decades is a cause of concern requires focused attention to arrest the trend.

Traditionally, the Indians are risk-averse and prefer to invest sur-

plus funds in physical assets such as Gold, Silver and lands. Nevertheless, considerable share of savings also flowing to financial assets, which includes, Currency, Bank Deposits, Claims on Government, **Contractual Savings**, Equities

The composition of household financial savings shows that the bank deposits (44%) continue to remain the major contributor along with the rise in the Contractual Savings, Claims on Government and Currency.

Though there was gradual decline in currency holdings by the households i.e. 13.79% in 1970s to 9.30% in 2007, still the present currency holding level with households appears to be on high side compared to other countries. The primary reasons for higher currency holdings could be absence of banking facilities in majority villages (5.70 lakh villages) as well as hoarding of unaccounted money in the form of cash to circumvent tax laws. Though, cash is treated as financial asset, in reality, a major portion of currency is blocked and become unproductive.

Bank deposits seemed to be the preferred choice mainly on account of its inbuilt features such as Safety, Security and Liquidity. Traditionally, the Household sector has been playing a leading role in the landscape of bank deposits followed by the Government sector. However, the last two decades has witnessed significant shift in ownership of Bank deposits. While there was improvement in Corporate and Government sectors' share by 8.30% and 7.20% respectively during the period 1999 to 2009, household sector lost a share of 13.30% in the post reform period.

In the post-independence era, Indian financial system was characterized by poor infrastructure and low level of financial deepening. Savings in physical assets constituted the largest portion of the savings compared to the financial assets in the initial years of the planning periods. While rural households were keen on acquiring farm assets, the portfolio of urban households constituted consumer durables, gold, jewellery and house property.

Despite the fact that the household savings have been gradually moving from physical assets to financial assets over the years, still 49.79% of household savings are wrapped in unproductive physical assets, which is a cause of concern as the share of physical assets to total savings are very high in the recent years compared to emerging economies. This trend needs to be arrested as scarce funds are being diverted into unproductive segments.

Of course, investment in Real estate sector can be treated as productive provided construction activity is commenced within reasonable time, but it is regrettable note that many investors just buy and hold it for speculation leading to unproductive investments.

India has probably the largest fascination with gold than any other country in the world with a share of 9.50% of the world's total gold holdings. The World Gold Council believes that they are over 18000 tonnes of gold holding in the country. More impressive is the fact that current demand from India alone consumes 25% of the world's annual gold output. Large amount of capital is blocked in gold which resides in bank lockers and remain unproductive.

Indian economy would grow faster if the capital markets could attract more of the nation's savings and channel them into more productive areas, especially infrastructure. If the Indian market can develop and evolve into a more ma-

ture financial system, which persuades the middle class to put more of its money into equities, the potential is mind-boggling.

1. Which of the following statement (s) is/are correct in the context of the given passage?

- I. The GDS percentage to GDP has shown considerable improvement from 10% in 1950 to 33.7% in 2010, which is one of the highest globally.
- II. The saving rate however shows an increasing trend, marginal decline is observed under household sector.
- III. The share of financial assets in total household savings have come down from 54.05% in 1990 to 50.21% especially in post reform era.

- (1) Only I
- (2) Only I and II
- (3) Only II and III
- (4) All I, II and III
- (5) None of these

2. Post independence era has witnessed a significant shift in deployment of household savings especially the share of financial assets increased to 54.05% in 1990. Which of the following is/are supposed to be the prime cause of this shift?

- (1) It is due to bank branch network across the country.
- (2) Government has made arrangements to aware the people.
- (3) It is due to increase in bank branch network and awareness among investors on various banking products.
- (4) Indian economy is growing at 8% and people are saving more than earlier
- (5) None of these

3. India has probably the largest fascination with gold than any

other country in the world. Which of the following is incorrect in regard to this fascination as mentioned in the passage?

- (1) India shares 9.50% of the total gold holdings
- (2) According to the World Gold Council estimates there are over 18000 tonnes of gold holding in India.
- (3) The current demand from India alone consumes 25% of the world's annual gold output.
- (4) A small amount of capital is blocked in gold in banks but is however productive.
- (5) None of these

4. Which of the following are the primary reasons, cited in the passage, for higher currency holdings?

- (1) It is due to large banking network that stores money.
- (2) It is due to absence of banking facilities in majority of villages and tendency to circumvent tax laws for unaccounted money.
- (3) People do not believe in banks and fear that government may take their money.
- (4) There is lack of awareness among people about savings in banks
- (5) None of these

5. Despite the fact that the household savings have been gradually moving from physical assets to financial assets over the years. What percentage of household savings is wrapped in unproductive physical assets?

- (1) 45% (2) 46.79%
- (3) 58% (4) 49.79%
- (5) None of these

6. Which of the following should be a suitable title of the passage?

- (1) Importance of Gross Domestic Savings
 (2) Growth of Indian economy
 (3) Fascination for Gold
 (4) Physical assets versus financial assets
 (5) None of these

Directions (7-8) : Choose the word/group of words which is **most nearly the same** in meaning to the word/group of words printed in **bold**.

7. Contractual

- (1) promising
 (2) agreeing (3) promissory
 (4) agreeable (5) concord

8. Commensurate

- (1) matching (2) commensal
 (3) commemorative
 (4) unmatched
 (5) comfortable

Directions (9-10) : Choose the word(s) which is **most opposite** in meaning of the word printed in **bold**, as used in the passage.

9. Jeopardize

- (1) sever (2) endanger
 (3) saddle (4) safeguard
 (5) saturate

10. Mind-boggling

- (1) conscious (2) inclined
 (3) very difficult (4) surprising
 (5) unscrupling

Directions (11-15) : In the following questions, a passage is given with a blank space in the beginning. Three statements are given following the passage. You are required to select which of the statement(s) may be the starter?

11. _____ It is so pleasant a profession that it is not surprising if a vast number of persons adopt it who have no qualifications for it. The writer is free to work in what he believes.
- I. I am a writer
 II. I am a writer as I might have been a doctor or a lawyer.
 III. I was a writer as I might have been a doctor.
- (1) Only A (2) Only B

- (3) Only C (4) Both A & B
 (5) Both B & C

12. _____ It grew faster in year 2010. The conditions were favourable which helped in economic boom. The agriculture, tourism, export and mining helped in the growth of the economy.

- I. Indian economy is not growing well.
 II. The Indian economy grew fast at 10 per cent in 2008.
 III. Due to economic reforms, economic growth of India was 8 per cent in 2009.

- (1) Only A (2) Only B
 (3) Only C (4) Both A & B
 (5) Both B & C

13. _____ So, Anti Corruption campaign occupied centre stage during election season. Corruption prevailing in the high and mighty adversely impacts our nation, and its global image.

- I. Corruption is a big evil in India.
 II. Corruption is not a big evil in India as propagated.
 III. Anti corruption is a big challenge in India.

- (1) Only A (2) Only B
 (3) Only C (4) Both A & B
 (5) Both B & C

14. Roads are unsafe because of shortcomings in road and traffic engineer, old and non standard codes of traffic control devices, poor driver training and assessment, out dated legislations and a poor enforcement system.

- I. Road safety is not a stand-alone phenomenon.
 II. Indian roads are unsafe not due to a single factor.
 III. Road safety is a stand-alone phenomenon.

- (1) Only A (2) Only B
 (3) Only C (4) Both A & B
 (5) Both B & C

15. _____ Such an initiative was long overdue. India has been characterized as one of the most over regulated countries in the world. No central database of all laws and regulations exists in the country.

- I. The government was considering to prepare database.
 II. The government is considering to prepare a database of all laws and regulations.
 III. The government has considered to prepare a database.

- (1) Only A (2) Only B
 (3) Only C (4) Both A & B
 (5) Both B & C

Directions (16-20) : Rearrange the following six sentences (A), (B), (C), (D), (E) and (F) in the proper sequence to form a meaningful paragraph; then answer the questions given below them.

- (A) Arctic sea ice has been melting at break-neck speeds in the past few decades, driven by warming air temperature, warming ocean water temperature, all of which are caused by or accelerated by man-made climate change.
 (B) But there are other factors at play in the decline of ice in the Arctic Ocean.
 (C) Sea ice is generally moderated by sunlight.
 (D) Warm ocean currents travel north from the equator and usher in warmer and warmer water, making sea ice growth difficult.
 (E) It grows in the winter and melts in the summer.
 (F) Weather patterns over the high mid-latitudes and the Arctic can also affect sea ice growth.

16. Which of the following should be the **fourth** sentence after rearrangement?
 (1) E (2) D
 (3) C (4) B
 (5) A
17. Which of the following should be the **sixth** sentence after rearrangement?

- (1) A (2) B
 (3) C (4) D
 (5) E

18. Which of the following should be the **SECOND** sentence after rearrangement ?

- (1) E (2) D
 (3) C (4) B
 (5) A

19. Which of the following should be the **FIRST** sentence after rearrangement ?

- (1) A (2) B
 (3) C (4) D
 (5) E

20. Which of the following should be the **THIRD** sentence after rearrangement ?

- (1) A (2) B
 (3) C (4) D
 (5) F

Directions (21–30) : In the following passage there are blanks, each of which has been numbered. These numbers are printed below the passage and against each, five words are suggested, one of which fits the blank appropriately. Find out the appropriate word in each case.

The rise of Asian manufacturers in the 1990s hit African firms hard; many were wiped out. Northern Nigeria, which once had a **(21)** garments industry, was unable to **(22)** with low-cost imports. South Africa has similar problems; its manufacturing failed to grow last year **(23)** the continental boom.

This is partly the **(24)** of governments. Buoyed by commodity income, they have neglected industry's needs, **(25)** for roads and electricity. But that, too, may at last be changing. Wolfgang Fengler, a World Bank economist, says, "Africa is now in a good position to industrialise with the right mix of ingredients." This includes **(26)** demography, urbanisation, an emerging middle class and strong services. "For this to happen," he adds, "the continent will need to scale up its infrastructure **(27)** and improve the business climate and many [African]

countries have started to **(28)** these challenges in recent years."

Kenya is not about to become **(29)** next South Korea. African countries are likely to follow a more diverse path, benefiting from the growth of countless small and medium-sized businesses, as well as some big ones. For the next decade or so, services will still generate more jobs and wealth in Africa than manufacturing, which is fine. India has **(30)** for more than two decades on the back of services, while steadily building a manufacturing sector from a very low base. Do not bet against Africa doing the same.

21. (1) thriving
 (2) flourish
 (3) detractive
 (4) dooming (5) repulsive

22. (1) competed
 (2) compete (3) complete
 (4) surrender
 (5) commensurate

23. (1) inspite (2) additional
 (3) in addition (4) despite
 (5) despite of

24. (1) fact (2) quality
 (3) fault (4) default
 (5) fiction

25. (1) specific (2) especially
 (3) particular (4) partially
 (5) generally

26. (1) favourable (2) favourably
 (3) ferocious (4) special
 (5) contrast

27. (1) expenditures
 (2) disinvestment
 (3) investments
 (4) development
 (5) developing

28. (1) tackle (2) tacking
 (3) decrease (4) increase
 (5) improve

29. (1) a (2) an
 (3) the (4) such
 (5) for

30. (1) boomed (2) booming
 (3) boom (4) expand
 (5) plummeted