INFERENCE

III. The immediate challenge is on the food front. Shortfalls in production have been allowed to affect supplies and hence prices. The Government is planning to focus on investment in irrigation and even revival of agricultural extension system what is probably needed is a fresh dose of Green Revolution strategy. It appears that the Green Revolution instruments to encourage farmers to invest are no longer effective. The Green revolution strategy was based on the state taking out the risk of collapse in prices. Farmers were offered remunerative prices and a guaranteed procurement of their produce in case the open market could not absorb it. Farmers could then borrow from banks, acquire the Green Revolution Technology and produce as much as they could. The pressure on the food subsidy was manageable as long as there was a food shortage. Prices in the open market then tended to be above the procurement prices. But with the food surpluses the situation has changed. The situation was unsustainable not merely because of the magnitude of this subsidy. It was also inefficient. It meant farmers were being led to produce crops based just on the prices Government fixed and not in relation to any real demand. In these circumstances, the Government was reluctant to keep increasing procurement priced at. the pace that used to he the norm in earlier years.

1. The Government is planning to make crucial changes in the Green Revolution strategies.
2. The Government is not longer in a position to provide subsidy to farmers.
3. As the open market prices are lower, all the burden of procurement of crops is on the Government.
4. Demand is much higher than the quantity of crops produced by the farmers.
5. The farmers tend to produce the crops as per their convenience and not consonant with the demand.

IV. Economic liberalization and globalization have put pressures on Indian industry, particularly on the service sector, to offer quality products and services at low costs and with high speed. Organizations have to compete with unequal partners from abroad. It is well recognized that developing countries like India are already behind other countries technologically, in many areas, although some of them, particularly India, boast of huge scientific and technical manpower. In addition to this, if an entrepreneur or industrialist has to spend a lot of his time, money and energy in dealing with unpredictable services and in negotiating with the local bureaucracy, it can have a significant dampening effect on business.

6. No other developing country except India claims that they have highly trained technical manpower.
7. Foreign companies are more equipped than domestic companies to provide quality service in good time.
8. Official formalities are less cumbersome in almost all the counties except India.
9. Indian service industry was more comfortable before economic liberalization.
10. India at present is to some extent on par with developed countries in terms of technological development.

Below is given a passage followed by several possible inferences which can be drawn from the facts stated in the passage. You have to examine each inference separately in the context of the passage and decide upon its degree of truth or falsity.

Mark answer (1) if the inference is 'definitely true', i.e. it properly follows from the statement of facts given.

Mark answer (2) if the inference is 'probably true' though not 'definitely true' in the light of the facts given.

Mark answer (3) if the 'data are inadequate', i.e. from the facts given you cannot say whether the inference is likely to be true or false.

Mark answer (4) if the inference is 'probably false', though not 'definitely false' in the light of the facts given.

Mark answer (5) if the inference is 'definitely false', i.e. it cannot possibly be drawn from the facts given or it contradicts the given facts.

I. Domestic steel industry has been going through challenging times with raw material prices rising unabated and government trying to cap final product (steel) prices in order to keep inflation under check. Notably, the government has taken several measures in the past six months to keep are check on steel prices, which contribute around 3.63% of WPI. Now, after holding prices for three months the battle between the government and steel players has erupted again. With the anticipation of players increasing prices very soon, government is trying to counter this with the imposition of a price band on steel products. Imposition of price band may unfairly treat the domestic steel industry as global steel prices are ruling at 30% premium to domestic prices. Global prices have increased by 50%-60% in 2008 as compared to just 20% rise in the domestic market.

11. Same countries in the western world have fixed a price band for steel products in their domestic markets.

12. Govt.'s move to fix a price band of steel prices may adversely affect the steel manufacturing units in India.

13. Prices of steel is an integral part of the wholesale price index (WPI) of India.

14. There has been a decline in rate of inflation in recent months in India.

15. In recent past, the increase of steel prices in the international market is much lower than that in the domestic market.

II. Hurdles imposed in the path of foreign investors by regulations must be removed if the country wants to attract quality foreign investment. Particularly, when foreign institutional investors no longer seem very enamoured by the Indian story. Although the foreign exchange reserve does not face the risk of falling to the levels of early 1990, the country should create an environment to attract more long term investments instead of just port folio inflows or hot money. Essentially a diluted version of Regulation issued in 1998 with its requirement that foreign partners with JVs set up in India prior to 2005 must obtain a green light from the domestic partner to set up another similar venture has the potential to be misused. Further, the foreign partner is also required to obtain prior approval from the government before a new venture in the same area of business as the existing one is set up.

16. Foreign investors are keen to invest in long term projects in India in the current scenario.

17. Many countries in the Asian continent have foreign investor friendly guidelines.

18. India's foreign exchange reserve in early 1990s was much below the current level.

19. India needs to tighten its norms for granting foreign investments in key sectors.

20. Foreign direct investment in India is mainly short-term investment.

Inference

1.	(b)	**2.**	(d)	**3.**	(a)	**4.**	(e)	**5.**	(a)	**6.**	(b)	**7.**	(b)
8.	(d)	**9.**	(a)	**10.**	(e)	**11.**	(d)	**12.**	(b)	**13.**	(a)	**14.**	(b)
15.	(e)	**16.**	(b)	**17.**	(c)	**18.**	(a)	**19.**	(b)	**20.**	(d)		