READING COMPREHENSIONS_25

Read the following passage carefully and answer the questions given below it. Certain words are printed in bold to help you to locate them while answering some of the questions.

In a reversal of the norm elsewhere, in India policymakers and economists have become optimists while bosses do the worrying. The country's Central Bank has predicted that the country's economy is likely to grow at a double digit rate during the next 20-30 years. India has the capability with its vast labour and lauded entrepreneurial spirit. But he private sector which is supposed to do the heavy lifting that turns India from the world's tenth largest economy to its third largest by 2030 has become fed up. Business people often carp bout India's problems but their irritation this time has a nervous edge. In the first quarter of 2011, GDP grew at an annual rate of 7.8%; in 2005-07 it managed 9-10%. The economy may be slowing naturally as the low interest rates and public spending that got India through the global crisis are belatedly withdrawn. At the same time the surge in inflation caused by exorbitant food prices has spread more widely, casting doubts over whether India can grow at 8-10 % in the medium term without overheating.

In India, as in many fast growing nations, the confidence to invest depends on the conviction that the long term trajectory is intact and it is that which is in doubt. Big Indian firms too sometimes seem happier to invest abroad than at home, in deals thatare often hailed as symbols of the country's growing clout but sometimes speak to its weaknesses – purchases of natural resources that India has in abundance but struggles to get out of the ground. In fact a further dip in investment could be self fulfilling: if fewer roads, ports and factories are built, this will hurt both short term growth figures and reduce the economy's long term capacity.

There is a view that because a fair amount of growth is assured the government need to try very hard. The liberalization reforms that began in 1991 freed markets for products and gave rise to vibrant competition, at the same time what economists call factor markets, those for basic inputs like land, power, labour etc. remain unreformed and largely under state control, which creates difficulties. Clearances today can take three to four years and many employers are keen to replace workers with machines despite an abundance of labour force. This can be attributed to labour laws which are inimical to employee creation and an education system that means finding quality manpower a major problem. In fact the Planning Commission, concluded that even achieving 9% growth will need marked policy action in unreformed sectors. Twenty years ago it was said that the yardstick against which India should be measured was its potential and it is clear that there remains much to do.

1 .What is the state of India's basic input sectors at present?

a) These sectors attract Foreign Direct Investment because of their vastpotential.

b) These sectors are lagging as projects are usually awarded to foreigncompanies.

c) These sectors are stagnating and badly in need of reforms.

d) These sectors are well regulated as there are governed by the State

2. Which of the following can be said about the Indian economy atpresent?

a) It can comfortably achieve doubel digit growth rate at present.

b) High food prices have led to overheating of the economy.

c) Citizens are affluent owing to laxity in regulation.

d) Unreformed sectors are a drag on economic growth.

3. Which of the following is most opposite in meaning to the wordMARKED given in bold as used in the passage?

a) Decreased

b) Ignored

c) Clear

d) Assessed

Read the following passage carefully and answer the questions given below it. Certain words have been printed in bold to help you to locate them while answering some of the questions.

The great fear in Asia a short while ago was that the region would suffer through the wealth destruction already taking place in the U.S. as a result of the financial crisis. Stock markets tumbled as exports plunged and economic growth deteriorated. Lofty property prices in China and elsewhere looked set to bust as credit tightened and buyers evaporated. But with surprising speed, fear in Asiaswung back to greed as the regin shows signs of recovery and property and stock prices are soaring in many parts of Asia.

Why should this sharp Asian turn around be greeted with skepticism? Higher asset prices mean households feel wealthier and better able to spend, which could further fuel the region’s nascent rebound. But just as easily, Asia could soon find itself saddled with overheated markets similar to the U.S. housing market. In short, the world has not changed, it has just moved placed.

The incipient bubble is being created by government policy. In response to the global credit crunch of 2008, Policy makers in Asia slashed interest rates and flooded financial sectors with cash in frantic attempts to keep loans flowing and economies growing. These steps were logical for central bankers striving to reverse a deepening economic crisis but there is evidence that there is too much easy money around. It’s winding up in stocks and real estate, pushing prices up too far and too fast for the undenying economic fundamentals. Much of the concern is focused on China where government stimulus efforts have been large and effective, Money in China has been especially easy to find. Aggreegate new bank lending surged 201% in first half of 2009 from the same period a year earlier, to nearly 51.1 turn on, Exuberance over a quick recovery which was given a boost by China’s surprisingly strong 7.9% GDP growth in the second quarter hjas buoyed investor sentiment not just for stocks but also for real estate.

Former U.S. Federal Reserve Chairman Alan Greenspan argued that bubbles could only be recognised in hand sight. But investors who have been well schooled in the dangers of bubbles over the past decade are increasingly wary that prices have risen too far and that the slightest bit of negative, economic news could knock markets for a loop. These fears are compounded by the possibility that Asia’s central bankers willbegin taking stops to shut off the money. Rumours that Beijing was on the verge of tightening credit led to Shanghai stocks plunging 5%. Yet many economists believe that, there is close to a zero possibility that the Chinese government will do anything this year that constitutes tightening. And without a major shift in thinking, the easy-money conditions will stay in place. In a global economy that has produced more dramatic ups and downs than anyone thought possible over the past two years. Asia may beneading for another disheartening plunge.

4. What does the author want to convey through the phrase “Theworld has not changed it has just moved places”?

a) At present countries are more dependent on Asian economies than on the

US economy

b) Economies have become interlinked on account of globalisation

c) Asian governments are implementing the same economic reforms asdeveloped countries

d) None of these

5. Which of the following can be said about the Chinese government'sefforts to revive the economy?

a) These were largely unsuccessful as only the housing market improved

b) The governments only concern was to boost investor confidence instocks

c) These efforts were ineffectual as the economy recovered owing to the USmarket stabilising

d) These were appropriate and accmplished the goal of economic revival

6. What do the statistics about loans given by Chinese banks in 2009indicate?

a) There was hardly any demand for loans in 2008

b) The Chinese government has borrowed funds from the US

c) China will take longer than the US to recover from the economic crisis

d) None of these

7. What is the author's main objective in writing the passage?

a) Illustrating that Asian economies are financially more sound than thoseof developed countries

b) Disputing financial theories about how recessions can be predicted andavoided

c) Warning Asian countries about the dangers of favouring fast growth andprofits over sound economic-principles

d) Extoiling China's incredible growth and urging other countries toemulate it

8. Why does the author doubt the current resurgence of Asianeconomics?

a) Their economies are too heavily reliant on the American economy whichis yet to recover

b) Central banks have slashed interest rates too abruptly which is likely tocause stock markets to crash

c) With their prevailing economic conditions they are at risk for a financialcrisis

d) Their GDP has not grown significantly during the last financial year

Answer:-

1. Option C
2. Option D
3. Option B
4. Option D
5. Option D
6. Option D
7. Option C
8. Option C