

Direction (1-10): Read the passage carefully and answer the following questions.

Spectacular economic growth over the past three decades has made India a global economic powerhouse. The Indian economy is now the third largest in the world by purchasing power parity after China and the United States.

The **surging** economic growth has improved living conditions of its citizens, but these improvements were not uniformly distributed among India's diverse population. Despite being among the richest countries in the world, India has attracted negative attention in recent years as the second most unequal country in the world, after Russia.

Income inequality is the unequal distribution of household or individual income across the various participants in an economy. It is often presented as the percentage of income related to a percentage of the population.

Income inequality has become increasingly evident since the 1980s when 30 to 35% of national income went to the top 10% of earners. Since then, the percent of income going to the top 10% has increased to 50% creating a huge disparity between high earners and low earners.

The problem of inequality in the distribution of income and wealth has gained much importance in India.

There are many reasons attributed to this unequal distribution of income and resources in India. Poor policies by the government top the list of why there is high inequality in income distribution in India. It can also be said that unemployment and underemployment are the reasons for low level of income of the majority of Indian people. Low labour productivity implies low rate of economic growth which is the main cause of poverty and economic inequality. In fact, inequality, poverty and unemployment are interrelated.

Another cause of income inequality is inflation. During inflation, few profit earners gain and most wages earners lose. This is exactly what happens in India.

Since wages have lagged behind prices, profits have increased. This has created more and more inequality. Moreover, during inflation, money income increases no doubt but real income falls. And this leads to a fall in the standard of living of the poor people since their purchasing power falls.

Money income is that part of your salary that is paid out in cash. It is your income in actual currency terms unadjusted for what is termed as inflation. Inflation refers to the increase in the general price of goods and services, more technically known as the Consumer Price Index or CPI. Real income is simply inflation-adjusted income.

A consumer price index (CPI) measures changes in the price level of market basket of consumer goods and services purchased by households. The most common use of the CPI is as an indicator of the economy's price level, and perhaps even more importantly, as a means of estimating the rate of inflation. Together with the unemployment rate, the CPI-based inflation rate provides economists, business leaders, and government policy makers with two readily available (as in monthly), indicators of business cycle activity. Rising inflation rates and falling unemployment rates are the hallmark of business-cycle expansions. Falling inflation rates and rising unemployment rates are the signs of business-cycle **contractions**. CPI also viewed as an indicator of the effectiveness of government economic policy.

No doubt, inequality has increased due to rise in prices. During inflation workers in the organised sector get higher wages which partly **offset** the effect of price rise. But wages

and salaries of workers in unorganised sectors (such as agriculture and small-scale and cottage industries) do not increase. So their real income (purchase income) falls. This is how inequality in the distribution of income increases between the two major sectors of the economy — organised and unorganised.

Inequalities in personal income has also resulted from inequality in professional competence, knowledge and training. The sort of inequalities has also its root in the unequal distribution of wealth and private property. Children belonging to higher or elite class of society have easy access to higher and professional education which the children of lower strata of society cannot even dream.

On the other hand, credit policies of commercial and development banks and other financial institutions are silently favouring the big producers, the large companies and large scale enterprises are having easy access in the capital market for raising adequate quantity of equity capital. All these have resulted concentration of capital in the hands of few large industrial houses.

This is also true that various measures have been adopted by the Government to reduce inequality in the distribution of income. Like, the payment of bonus (called annual payment) has been made compulsory in every industry. In order to reduce the income inequalities, the control of monopolies is considered as an important step. Under the present regime of liberalization of the industrial sector, the monopoly trends are likely to be strengthened further and thereby economic disparities may **aggravate** further. Designing the tax structure has been considered as an important tool in the hands of government to reduce the unequal distribution of wealth in a country like India. Moreover, various self-employment projects have been taken both in rural and urban areas to solve the growing unemployment problem.

Finally, various types of transfer payments (such as unemployment, compensation, soft loans, pensions to freedom fighters, concessions to senior citizens, etc.) have been made for improving the welfare of certain weaker sections of the society.

1. **According to the passage, what has not been promoting the economic inequalities in the country?**
 - a) inequalities in Professional Knowledge and Training
 - b) growing Unemployment
 - c) inflationary rise in prices
 - d) private ownership of industries and trade
 - e) credit Policy of Banks and Financial Institutions
2. **According to the passage, which of the followings will not be counted as the function of the Consumer Price Index (CPI)?**
 - a) helps in estimating the inflation rate
 - b) helps in calculating domestic savings of the country
 - c) estimates the changes in the price of goods & services purchased by households
 - d) indicator of business activity
 - e) estimates the usefulness of government policies
3. **According to the passage, what has been considered as a most effective measure through which government can control the unequal distribution of income and wealth in the country?**
 - a) self employment programmes
 - b) effective taxation policy
 - c) control over monopolies in the economy
 - d) transfer payments
 - e) upliftment of the rural poor

4. According to the passage, which of the followings has been pointed out as one of the major causes of economic (income) inequalities in the country?
- underemployment
 - tax evasion
 - faulty government policies
 - new agricultural strategy
 - inflation
5. Which of the following statements is true in the content of the passage?
- falling inflation rates and rising unemployment rates are the signs of business-cycle expansion.
 - money income is that part of your salary that is paid out in cash.
 - illiteracy, poverty and unemployment are interrelated
 - None of the above
 - All are true
6. Find the incorrect statement on the basis of the given passage?
- real income is simply inflation-adjusted income
 - the payment of bonus has been made compulsory in every industry
 - common use of the CPI is as an indicator of the economy's price level
 - during inflation, wages and salaries of workers in organized sectors do not increase
 - all are correct
7. Choose the word which has same meaning as the word **surging**
- retreating
 - declining
 - moribund
 - waning
 - swelling
8. Choose the word which has same meaning as the word **offset**
- disparity
 - disproportion
 - recompense
 - unevenness
 - inconsistency
9. Choose the word which has opposite meaning as the word **aggravate**
- worsen
 - intensify
 - exacerbate
 - assuage
 - exaggerate
10. Choose the word which has opposite meaning as the word **contraction**
- retrenchment
 - curb
 - augmentation
 - cutback
 - economizing

Direction (11-15): Five sentences denoted by A, B, C, D and E have been given. Identify the odd sentence and arrange rest of the four sentences in such a way that they make a meaningful paragraph.

11. A. However, the frequency and severity of individual, catastrophic weather events depend heavily on the variability of temperatures as well as their mean, the larger the swings, the more often extremely hot or cold conditions can wreak havoc.
- B. Far from the equator, countries will actually see smaller temperature fluctuations, because of changing atmospheric patterns.
- C. Their paper finds that, as the planet warms, soil in areas near the equator will dry up, reducing its ability to dampen temperature swings, and this problem is expected to be especially acute in the Amazon rainforest.
- D. Unfortunately, according to a new study by Sebastian Bathiany of Wageningen University and three other scientists, poor countries are not only predicted to bear the brunt of the increase in average temperatures, but also to suffer from higher variation.
- E. Global warming is often used as a synonym for climate change, and most discussions of the topic focus on the expected increase in average global temperatures.
- ABDE
 - EADC
 - BADC
 - DBEA

- e) ACBE
12. A. Our own assessment is that it would take another six to nine months before the banks see revival of confidence to lend afresh as they would then see reasonable amount of their NP As get unlocked through a resolution.
- B. It also said the process of resolution of the companies under the Insolvency and Bankruptcy Code reference would gather pace in the coming months.
- C. Twin balance sheet problem refers to the stress on balance sheets of banks due to non-performing assets or bad loans on the one hand, and heavily indebted corporates on the other.
- D. In the coming months, the IBC process would see some refinement, based on the experience gained so far even as the capacity to handle the cases would get built up in an institutionalised manner.
- E. It may take at least three quarters before the twin balance sheet problem of banks saddled with bad loans and highly leveraged corporates gets resolved, industry body Assocham said.
- DACB
 - ECAD
 - CDBA
 - EBCA
 - ABED
13. A. The RBI has always maintained that it intervened in the foreign exchange market to cut volatility and not to target a particular level for the rupee.
- B. The report said, quoting Petroleum Planning & Analysis Cell, that a \$10/bbl oil price rise raises India's current account deficit by \$15 billion and the fiscal deficit by 0.1% of GDP, if domestic fuel prices are unchanged.
- C. The rupee ended the day at 67.27 to a dollar, a fresh 15-month low, the domestic currency, which has depreciated more than 5% in 2018, is one of the worst-performing Asian currency this year.
- D. According to a UBS Securities report, since India is a net oil importer with inelastic demand, global crude oil price movement tends to have an important bearing on macro stability risks and economic growth prospects.
- E. Withdrawal of accommodation would mean interest rate could only go up from now, as opposed to the neutral stance, that indicates interest rate can move either ways.
- ACDB
 - DAEC
 - CABC
 - EADC
 - AECB
14. A. A wave of extreme weather over northern States in India has killed at least 124 people and caused much misery, mostly in Rajasthan and Uttar Pradesh.
- B. There is also a body of research that points to altered climate patterns due to accumulation of dust particles, which affect even the Himalayan glaciers.
- C. The residents of this weather hotspot region are used to annual storms carrying natural dust clouds in the pre-monsoon season, from the Thar Desert and further west, but they have been hit by a particularly destructive version this year, one that combined hot western winds and moisture from the east.
- D. Many of the casualties in the recent storms were caused by collapsing infrastructure, such as electricity transmission lines that were not built to withstand such weather.
- E. This could be a recurring feature, and there is a need to develop accurate forecasting methods and protocols to mitigate the impact
- BCAD
 - DEBA
 - ACED
 - CBAE
 - BAEC
15. A. Asia is expected to grow at 5.6 per cent this year and next, it said, adding that the outlook was supported by strong global demand, as well as still accommodative policies and financial conditions

- B. The Indian economy is expected to grow at 7.4 per cent in the current fiscal and accelerate further to 7.8 per cent as it recovers from the impact of demonetisation and Goods and Services Tax rollout, the International Monetary Fund said.
- C. But there are risks and challenges ahead including from a tightening of global financial conditions, a shift toward inward-looking policies, and over the longer run population aging, slowing productivity growth, and the rise of the digital economy.
- D. Noting that present rates of inflation in Asia were some of the lowest in decades, it said, it had seen some upward movement since September 2017 on the back of rising oil prices.
- E. Asia continues to be the main engine of the world's economy, accounting for more than 60 per cent of global growth three-quarters of which comes from China and India alone, as per IMF's Regional Economic Outlook: Asia and Pacific.
 - a) CDEB
 - b) BECA
 - c) ADEC
 - d) DEAB
 - e) ECBA

Directions (16-20): In each of the following questions one phrase has been given and it has been followed by four sentences. You have to find out in which of these sentences phrase has been used properly according to its meaning and mark your answer from the options denoted by a), b), c) and d). Mark e) as your answer if you find that phrase has been applied properly in all the sentences.

- 16. Gloss over
 - i) While explaining the plan to the financiers, he glossed over the shortcomings of the plan.
 - ii) In a speech, the principal glossed over the poor performance of the students in the annual exams and highlighted the sports achievements of the students.
 - iii) While talking to the press reporters, minister glossed over the failures of the schemes which were initiated by him.
 - iv) He tried to gloss over the picture with his brush so as to give the natural look.
 - a) only i & ii
 - b) only I, ii & iv
 - c) only ii & iii
 - d) all except iv
 - e) all are correct
- 17. Hear of
 - i) I have heard of musician who plays Piano well very.
 - ii) When you heard of the medicine, why did you not try it?
 - iii) He has heard of three locations for the conference but he will have to visit these locations so as to take the final decision.
 - iv) Have you heard of the Economics Magazine which is published by the ministry of finance on monthly basis?
 - a) only i & ii
 - b) only ij ii & iv
 - c) only ii & iii
 - d) all except iv
 - e) all are correct
- 18. Clear Out
 - i) All the students who have taken the final year exams have been told to clear out of their hostel rooms within three days.
 - ii) He cleared out of this flat last week, when he came to know that he has been transferred to Hyderabad
 - iii) Before signing the agreement, it is necessary to clear out few things.
 - iv) I have asked him to clear out the store room tomorrow.
 - a) only i & ii
 - b) only I, ii & iv
 - c) only ii & iii
 - d) all except iv
 - e) all are correct
- 19. Set out
 - i) The school coordinator has set out the schedule for the annul function and all the teachers are requested to follow that.

- ii) He set out with the aim of becoming the best tennis player of his state.
- iii) In my report I have set out the ideas for improving the performance of company.
- iv) Office attendant was setting out the furniture in the meeting hall.
 - a) only i & ii
 - b) only i, ii & iv
 - c) only ii & iii
 - d) all except iv
 - e) all are correct
- 20. Allow for
 - i) While calculating the monthly expenses he did not allow for the cost of rent we paid for this building.
 - ii) You should have allowed for the advertising expenses at the time of calculating the cost of final product.
 - iii) He is a good player and should be allowed for playing final match.
 - iv) The performance of the employees should be allowed for while calculating their salary increment.
 - a) only i & ii
 - b) only ij ii & iv
 - c) only ii & iii
 - d) all except iv
 - e) all are correct

Directions(20 to 25): In each question a sentence is given followed by a blank. Each blank is followed by three options and you have determine which option can be used in place of blank to give a meaningful sentence and mark it as your answer.

- 21. The unprecedented outbreak of violence and arson that followed the conviction by a CBI court of the Dera Sacha Sauda's maverick chief Gurmeet Ram Rahim Singh leads to....
 - i. death of 30 people
 - ii. imposition of curfew
 - iii. Injury of 250 people
 - (a) Only i
 - (b) Only ii
 - (c) Both i and ii
 - (d) Both ii and iii
 - (e) All of these
- 22. After an anonymous letter was sent by a Dera 'sadhvi' in 2002 to Prime Minister AB Vajpayee, the district court in Sirsa tried but
 - i. to get evidence against the accused
 - ii. the Haryana CM fiddled while Panchkula burned.
 - iii. failed as the terrorised victims refused to speak out.
 - (a) Only I
 - (b) only ii
 - (c) Both i and ii
 - (d) Both ii and iii
 - (e) Both i and iii
- 23. Not having a consensus is welcome but having a hidden agenda will lead to
 - i. data availability and methodological robustness.
 - ii. decisions that will weaken institutions and the policy framework.
 - iii. long term implications for growth.
 - (a) Only I
 - (b) Both i and ii
 - (c) Both ii and iii
 - (d) Only ii
 - (e) None of these
- 24. People often wonder if machines can take over the stock markets with algorithmic trading why not accounting? But then, these algorithms....
 - i. run on standardised data sets of stock prices, interest rates, unemployment rates etc.
 - ii. run on equations built on historical data and linked to variables available in homogeneous forms.
 - iii. dominate the auditing profession.
 - (a) Only I
 - (b) Only ii
 - (c) Both ii and iii
 - (d) Only iii
 - (e) All of these
- 25. But over-enthusiastic taxpayers end up submitting the forms without doing a cross-check because they are not sure when the portal will go kaput. If there is anything that accountants have learned from the first GST filing, it is
 - i. to ensure that the '_submit' button is clicked only after a comprehensive audit of everything
 - ii. to the amount in the liability ledger to avoid penalty

- iii. to cough up an additional amount of 22.27 lakhs in tax.
 (a) Only ii (b) All except i
 (c) Both ii and iii (d) Only iii
 (e) None of these

Direction(26 to 30): In each questions below, a Theme has been given followed by three passage. You have to determine which passage is based on the given theme and mark it as your option. More than one passage can be based on the given theme that is highlighted in bold.

26. Indian villages :: our strength or our weakness?

- i. The gdp of India consists of agriculture industry and services sector where in the first 2 sectors rural population contribute the most. The Rural population is engaged in agriculture which feeds all of us. Rural India maintains India's ecology. But due to govt negligence towards rural population, it could not reveal its true potential. If given proper education infrastructure and healthcare facilities these rural population can catapult into the robust workforce for prime minister's make in India initiative.
- ii. They are the base of Indian Culture. They are not useless but the only thing is that they are used less. Low literacy rate does not mean that the villagers are illiterate but the only thing is that they are not given chance to show their talent otherwise they also have a key role in the progress of the nation. If India has to develop they must develop and their lost culture need to explore as much as we can. So, let us lend a helping hand in the development of these which will ultimately lead to the development of our nation.
- iii. Farmers are very important for us. I am so glad about our farmers they provide many things for us. In winters there is very cool atmosphere although they keep doing farming which offer us so many things. I proud of my farmers.
 (a) Only I (b) Only ii
 (c) Only iii (d) All of these
 (e) None of these

27. Borderless World: A Threat?

- i. If there is no mutual understanding between countries or the two countries are enemy of each other. But at the same time if the countries go along with each other well and there are no serious disputes between country than borderless world is a great idea.
- ii. Borders are made to divide the region and controlled by government for eg India is a country which is divided into states like MP, Delhi, Punjab etc, These states are further divided into cities which are further divided into towns, tehsils, Villages and are governed by president, PM, CM, Mayor, Head of panchayat. Have you ever thought why we need such divisions. Only because managing a huge no. Of population all over the world is not possible. There will be the number of crimes. Who will handle all such problems.
- iii. A borderless world means a unified governing body. One body controlling and assimilating such absolute power will corrupt absolutely, interest of minorities might be ignored, income disparity will increase and the world will be in a state of chaos and general lawlessness. We don't want that do we?
 (a) Only I (b) Both i and iii
 (c) Both ii and iii (d) All except iii
 (e) None of these.

28. Women are better at Multi-Tasking

- i. I do not feel that women are inherently any better at multitasking than men are. I believe that each individual has a different skill set. There are both men and women who are great at multitasking. Likewise, there are both men and women who work better when given a single job. However, society has evolved in a manner so as to demand that women fulfill a number of roles society demands that woman handle both domestic and professional spheres without getting ruffled and so women try, and succeed at multitasking.
- ii. My cousin she is an engineer though she works for office from her home only then too she has no time to attend her child and spouse. Because all time in front of laptop attending

meetings, seminars etc till 2 a.m. Makes women irritated which also result into conflicts between husband and wife.

- iii. Mary Kom who excelled in sports even though she is mother of 2 children, she nurtured them along with practice and spent time for her husband. Chanda Kochar ceo of ICICI was good at office and looking their family members.
 (a) All except ii (b) Only i
 (c) Only ii (d) All of these
 (e) None of these

29. Is Love Precious or Poisonous?

- i. Only the trust decide that the relationship is precious are poisonous. Love is a kind of feeling. All human need it. All are slave for love. But making it as a poison or precious is based on our behaviour. Remember one thing love is sweet poison. But don't forget it is poison. Too much of anything is good for nothing.
- ii. I have more positive belief about love. Love is strong magical intangible feeling comprises of care, understanding, trust, respect and zero expectations. It exists everywhere and eternal. It doesn't want gifts, it just requires time, compromisation, understanding. Our reason of happiness is love.
- iii. Love makes one's life beautiful with various colours. Life without love is like a body without soul. In one's life, a man comes across various types of love. As the proverb is "everyone is unique" in the same way love is unique to everyone. Everyone get this precious love according to their age.
 (a) Only i (b) Only ii
 (c) Only iii (d) All of these
 (e) None of these.

30. Up the Down Staircase

- i. I think everyone falls once in their life. It is the very aspect of life. Without falling you can't get back up and that is the recipe to become a successful person. The road may seem cumbersome and hard to come by but you need to keep moving up the ladder no matter how many times you fall down.
- ii. A staircase without stairs doesn't signify sense to us in similar way a success without failure does not feels you good. Its only our failure step that ultimately help us to achieve us success. And one more thing these failure and success these are the state of mind, I want to ask simple question after getting a success does we stop achieving things, does we stop competing with others if so then this is also our failure.
- iii. It's very difficult to climb up but higher person get respect in each and every field at point of failure person think about their mistakes to overcome these mistakes he can achieve great success.
 (a) All except I (b) Both i and ii
 (c) Both ii and iii (d) Both i and iii
 (e) All of these