

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

Capital has been defined as that part of a person's wealth, other than land, which yields an income or which aids in the production of further wealth.

Capital serves as an instrument of production. Anything which is used in production is capital.

In the ordinary language, capital is used in the sense of money. But when we talk of capital as factor of production, it is quite wrong to confuse capital with money. There is no doubt that money is a form of wealth and it yields income, when it is lent out. But it cannot be called capital. Capital is a factor of production, but money as such does not serve as a factor of production. It is another thing that with money we can buy machinery and raw materials which then serve as factors of production.

Capital has been produced by man working with nature. Hence, capital may also be defined as man-made instrument of production. Capital, thus, consists of those goods which are produced for use in future production.

Machines, tools and instruments, factories, canals, dams, transport equipment, stocks of raw materials, etc., are some of the examples of capital. All of them are produced by man to help in the production of further goods, services and wealth.

While money is used to purchase goods and services for consumption, capital is more **durable** and is used to generate wealth through investment.

Examples of capital include automobiles, patents, software and brand names. All of these items are inputs that can be used to create wealth. Besides being used in production, capital can be rented out for a monthly or annual fee to create wealth.

Capital has its own peculiarities and characteristics which distinguish it from other factors of production.

Capital cannot produce without the help of the active services of labour. Labour is an active, whereas capital is a passive factor of production. Capital on its own cannot produce anything until labour works on it.

The composition or supply of capital is not automatic, but is produced with the joint effort of labour and land. Therefore, capital is a produced means of production.

The total supply of land cannot be changed, whereas the supply of capital can be increased or decreased. If the residents of a country produce more or save more from their income, and these savings are invested in factories or capital goods, it increases the supply of capital.

Of all the factors of production, capital is the most mobile. Land is perfectly immobile. Labour and entrepreneur also lack mobility. Capital can be easily transported from one place to another.

The term "capital" can refer to a number of different concepts in the business world. While most people think of financial capital, or the money a company uses to fund operations, human capital and social capital are both important contributors to a company's overall financial health.

The most common forms of financial capital are debt and equity.

Equity capital is funds paid into a business by investors in exchange for common or preferred stock. This represents the core funding of a business, to which debt capital funding may be added. The equity shareholders are the owners of the company who have significant control over its management. They enjoy the rewards and bear the risk of ownership.

In other words, it can be said that the equity capital refers to that portion of the organization's capital, which is raised in exchange for the share of ownership in the company. These shares are called the equity shares.

There are various advantages of equity capital. Equity investors do not require a pledge of collateral. Existing business assets remain unencumbered and available to serve as security for loans. The firm has no obligation to redeem the equity shares since these have no maturity date. The equity capital acts as a cushion for the lenders, as with more and more equity base, the company can easily raise additional funds on favorable terms. Thus, it increases the creditworthiness of the company. **Conductive** feature of equity share capital is that the firm is not bound to pay dividends, in case there is a cash deficit. The firm can skip the equity dividends without any legal consequences.

There are some disadvantages also of raising the finances through the issue of equity shares. With the more issue of equity shares, the ownership gets **diluted** along with the control

over the management of the company. The cost of equity capital is high since the equity shareholders expect a higher rate of return as compared to other investors.

Debt financing occurs when a firm sells fixed income products, such as bonds, bills, or notes, to investors to obtain the capital needed to grow and expand its operations. When a company issues a bond, the investors that purchase the bond are lenders who are either retail or institutional investors that provide the company with debt financing.

Human capital is much less intangible concept, but its contribution to a company's success is no less important. Human capital refers to the skills and abilities a company's employees bring to the operation.

Social capital is an even more **intangible** asset, referring to the relationships people have to each other, and the desire they have to do things for and with others within their social networks.

Working capital is a measure of both a company's operational efficiency and its short-term financial health. Working capital can also be defined as the difference between a company's current assets and current liabilities, working capital is a measure of company's short-term liquidity—more specifically, its ability to cover its debts, accounts payable and other obligations that are due within a year.

If a company's current assets do not exceed its current liabilities, then it may have trouble paying back creditors or go bankrupt. A declining working capital ratio is a red flag for the firm and financial analysts.

1. According to the passage, what is the most advantageous feature of equity capital?
 - (a) equity shareholders are the actual owners of the firm
 - (b) firm do not required a pledge of collateral.
 - (c) firm has no obligation to redeem the equity shares.
 - (d) it increases the creditworthiness of firm
 - (e) Firm is not bound to pay dividends, in case of cash deficit

Ans. (e)

According to the passage the most advantageous feature of equity capital is that the firm is not bound to pay dividends, in case there is a cash deficit.

2. According to the passage, which type of capital tells about the short term liquidity of the company?
 - (a) equity capital
 - (b) trading capital
 - (c) working capital
 - (d) debt capital
 - (e) human capital

Ans. (c)

It is given in the passage that working capital is a measure of a company's short-term liquidity—more specifically, its ability to cover its debts, accounts payable and other obligations that are due within a years.

3. According to the passage, which of the followings will not be counted as the characteristic of capital?
 - (a) capital is a passive factor of production
 - (b) capital is variable
 - (c) capital is more mobile than other factor of production
 - (d) capital depreciates
 - (e) capital is produced means of production.

Ans. (d)

According to the passage, 'capital depreciates' will not be counted as the characteristic of capital as it is not given in the passage.

4. According to the passage, which of the following will not be considered as a capital?
 - (a) tools and instruments
 - (b) brand name
 - (c) factories
 - (e) stock of raw materials

Ans. (c)

According to the passage, 'bank balance' will not be considered as a capital because it is clearly mentioned in the passage that capital consists of those goods which are produced for use in future production so 'bank balance' will be considered as a wealth not capital.

5. Which of the following statements is true in the context of the passage?
 - (a) Money is a form of capital.
 - (b) Capital can be defined as man-made instrument of production.
 - (c) Social capital is tangible asset of the firm.
 - (d) None of the above
 - (e) All are true

Ans. (b)

According to the passage, true statements is "capital" can be defined as man-made instrument of production".

6. Find the incorrect statement on the basis of the given passage.
 - (a) Human capital refers to the skills and abilities a company's employees.
 - (b) With the more issue of equity shares, the ownership gets diluted.
 - (c) A declining working capital ratio is a sign of relief for firm's financial health.
 - (d) Debt financing occurs when a firm sells fixed income products.
 - (e) All are correct.

Ans. (c)

According to the passage, declining working capital ratio is a red flag for financial analysts and firm as working capital tells about the firm's ability to cover its debts, accounts payable and other obligations that are due within a year.

7. Choose the word which has same meaning as the word **intangible**
- | | |
|-----------------|---------------|
| (a) concrete | (b) genuine |
| (c) elusive | (d) authentic |
| (e) substantial | |

Ans. (c)

The meaning of "intangible" is "insubstantial/elusive/vague."

8. Choose the word which has same meaning as the word **Conducive**
- | | |
|-------------|-------------------|
| (a) Gloomy | (b) accommodating |
| (c) cynical | (d) glum |
| (e) ominous | |

Ans. (b)

The meaning of "conducive" is "favorable/helpful/accommodating".

9. Choose the word which has opposite meaning as the word **durable**
- | | |
|-------------|---------------|
| (a) tenuous | (b) sturdy |
| (c) tough | (d) resilient |
| (e) stout | |

Ans. (a)

The meaning of "durable" is "strong/stable" and its opposite is "weak/tenuous".

10. Choose the word which has opposite meaning as the word **diluted**.
- | | |
|-----------|-------------|
| (a) wan | (b) meager |
| (c) frail | (d) intense |
| (e) hazy | |

Ans. (d)

The meaning of "diluted" is "weak/thinned" and its opposite is "strenuous/intense."

Direction (11-20) : In a passage given below there are 10 blanks, each followed by a word given in bold. Every blank has four alternative words given in options (a), (b), (c) and (d). You have to choose which word will best suit to the respective blank. Choose (e) as your answer if the word given in the bold after the blank in your answer i.e., "No change requires".

Rulers everywhere tend to treat ... (11)... (pointed) criticism as attempts to excite disaffection and disloyalty. That is perhaps the only reason that Section 124-A of the Indian Penal Code enacted under colonial rule, remains on the statute book. Regimes at the Centre and the States have often been shown in poor light after they ... (12)... (appeal) the section against activists, detractors, writers and even cartoonists. Since Independence, many have

seen the irony of retaining a provision that was used extensively to suppress the freedom struggle. Despite all this, Section 124-A has ... (13)... (fixedly) survived all attempts by successive generations to reconsider it, if not repeal it altogether. The Law Commission, for the third time in five decades, is now in the process of revisiting the section its consultation paper calls for a thorough reconsideration and presents the various issues related to it before the public for a national debate. In particular, it has raised the ... (14)... (fitting) question : how far is it justified for India to retain an offence introduced by the British to suppress the freedom struggle. In an earlier report in 1968, the Law Commission had rejected the Idea of repealing the section. In 1971, the panel wanted the scope of the section to be expanded to cover the Constitution, the legislature and the judiciary, in addition to the government to be established by law, as institutions against which disaffection should not be tolerated. The only dilution it ... (15)... [mention] was to modify the wide gap between the two jail terms ... (16)... (determine) in the section and fix the maximum sanction at seven years rigorous imprisonment with fine. The foremost objection to the provision on ... (17)... (revolts) is that its definition remains too wide. Overbroad definitions typically cover both what is ... (18)... (non-toxic) and what is harmful. Under the present law, strong criticism against government policies and personalities, slogans voicing disapprobation of leaders and ... (19)... (sharp) depictions of an unresponsive regime are all likely to be treated as seditious, and not merely those that overtly constitute actual incitement to violence. In fact, so mindless have some prosecutions been in recent years that the core principle ... (20)... (outline) by the supreme Court that the incitement to violence or tendency to create public disorder are the essential ingredients of the offence has been forgotten. However, as long as sedition is seen as a reasonable restriction on free speech on the ground of preserving public order, it will be difficult to contain its mischief.

11. (a) Frivolous (b) Palliative
(c) Trenchant (d) Soothing
(e) No change required

Ans. (c)

According to the sentence trenchant will be used as it means sarcastic or biting.

12. (a) Invoked (b) Plead
(c) Retaliated (d) Sassed
(e) No change required

Ans. (a)

According to the sentence invoked will be used as it means appeal to someone or something as an authority for an action or in support of an argument.

13. (a) Submissively (b) Docilely
(c) Tenaciously (d) Compliantly
(e) No change required

Ans. (c)

According to the sentence tenaciously will be used as it means with a firm hold of something.

14. (a) Disparate (b) Pertinent
(c) Infelicitous (d) Jarring
(e) No change required

Ans. (b)

According to the sentence pertinent will be used as it means relevant or applicable to a particular matter.

15. (a) Fathomed (b) Unravelling
(c) Reconciled (d) Mooted
(e) No change required

Ans. (d)

According to the sentence mooted will be used as it means raise a question or topic for discussion.

16. (a) Vamoosed (b) Prescribed
(c) Scrammed (d) Eloped
(e) No change required

Ans. (b)

According to the sentence prescribed will be used as it means to impose lay down

17. (a) Sedition (b) Dispassion
(c) Restrain (d) Doldrums
(e) No change required

Ans. (a)

According to the sentence sedition will be used as it means speech inciting people to rebel against the authority of a state or monarch.

18. (a) Ruinous (b) Slandorous
(c) Innocuous (d) Detrimental
(e) No change required

Ans. (c)

According to the sentence innocuous will be used as it means not harmful or offensive.

19. (a) Stinging (b) Convivial
(c) Obliging (d) Bland
(e) No change required

Ans. (a)

According to the sentence stinging will be used as it means harsh or painful.

20. (a) Muffled (b) Immured
(c) Enunciated (d) Confined
(e) No change required

Ans. (c)

According to the sentence enunciated will be used as it means to announce or affirm.

Direction (21-30) : 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 choose your answer from the options denoted by (a), (b), (c) and (d). Choose (e) as your answer if you find that phrase has been applied properly in all the sentences.

21. (i) take heavy breakfast to tide me over until I get time to take lunch.
(ii) He borrowed Rs. 5000 to tide him over until he gets his salary.
(iii) The Company needs funds to tide it over until it gets financial assistance from government.
(iv) The government has introduced this scheme to tide the sick industries over during the period of the financial crisis.
(a) only i and ii (b) Only i, ii and iv
(c) Only ii and iii (d) All except iv
(e) All are correct

Ans. (e)

The meaning of phrase "tide over" is "to help somebody during a difficult period by providing what they need" and phrase has been applied properly in all the sentences.

22. Scale down

- (i) I will have to scale down my monthly expenses until I get a job.
(ii) The remunerations of the employees who could not perform up to the mark were scaled down by 8%.
(iii) I think we will have to scale down our investment and development projects due to the shortage of funds.
(iv) The teacher scaled down the diagram on a board to make us understand properly.
(a) Only i & ii (b) Only i, ii & iv
(c) Only ii & iii (d) All except iv
(e) All are correct

Ans. (d)

The meaning of the phrase "scale down" is "to reduce the number, size or extent of something" and it has been applied properly in i, ii and iii sentences.

23. Carve out

- (i) Like his father he also has carved out a reputation of himself in music industry.
(ii) She has been trying hard to carve out a successful career for herself in financial sector.
(iii) The artist has been told to carved out the status as soon as possible.
(iv) If I had professional degree I would have carved out a reputation for myself in Building and Construction Industry.
(a) Only i & ii (b) Only i, ii & iv

- (c) Only ii and iii (d) All except iv
(e) All are correct

Ans. (b)

The meaning of phrase “carve out” is “to develop a career or position for yourself by working hard” and phrase has been applied properly in i, ii and iv sentences.

24. Catch on

- (i) Green tea has caught on as people have become health-conscious and it is full with antioxidants and nutrients that have powerful effects on the body.
(ii) Last month she started the Yoga Training Programme now it has caught on as the people are getting various health benefits from her yoga sessions.
(iii) Teacher made us understand the equation but he could not catch on and that is why he did not solve the question.
(iv) He tried to catch on the ball in the field but I caught it on finally.
- (a) Only i and ii (b) Only i, ii and iv
(c) Only ii and iii (d) All except iv
(e) All are correct

Ans. (d)

The phrase “catch on” has more than one meaning. These are “to become popular/to understand something” and phrase has been applied properly in i, ii and iii sentences.

25. Look through

- (i) I have looked through the magazine but did not get any article related to the ‘Gross Domestic Product’.
(ii) I reached the examination centre little late and could not look through my study notes before the exam.
(iii) I have looked through the list of selected candidates for the final round and your name is mentioned there.
(iv) He said, before signing the agreement, he will look through the papers of agreement.
- (a) Only i & ii (b) Only i, ii & iv
(c) Only ii & iii (d) All except iv
(e) All are correct

Ans. (e)

The meaning of phrase “look through” is “to examine or read something quickly” and it has been applied properly in all the sentences.

26. Prop up

- (i) SIDBI has introduced five scheme to prop up the micro, small and medium enterprises.
(ii) Last year he sold one of his properties in Ahmadabad to prop up his business.
(iii) These alterations have been made in order to prop up the information system of the organization.

- (iv) I could not listen to the news about the farmers’ loan which was propping up on the TV yesterday.

- (a) Only i & ii (b) Only i, ii and iv
(c) Only ii and iii (d) All except iv
(e) All are correct

Ans. (d)

The meaning of phrase “prop up” is “support or assists someone or something that would otherwise fail or decline.” And it has been applied properly in i, ii and iii sentence.

27. Hang back

- (i) Most of the students stood up and said yes for the debate competition but I hung back as I did not have much knowledge about the topic.
(ii) You have started very well, now don’t hang back and continue the game in the same manner.
(iii) He was not able to hang back his luggage as it was very heavy.
(iv) I was sure he knew how to operate the machinery but for some reason he hung back.
- (a) Only i & ii (b) Only i, ii & iv
(c) Only ii and iii (d) All except iv
(e) All are correct

Ans. (b)

The phrase “hang back” has more than one meaning. These are “to remain in place after all the other people have left/to hesitate because you are nervous about doing or saying something” and phrase has been applied properly in i, ii and iv sentences.

28. Get over

- (i) He is disappointed as he could not qualify for the main exam but he will get it over and restart the preparation.
(ii) I will be happy to get my assignments over and done with.
(iii) You will have to get over your shyness and stage fear otherwise you will not be able to address the conference.
(iv) He got his idea over to the investors and that is why they are ready to finance his project.
- (a) only i & ii (b) only i, ii & iv
(c) Only ii and iii (d) All except iv
(e) All are correct

Ans. (e)

The phrase “get over” has more than one meaning. These are “to deal with or gain control of something/to return to your usual state of health, happiness, after an illness, a shock etc/to make something clear to somebody/to complete something unpleasant but necessary” and

phrase has been applied properly in all the sentences.

29. Fill up

- (i) yesterday night, kids did not take dinner because they went to the birthday party and filled up with cakes and sandwiches.
 - (ii) I have forgotten to fill up the last column of the form.
 - (iii) I could not get the container filled up because it was leaking.
 - (iv) Did you get the oil tank filled up yesterday?
- (a) only i & ii (b) Only i, ii & iv
(c) Only i, ii & iv (d) All except iv
(e) All are correct

Ans. (c)

The phrase “fill up” has more than one meaning. These are “if you fill someone up, or if they fill up, they eat enough food so that they no longer feel hungry/to become completely full; to make something completely full” and phrase has been applied properly in i, iii and iv sentences.

30. Go in for

- (i) He has decided to go in for Indian defense services like his brothers.
 - (ii) She went in for the entrance and qualified for the main exam.
 - (iii) His mother has taught him playing Sitar and now he is very excited to go in for State Young Musician competition.
 - (iv) Yesterday, I did not go in for my coaching classes as it was raining very heavily.
- (a) Only i & ii (b) Only i, ii & iv
(c) Only ii and iii (d) All except iv
(e) All are correct

Ans. (d)

The phrase “go in for” has more than one meaning. These are “to take part in a competition, or to take an examination/to choose something as a subject of study or as your career” and phrase has been applied properly in i, ii and iii sentences.