

Quiz Date: 14th July 2020

Directions (1-7): Read the following passage carefully and answer the questions given below it. Certain words are given in bold to help you locate them while answering some of the questions.

Delivering the NaniPalkivala Memorial lecture in the city on Saturday, Dr. Indira Rajaraman, former member of RBI's central board said, "The ₹68,000 crore that the RBI has paid to the government in the form of dividend or interim dividend since July 2018, forms 92% of the Centre's entire income from dividends from all public sector financial institutions."

It means the Centre would then look upon the RBI as a cash cow and start questioning every rupee that the central bank spends, she said. "What the central bank does is foundational for the nation, and hence it must have the **freedom** to choose its areas of expenditure, including choice of employees.

"They need good training, remuneration, pension and housing. If the government constrains this, it is the people of India who will suffer." She cited the example of China, which fully pays for its central bank employees' PhDs in globally-acclaimed institutions in the West. "The RBI cannot be treated on par with a department of the Government of India. It is very separate, special" said Dr. Rajaraman, who was on the faculty of Indian Institute of Management Bangalore, and a member of the 13th Finance Commission.

According to her, the RBI Act is clear that the government, as sovereign, is **supreme** and the RBI Governor functions under the pleasure of the government. She felt that the media had played a role in building up the persona of the RBI Governor, who is not the chairman of the central bank board, but only convenes the board meetings and presides over them, she said. Dr. Rajaraman added, "There should be mutuality between the RBI and the government." The RBI's monetary policy is formulated keeping in mind the fiscal policy of the government, she said. "So, the RBI should be free to be critical of the government's fiscal policy."

She added that the central bank must also be free to question the measurement of inflation.

"After all, the consumer price index- based inflation is the measure by which RBI is judged." It was normal for governments and central banks to differ over interest rates,(A)....., while the latter would be keen to raise rates if inflation seemed dangerously high. However, what was different in the recent "outbreak of **hostilities**", as she called it, between the government and the RBI was the invocation of Section 7 of the RBI Act, which had never been invoked.

"Sec. 7(2) leaves us in no doubt that the functioning of the RBI is entrusted to the central board of the bank. Clause 3 of the section sets out the role of the Governor; it clearly states that the Governor exercises powers vested in him by the central board." The government not only questioned the decisions of the RBI, but also the process by which those decisions were arrived at. "The government was entirely within its powers to question the process," she said.

She also said it was 'unfortunate' that the services of director on RBI's board, Nachiket Mor, were terminated just a year into his second four-year stint, in October 2018. "The Centre has the right

to recall these nominations but it created ill-feeling. It was said that the termination was due to his being the country director of the Bill & Melinda Gates Foundation in India, resulting in conflict of interest, but that information was available at the time he was reappointed. So, it reflects poorly on the government's due diligence if it did not know this."

Q1. What is the concern raised by the writer in the passage given above?

- (a) The monetary policy boards wants the government to be fiscally dependent on the RBI.
- (b) The central government being fiscally dependent on the Reserve Bank of India (RBI) is undesirable.
- (c) Lack of professional mutual respect between the government and the RBI.
- (d) RBI is among the leanest and most efficient organisations in the country, with a headcount of about 15,000 executing myriad functions
- (e) The regulator is a monopoly issuer and hence the sovereign has to have ultimate control over such an issuer

Q2. Which of the following phrases should fill the blank given in (A) to make it grammatically and contextually correct and meaningful?

- (a) excited by the possibility of extra margins from sale of exotic instruments
- (b) where the former would want low rates to spur growth
- (c) amid a face-off with the government over issues related to governance
- (d) provides details on search committee
- (e) where the former informed that the requisite information

Q3. How were the recent "outbreak of hostilities" different from the incidences that happened in past?

- (i) Section 7 of the RBI Act was invoked through which the government even questioned the way the procedure by which RBI arrived at its decisions.
- (ii) Services of director on RBI's board, NachiketMor, were terminated due to his being the country director of the Bill & Melinda Gates Foundation in India.
- (iii) RBI Governor functioned under the pleasure of the government.

- (a) Only (i)
- (b) Only (ii)
- (c) Both (i) and (ii)

- (d) Both (ii) and (iii)
- (e) All of the above

Q4. Choose the word that expresses the most similar meaning to the word “**HOSTILITIES**” given in bold in the passage.

- (a) affability
- (b) spontaneity
- (c) antagonism
- (d) geniality
- (e) conviviality

Q5. Which of the following option(s) is/ are INCORRECT as per the information given in the passage above?

- (a) As per the Sec 7(2) of RBI Act, functioning of the RBI is entrusted to the central board of the bank.
- (b) RBI must be treated equal to all other Government departments and given equal importance.
- (c) RBI Governor functions under the pleasure of the government.
- (d) Central bank must have the freedom to choose its areas of expenditure, including choice of employees.
- (e) None of the above

Q6. Choose the word that is opposite of the word “**FREEDOM**” given in bold in the passage.

- (a) autarky
- (b) manumission
- (c) internment
- (d) deliverance
- (e) pronouncement

Q7. Choose the word that expresses the most similar meaning to the word “**SUPREME**” given in bold in the passage.

- (a) tangential
- (b) cardinal

- (c) extraneous
- (d) nugatory
- (e) abortive



Directions (8-15): In each of the questions given below, a statement has been given with two words omitted. Following the statement are four set of words which may fit in the blanks in the similar sequence as given. Choose the most appropriate set of words to make the statement contextually correct and grammatically meaningful. If none of the given options make the statement complete and correct, mark 'e', none of these, as your answer.

Q8. There is a hall of _____ of like-minded world leaders who have deliberately denied or _____ the dangers posed by the virus.

- (a) Sympathy, Supported
- (b) Infamy, Downplayed
- (c) Opponents, Grown
- (d) Penalty, Matured
- (e) None of these

Q9. The resolution, passed _____, condemned all "undemocratic and wrongful" acts for _____ the Congress and expressed confidence in the leadership of party president.

- (a) Unanimously, Weakening
- (b) Rebelliously, Ripening
- (c) Persisting, Breakdown
- (d) Mixing, Fraternizing
- (e) None of these

Q10. College admission _____ are likely to have much higher cut-offs this year, with a huge _____ in the number of students scoring high marks in this year's CBSE examination.

- (a) Associates, Boom

- (b) Rankings, Spike
- (c) Dejections, Decay
- (d) Declined, Realistic
- (e) None of these

Q11. The order of _____ use and deletion of soldier's profiles and data from social networking websites is _____ of authoritarian regimes.

- (a) Discouraging, Suggestive
- (b) Gracing, Requit
- (c) Banning, Characteristic
- (d) Plain, Humane
- (e) None of these

Q12. Constant changes in the academic calendar have left the nearly 4,500 _____ and guest teachers in the university _____ and further delays would lead to more financial hardships.

- (a) Abstruse, Contentious
- (b) Resolve, Grotesque
- (c) Necessarily, Exposed
- (d) Ad hoc, Vulnerable
- (e) None of these

Q13. The _____ of resources to focus on the threat to life posed by COVID-19 has increased _____ to death from other diseases, and even from malnutrition in many parts of India.

- (a) Prediction, Amazing
- (b) Ability, Attractive
- (c) Diversion, Vulnerabilities
- (d) Concerned, Adequacies
- (e) None of these

Q14. India is facing _____ times calling for statesman-like leadership to handle the complex task of _____ the nation affected by the twin challenges of economic troubles and the health pandemic.

- (a) Suspicions, Structuring
- (b) Turbulent, Rebuilding
- (c) Naivety, Startling
- (d) Ineptitude, Redialing
- (e) None of these

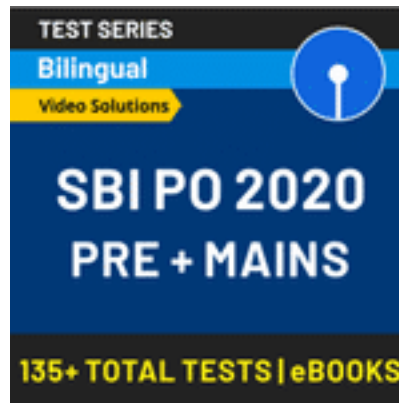
Q15. The _____ rebellion in the Rajasthan Congress lost its _____ midway but the rivalry between CM and his deputy will continue to haunt the party's government in the State.

- (a) Inexperienced, Forgiveness
- (b) Involving, Nemesis

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- (c) Brewing, Fizz
- (d) Retribution, Sordid
- (e) None of these



Solutions

S1. Ans. (c)

Sol. The answer can be inferred on the various parts of the passage given above. Here, in the 2nd paragraph, the writer states *“The RBI cannot be treated on par with a department of the Government of India.”* Also, in the last line of 3rd paragraph, it has been mentioned that *“There should be mutuality between the RBI and the government.”* Similarly, in the concluding paragraph, the 1st line states that *“The government not only questioned the decisions of the RBI, but also the process by which those decisions were arrived at.”* It is also mentioned that, *“It was said that the termination was due to his being the country director of the Bill & Melinda Gates Foundation in India, resulting in conflict of interest”*. Therefore, we can infer that there has been lack of professional mutual respect between RBI and Government of India. Hence, option (c) is the correct answer.

S2. Ans. (b)

Sol. Here, option (c) is out of context and can therefore be eliminated. The other options, except (b) do not form a meaningful and grammatically correct sentence. Here, only option (b), *‘where the former would want’* hints towards the connection with the part of the sentence after the blank. Hence, option (b) is the correct answer.

S3. Ans. (a)

Sol. To validate the answer refer to last line of the 5th paragraph which states, *“However, what was different in the recent “outbreak of hostilities”, as she called it, between the government and the RBI was the invocation of Section 7 of the RBI Act, which had never been invoked.”* However,

statements (ii) and (iii) are not discussed in context of the recent hostilities continuing between RBI and Government of India. Hence, option (a) is the most suitable answer choice.

S4. Ans. (c)

Sol. 'Hostilities' mean hostile behaviour; unfriendliness or opposition and 'antagonism' means active hostility or opposition. Since they are synonymous with each other; option (c) is the most suitable answer choice.

Affability: the quality of being affable; geniality.

Spontaneity: the condition of being spontaneous; spontaneous behaviour or action.

Geniality: the quality of having a friendly and cheerful manner; affability.

Conviviality: the quality of being friendly and lively; friendliness.

S5. Ans. (b)

Sol. Refer to the second paragraph, which states, "The RBI cannot be treated on par with a department of the Government of India. It is very separate, special, said Dr. Rajaraman".

Therefore, we can conclude that the statement given in option (b) is incorrect. All other statements are correct as per the information provided in the passage. Hence, option (b) is the most suitable answer choice.

S6. Ans. (c)

Sol. 'Freedom' means the power or right to act, speak, or think as one wants and 'internment' means the state of being confined as a prisoner, especially for political or military reasons. Since they are opposite to each other; option (c) is the most suitable answer choice.

Autarky: economic independence or self-sufficiency.

Manumission: release from slavery.

Deliverance: the action of being rescued or set free.

Pronouncement: a formal or authoritative announcement or declaration.

S7. Ans. (b)

Sol. 'Supreme' means highest in rank or authority and 'cardinal' means of the greatest importance; fundamental. Since they are synonymous with each other; option (b) is the most suitable answer choice.

Tangential: diverging from a previous course or line; erratic.

Extraneous: irrelevant or unrelated to the subject being dealt with.

Nugatory: of no value or importance.

Abortive: failing to produce the intended result.

S8. Ans. (b)

Sol. “**Infamy, Downplayed**” is the most appropriate set of words to make the statement contextually correct and grammatically meaningful. Hence, **option (b)** is the right answer choice.

S9. Ans. (a)

Sol. “**Unanimously, Weakening**” is the most appropriate set of words to make the statement contextually correct and grammatically meaningful. Hence, **option (a)** is the right answer choice.

S10. Ans. (b)

Sol. “**Rankings, Spike**” is the most appropriate set of words to make the statement contextually correct and grammatically meaningful. Hence, **option (b)** is the right answer choice

S11. Ans. (c)

Sol. “**Banning, Characteristic**” is the most appropriate set of words to make the statement contextually correct and grammatically meaningful. Hence, **option (c)** is the right answer choice.

S12. Ans. (d)

Sol. “**Ad hoc, Vulnerable**” is the most appropriate set of words to make the statement contextually correct and grammatically meaningful. Hence, **option (d)** is the right answer choice.

S13. Ans. (c)

Sol. “**Diversion, Vulnerabilities**” is the most appropriate set of words to make the statement contextually correct and grammatically meaningful. Hence, **option (c)** is the right answer choice.

S14. Ans. (b)

Sol. “**Turbulent, Rebuilding**” is the most appropriate set of words to make the statement contextually correct and grammatically meaningful. Hence, **option (b)** is the right answer choice.

S15. Ans. (c)

Sol. “**Brewing, Fizz**” is the most appropriate set of words to make the statement contextually correct and grammatically meaningful. Hence, **option (c)** is the right answer choice.

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