RBI Gr B – Phase - 2
Descriptive English

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Agenda

- Fundamentals of RC.
- Tips & Tricks
- Dos and Don'ts
- PYQ 2022
- Practice Comprehension

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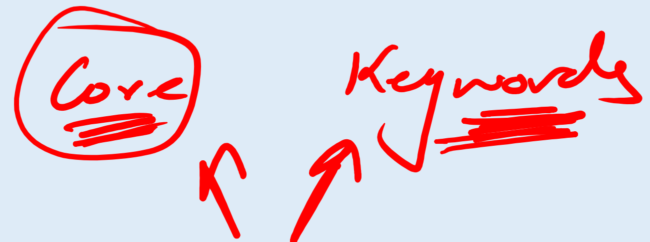
Fundamentals of Reading Comprehension

Psychology behind Descriptive Reading Comprehension?

Reading comprehension is the perception, making sense of and comprehension of written matters, in more clear words it is to cognize in all respects the information, feelings and thoughts that are desired to be transmitted as they are, without having caused any misunderstandings, in its course. Because reading comprehension requires effective utilization of cognitive structure. Cognitive hypothesizes focus more on the perceptive skills, memory and the strategies required to perform mental operations.

- To read between the lines.
- To infer and collate information in the passage.
- To be original in articulation.
- To be able to elaborate.

Fundamentals of Reading Comprehension



Key Points

- Reverse reading:- Read the questions based on the passage before reading the passage.
- Mark the Keywords in the questions and memorise them.
- Try to recognise the main idea of the passage.
- Know what to look for.
- While reading the passage, Look for the keywords marked in the questions.
- Avoid getting stuck anywhere while reading the passage.
- Mark the important points of each paragraph.

- Inference Based Questions

1 = 10 words.

These are tricky ones and require the candidates to understand the passage carefully to answer them. In such questions, a logical conclusion has to be made which perfectly fits that context and represents a particular fact aptly. Questions based on inference reasoning can be-

- What can be inferred from the sentence- "_____"?
- What does the sentence "_____" imply?
- What does the author mean by the line "_____"?

In inference questions, candidates need to identify inference sources and understand the context thoroughly. If a particular sentence is given, read the entire paragraph and check for particular clues. Answering these questions can be easy if the context and idea of the entire passage are properly understood.

Fundamentals of Reading Comprehension

- Paragraph and Sentence Based Questions

In the RC section, questions might also be asked related to a particular paragraph or structure of the passage. These questions test the candidates' intuitive and logical sense. Some of the examples include-

- The measures taken by the organization in the passage can be best described as-?
- The second paragraph criticizes-?
- The third paragraph describes-?

To solve these questions, candidates are required to comprehend each passage properly and keep the key ideas in mind. It is suggested to pay attention to certain definite words like "ironically", although", "but", etc. These shape the idea of the passage and are extremely crucial to represent a particular passage.

5 Mistakes not to make while answering Comprehension Questions.

- Grammatical/Typos/Spelling/Punctuation Errors. ✓
- Word Limit. ✓ 1 mark = 10 words.
- Copying Text from the passage. ✗
- Using information/opinions/assumptions not given in the Passage. ✗
- Relevancy. ✓

Reading Comprehension Tips & Strategy

- Answer the questions carefully after reading the complete passage.
- As far as answering the question is concerned, frame the answers in your own sentences, rather focus on structuring of the passage which is important.
- Language of the comprehension should not be copied.
- Try and improvise upon your vocabulary as it will be of great importance in Reading Comprehension.

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PYQ - 2022

Read the passage given below and answer the following questions on the basis of the passage in your own words.

The merger of the Forward Markets Commission(FMC) with Securities and Exchange Board of India(SEBI) is a major milestone for the commodity futures market in India. This idea is not new; it was floated seriously at least 12 years back when the commodity market was revived and three national-level exchanges were in the field. At that time it was felt the FMC should remain a separate entity, given the unique nature of this market.

The commodity market came under the regulation of the FMC and was guided by the FCRA of 1952 with the FMC being a division of the ministry of consumer affairs (MCA). The argument put forward was that the market was young and needed attention and expertise. It could not be treated as a financial instrument since it involved the physical delivery of goods, which in turn had a bearing on spot markets and prices. Therefore, the MCA would have regulated by the APMC Acts, which fall within the jurisdiction of State governments.

Over the years, the market has matured. In between there was a dent to the credibility of commodity markets with the NSEL failure, but the futures markets have carried on through this turmoil and emerged more resilient.

There have also been controversies regarding their links with inflation, which has led to the banning of futures trading in specific commodities. Conditions have stabilized since, and there is evidently a need to take this market to a different level. On way of looking at commodity derivatives is like is like any other financial instrument as is the case in several markets, including the US. Since India has separate regulatory structures- the FCRA and SCRA Acts dealing with commodities and securities – integration would be required. The first step taken earlier was to bring the commodity futures market under the Ministry of Finance and, as an extension, merge the FMC with SEBI.

PYQ - 2022

Read the passage given below and answer the following questions on the basis of the passage in your own words.

What would this mean for the market? Commodity derivatives can now be looked upon as a financial instrument analogous to equity or debt. This will bring all derivatives under a single regulator just like in the US, where the CFTC controls and regulates them.

This will be good news for brokers if there is integration of the two trading platforms. There will be some housekeeping to be done as all brokers need to register with SEBI. Exchanges too have to comply with the net-worth norms.

It is not known if the stock exchanges will be allowed to deal with commodities and vice versa for commodity exchanges. If permitted, there would be further competition in both markets, leading to consolidation at some point of time, which is always the case for financial infrastructure. The major consideration is to ensure that risk from one market does not spill into the other. This was the primary reason for commodities being separated from securities.

The consequence, however, was that the same broker firm would open a commodity outfit and then trade from the same office space under two banners. With a single regulator now for both the markets, and hence also for the exchanges, this need to need separate companies trading in two segments with separate risk capital.

The existing exchanges will definitely see a shakeout as stock exchanges venture into this space. It is unlikely, however, that in the absence of consolidation they can make a useful dent in the business of existing players. This is so because historically it has been observed that exchanges tend to get specialized in specific products and generate liquidity to the extent that it is difficult to wean away business. Hence MCX retains primacy in bullion and energy while NCDEX dominates the agricultural spectrum. New exchanges have come and barely survived, and more often than not been marginalized by market forces.

PYQ - 2022

Q. 1 Why was the commodity market put under the regulation of the Forward Market Commission (FMC)?

Q. 2 What will be the impact of the merger of FMC with SEBI?

Q. 3 Why was decision for separating commodities from securities taken?

Q. 4 What was/were the consequences of separating commodities from securities?

Q. 5 What will be the impact of existing changes on stock exchanges?

PYQ - 2022

Q. 1 Why was the commodity market put under the regulation of the Forward Market Commission (FMC)?

- The commodity market came under the regulation of the FMC and was guided by the FCRA of 1952 with the FMC being a division of the ministry of consumer affairs(MCA). The argument put forward was that the market was young and needed attention and expertise. It could not be treated as a financial instrument since it involved the physical delivery of goods, which in turn had a bearing on spot markets and prices. Therefore, the MCA would have regulated by the APMC Acts, which fall within the jurisdiction of State governments.

Q. 2 What will be the impact of the merger of FMC with SEBI?

- The first step taken earlier was to bring the commodity futures market under the Ministry of Finance and, as an extension, merge the FMC with SEBI.Commodity derivatives can now be looked upon as a financial instrument analogous to equity or debt. This will bring all derivatives under a single regulator just like in the US, where the CFTC controls and regulates them. This will be good news for brokers if there is integration of the two trading platforms. There will be some housekeeping to be done as all brokers need to register with SEBI. Exchanges too have to comply with the net-worth norms. It is not known if the stock exchanges will be allowed to deal with commodities and vice versa for commodity exchanges. If permitted, there would be further competition in both markets, leading to consolidation at some point of time, which is always the case for financial infrastructure.

PYQ - 2022

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Q. 4 What was/were the consequences of separating commodities from securities?

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PYQ - 2022

Q. 5 What will be the impact of existing changes on stock exchanges?

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Wrong Answers

1) Discuss these farm laws and what they provide for?

The three farm law bills provide for various reforms which has hindered the growth of agriculture like

- Farmer produce trade and commerce act-Allows farmer to sell outside APMC mandis
- Farmer empowerment act- farmer has been given option to opt for contract farming
- Essential commodities act-liberty for farmers to trade for certain grains and pulses

2/8

2) Why is the government reluctant to repeal the Farm laws?

Government provides for MSP for the farmers which causes dent on the fiscal discipline of the govts expenditure and also FCI has been dealing with problem of over procurement and storage issues and government wants to increases farmers income through contract farming, free trade and selling outside mandis without mandi tax.

1/8

3) Discuss why farmers are worried over MSP assurance?

Farmer of Punjab and Haryana are in agriculture and they are dependent on MSP for their produce, they think that because of these farm bills MSP would be discontinued and for them farming would no longer be a source of income to run their livelihoods and as they are so much attached to farming, they don't want to lose it for contract farming promise over MSP

2/8

1. In the upcoming budget, there are four areas of focus on agriculture.

(A) Incresing storage capacity:

(B) Increasing availability of pulses.

(C) Reduction import of oilseeds

(D) Increase farmers livelihoods.

2. Mechanized farming is very important factor for agriculture productivity. The farmers not only have to cultivate farming but also has to sell it at a reasonable rate so that farmers have to mechanized their crops.that's why In the upcoming budget, the government focus on rashtriya krishi vikas yozana to help rural storage infrastrure which will small and marginal farmers to hold the produce till reasonable market price.

3. There are some agricultural schemes launched by the government.

(A) Direct benefit transfer: Agriculture subsidy scheme, direct connect to beneficiery account holder link with adhar card.

(B) PM fasal beema yozana : to provide secured insurance

(C) PM kisan samman nidhi: to provide secured income to small and marginal farmers

(D) Rashtriya krishi vikas yozana : to provide the reasonable price for crops.

READING COMPREHENSION

India's economy is likely to grow two and half times to $7 trillion by 2030, from about $3 trillion now, making India the world's third largest economy. This implies that nominal GDP growth is likely to average just over 10% through the next decade, Deutsche Bank said in a research report, Imagine 2030.

The sharp slowdown in the recent years, despite Indian economy's promise over the last decade, is not indicative of what is in the store for the next decade, Deutsche Bank said.

"Despite its promise over the last decade, the Indian economy has slowed down sharply in recent years. That has led some to predict the decade ahead will be one of lower growth and frustration that India's enormous potential will, yet again, go unfulfilled," the report said.

As far as India's economic growth is concerned, it may remain below potential in the near term. However, ongoing government measures will give major push to its potential in the future.

"For starters, to offset the demand slowdown, the government took the bold decision in September (2019) to meaningfully cut the corporate tax rate. This will likely incentivise greater foreign direct investment flow into the country and support private investment in the economy, which has remained weak over the last eight years," the report said.

Additionally, the Reserve Bank of India's decision to cut the key lending rate by 135 basis points in calendar 2019 will revive growth, the report said. "Apart from these stimulus measures, reforms initiated in the last few years, should also improve the medium term outlook," it added.

READING COMPREHENSION

“As economies with significantly higher informal sector employment, such as India, typically have lower per capita income, policies which are aimed at the greater formalisation of the economy should help to accelerate per capita income levels," the report said.

Reforms such as demonetisation and roll out of the goods and services tax (GST) are likely to play major role in formalisation of the economy and will bear fruits in the next decade, the report said.

While demonetisation has resulted in incentivising a faster pace of digitisation, GST, by the very nature of its design, will expedite formalisation of the economy, and will consequently improve the fiscal and growth dynamics of the country, it added.

Demonetisation and GST apart, India’s bankruptcy law that came into force in 2017 will also help drive growth in the upcoming decade. Even the Reserve Bank’s move to adopt inflation targeting and establish positive real interest rates in the economy will boost growth in the next decade.

Q.3 Read the passage given above and answer the following questions on the basis of the passage in your own words.

1) Discuss the current state of the Indian economy.

2) Describe how the Govt. plans to revive the economy.

3) Discuss the purpose of the author to write this article?

READING COMPREHENSION

1. The Indian Economy, which is currently about $3 Trillion economy, has been facing the sharpest slowdown in the recent years. Private investments have remained low for 8 years now. As far as economic growth is concerned, it might remain below par in the near future. The nominalGDP is likely to average just over 10% in through the next decade. The Deutsche Bank in its report, Imagine 2030 has predicted that the decade ahead will be of lesser growth. This might lead to India's tremendous potential go in vain, leading to frustration. It may remain below potential in the near future as well. But ongoing government measures and Reserve Bank's moves will give it the required push to grow two and half times to $7 trillion by 2030.

2. To begin with, in September 2019 the Government took the bold decision to cut the corporate rate tax adequately. This move aims to attract more foreign direct investments in the future. Private investment, which remained low for the last 8 years, will be boosted. As an economy with significantly higher informal sector, India has lower per capita income.

Government policies which aim at greater formalisation should help accelerate per capita income levels. This is where the roll out of Goods and Services tax (GST) comes into play. By nature, GST will accelerate the economy and improve the fiscal and growth dynamics.

Coupled with reforms like demonetisation and India's Bankruptcy law (2017), the digitalisation and faster growth rate will be ascertained in the future, taking India to $7 Trillion by 2030 from the current $3 trillion, making it the world's third largest economy.

READING COMPREHENSION

3 The author aims to bring to the forefront, the current state of Indian economy which despite a promising future in the last decade, stands on the face of a sharp slowdown. A research report 'Imagine 2030' states that Indian economy is just about $3 trillion now.

However, this sharp slowdown does not indicate of what happens in the next 10 years. The government has taken adequate measures to tackle the situation. The cut in corporate rate tax will ensure greater investments from foreign direct investment and private sector. The roll out of GST will enable formalization of Indian economy which was a must for an economy with higher informal sector. It will help accelerate per capita income level. Reforms like demonetisation and India's Bankruptcy law (2017), will help the digitalisation and faster growth rate will be ascertained in the future. Not to mention the support of the Reserve Bank of India's by rate cutting its key lending rate by 135 basis points which will revive growth and subsequently taking India to $7 Trillion by 2030 from the current $3 trillion, making it the world's third largest economy.

H/W - READING COMPREHENSION

Read the passage given above and answer the following questions on the basis of the passage in your own words.

Indian economy is now expected to see a faster turnaround given the impending rollout of vaccine, increased mobility and less disruptions to business operations as the economy opens up but a lot will also depend on the upcoming Budget for 2021-22 to steer its course.

India, which had in 2019 overtaken the UK to become the fifth-largest economy in the world, was knocked off course somewhat due to the carnage that the pandemic and the ensuing strict lockdown unleashed -- businesses were shut, consumption slumped, investments took a hit and jobs were lost.The combined effect being that the economy got relegated to the sixth spot in 2020.

The Budget for the next fiscal starting April 2021 that Finance Minister Nirmala Sitharaman will present a month from now will be the starting point for picking up the pieces after the economic destruction.

The government's spending plans particularly on infrastructure and social sectors as well as relief to sections hit by the pandemic and lockdown will dictate the pace of recovery, analysts said.

India's economy had been losing momentum even ahead of the shock delivered by the COVID-19 crisis. The rate of GDP growth sank to a more than ten-year low of 4.2 per cent in 2019, down from 6.1 per cent the previous year. The pandemic bought a human and an economic catastrophe for India, with nearly 1.5 lakh deaths. Though the deaths per million are significantly lower than in Europe and the US, the economic impact had been much more severe.

GDP in April-June was 23.9 per cent below its 2019 level, indicating that nearly a quarter of the country's economic activity was wiped out by the drying up of global demand and the collapse of domestic demand that accompanied the series of strict national lockdowns.

READING COMPREHENSION

And a 7.5 per cent decline in GDP in the following quarter pushed Asia's third-largest economy into an unprecedented recession.

As restrictions were gradually lifted, many parts of the economy were able to spring back into action although output remains well below the pre-pandemic levels. While agriculture with bountiful harvest has been a driver of India's economic recovery, the government's stimulus spending in response to the COVID-19 crisis has been significantly more restrained than most other large economies.

Sitharaman announced a total stimulus package of Rs 29.87 lakh crore, or 15 per cent of GDP. That equals the total spending envisaged in the government's budget for the year to March. But the actual fiscal cost has been estimated at around 1.3 per cent of GDP, including 0.7 per cent for the incentive programme whose expense is spread over five years.

Most saw this spending as grossly inadequate. The limited cash spending was on account of the government not generating enough revenue to even pay states for their share of GST. Revenue collections were hurt by the lockdown.

Yet, high-frequency indicators, including exports, automobile sales, energy consumption and manufacturing output have shown an uptick, which some have seen as an indication of a 'V' shaped recovery.

Rating agencies and analysts have raised their expectations of GDP growth in fiscal to March 2021 with RBI predicting a small positive growth in the January-March quarter.

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READING COMPREHENSION

According to Dun & Bradstreet, only 30 per cent of active businesses in India were still disrupted at the end of November 2020 compared to 95 per cent in April 2020 when the nationwide lockdown was imposed.

"Continued government support will be crucial to sustain and propel growth momentum - which has picked up," said Arun Singh, Global Chief Economist, Dun & Bradstreet. "During the first six months of the fiscal year (April to October 2020), government expenditure was 48.6 per cent of its budgeted estimate. We expect the remaining budgeted expenditure to be spend with other off-budget spending."

This along with the execution of various policy initiatives will propel growth momentum in H2 FY21. However, credit disbursement to the industry has not picked up yet and this remains a cause of concern. "This does not bode well for the industry at a time when domestic demand has not yet stabilised and external demand remains weak," he said.

India Ratings and Research (Ind-Ra) said policymaking is facing the twin challenges in collating reliable high-frequency data and interpreting the same as the impact of the COVID-19 pandemic is proving to be an unprecedented disaster.

An appropriate understanding based on reliable data is critical to ensure effective policy intervention, it said, adding a low base in current fiscal will make even a moderate improvement in the first couple of quarters of next financial year as decent year-on-year growth.

"The projected GDP growth does indicate that the worst is over, but it still does not indicate whether the economy has recovered the lost ground and/ or surpassed it," it said, adding the economy will be able to just recover the lost ground in FY22 and surpass the FY20 GDP level in a meaningful way only in FY23.

READING COMPREHENSION

1) Discuss the effects of COVID – 19 on Indian Economy.

2) Describe the plan of revival of the economy.

3) Briefly discuss the purpose of the author to write this article.

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