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Comprehension Test Question IBPSPO

Comprehension Test Quiz 63

Directions (Q. 1 to 10): Read the following passage and answer the questions given below it in the context of the passage. Some words in the passage are printed in bold to help you locate them while answering some of the questions.

Following the end of the Second World War, the United Kingdom enjoyed a long period without a major recession (from 1945 to 1973) and a rapid growth in prosperity in the 1950s and 1960s. According to the OECD, the annual rate of growth (percentage change) between 1960 and 1973 averaged 2.9%, although this figure was far behind the rates of other European countries such as France, West Germany and Italy.

However, following the 1973 oil crisis and the 1973-1974 stock market crash, the British economy fell into recession and the government of Edward Heath was ousted by the Labour Party under Harold Wilson. Wilson formed a minority government on 4 March 1974 after the General Election on 28th February ended in a hung parliament. Wilson subsequently secured a three seats majority in a second election in October that year.

The UK recorded weaker growth than many other European nations in the 1970s; even after the early 1970s recession ended, the economy was still blighted by rising unemployment and double-digit inflation.

In 1976, the UK was forced to request a loan of £2.3 billion from the International Monetary Fund. The then Chancellor of the Exchequer Denis Healey was required to implement public spending cuts and other economic reforms in order to secure the loan. Following the Winter of Discontent, the government of James Callaghan lost a vote of no confidence. This triggered the May 1979 General Election which resulted in Margaret Thatcher's Conservative Party forming a new government.

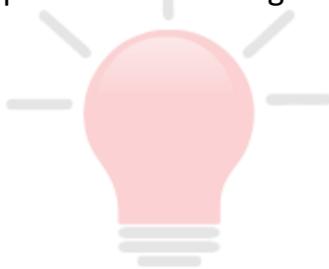
A new period of neo-liberal economy began in 1979 with the election of Margaret Thatcher who won the General Election on 3rd May that year to return the Conservative Party to government after five years of Labour government.

During the 1980s most state-owned enterprises were privatised, taxes cut and markets deregulated. GDP fell 5.9 % initially but growth subsequently returned and rose to 5% at its peak in 1988, one of the highest rates of any European nation.

The UK economy had been one of the strongest economies in terms of inflation, interest rates and unemployment, all of which remained relatively low until the 2008-09 recession. Unemployment has since reached a peak of just under 2.5 million (7.8 %), the highest level since the early 1990s, although still far lower than some other European nations. However, interest rates have reduced to 0.5 % pa. During August 2008 the IMF warned that the UK economic outlook had worsened due to a twin shock : financial turmoil and rising commodity prices. Both developments harm the UK more than most developed countries, as the UK obtains revenue from exporting financial services while recording deficits in finished goods and commodities, including food. In 2007, the UK had the world's third largest current account deficit, due mainly to a large deficit in manufactured goods. During May 2008, the IMF advised the UK government to **broaden** the scope of fiscal policy to promote external balance. Although the UK's "labour productivity per person employed" has been progressing well over the last two decades and has overtaken productivity in Germany, it still lags around 20% behind France, where workers have a 35-hour working week. The UK's "labour productivity per hour worked" is currently **on a par** with the average for the "old" EU (15 countries). In 2010, the United Kingdom ranked 26th on the Human Development Index.

The UK entered a recession in Q2 of 2008, according to the Office for National Statistics and exited it in Q4 of 2009. The subsequently revised ONS figures show that the UK suffered six consecutive quarters of negative growth, making it the longest recession since records began. As at the end of Q4 2009, revised statistics from the Office for National Statistics demonstrate that the UK economy shrank by 7.2% from peak to trough. The Blue Book 2013 confirms that UK growth in Q2 of 2013 was 0.7%, and that the volume of output of GDP remains 3.2% below its pre-recession peak. The UK economy's recovery has thus been more lacklustre than previously thought. Furthermore, The Blue Book 2013 demonstrates that the UK experienced a deeper initial downturn than all of the G7 economies save for Japan, and has experienced a slower recovery than all but Italy.

A report released by the Office of National Statistics on 14 May 2013 **revealed** that over the six-year period between 2005 and 2011, the UK dropped from 5th place to 12th place in terms of household income on an international scale—the drop was partially attributed to the devaluation of sterling over this time frame. However, the report also concluded that, during this period, inflation was relatively less **volatile**, the UK labour market was more resilient in comparison to other recessions, and household spending and wealth in the UK remained relatively strong in comparison to other OECD countries. According to a report by Moody's Corporation, Britain's debt-to-GDP ratio continues to increase in 2013 and is expected to reach 93% at the end of the year. The UK has lost its triple-A credit rating on the basis of poor economic outlook. 2013 economic growth has surprised many economists, ministers and the OBR in the 2013 budget's projected annual growth of just 0.6%. In 2013 Q1 the economy grew by 0.4%, in Q2 the economy grew by 0.7% and in Q3 the economy is predicted to have grown at 0.8%.



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1. A new period of new-liberal economy began in United Kingdom with the election of Margaret Thatcher after five years of Labour government. Margaret Thatcher came to power in
- A. 1980 B. 1976 C. 1979 D. 1982 E. None of these
2. According to the OECD, the annual rate of growth of United Kingdom's economy between 1960 and 1973 averaged
- A. 2.9% B. 2.34% C. 2.87% D. 5.9% E. None of these
3. During August 2008, International Monetary Fund warned that the United Kingdom economic outlook had worsened due to a twin shock. What were the twin shocks?
- A. Financial turmoil and decreasing commodity prices
B. Financial turmoil and rising commodity prices
C. Increasing exports and decreasing imports
D. Low industrial growth and increasing imports
E. None of these
4. A report of Office of National Statistics revealed that between 2005 and 2011, the UK dropped from 5th place to 12th place in terms of
- A. exports on an international scale
B. imports on an international scale
C. household income on an international scale
D. agricultural productivity
E. None of these
5. According to a report by Moody's, Britain's debt-to-GDP ratio is expected to reach _____ at the end of 2013.
- A. 90 per cent B. 80 per cent C. 87.3 per cent D. 93 per cent
E. None of these
6. In 2007, the United Kingdom had the world's third largest current account deficit due mainly to large deficit in
- A. manufactured goods B. high inflation C. agricultural produces
D. exports E. imports

7. Choose the word which is **MOST SIMILAR** in meaning to the word printed in bold as used in the passage.

Broaden

- A. narrow B. widen C. scatter D. brittle E. broadcast

8. Choose the word which is **MOST SIMILAR** in meaning to the word printed in bold as used in the passage.

On a par

- A. up to a scratch B. of same value C. equal to D. in contrast
E. on the contrary

9. Choose the word which is **MOST OPPOSITE** in meaning of the word printed in bold as used in the passage.

Volatile

- A. stable B. unstable C. sincere D. voracious E. buxom

10. Choose the word which is **MOST OPPOSITE** in meaning of the word printed in bold as used in the passage.

Reveal

- A. bring out B. concentrate C. concede D. conceal E. confer

Correct Answers:

1	2	3	4	5	6	7	8	9	10
C	A	B	C	D	A	B	D	A	D



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