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Logical Reasoning Questions for CLAT Exam

Logical Reasoning Quiz 16

Directions: Study the following information carefully and answer the questions given beside.

The Reserve Bank of India has downgraded its forecast for growth in the current fiscal year to 5%. But going by the gloom that pervades our analysts and commentators, one would be tempted to think that the forecast is missing a minus sign in front of it. At such a time, a look at the post-reform economic history of India provides a good reality check.

Since 1991, when systematic economic reforms were launched, the economy has oscillated between periods of high and low growth with the latter lasting two to three years. Each time it enters a low growth phase, sceptics and pessimists of different shades come to the fore, predicting the end of the India growth story. Each time, the economy proves them wrong .

Thus, alongside reforms, India had managed to register an average annual growth rate of 6.4% from 1992-93 to 1999-2000. This was the first time the country grew at a rate exceeding 6% for a continuous eight-year period. Even the 1997-98 East Asian currency crisis could halt the economy during this period for only a year. It quickly bounced back to grow 7.5% on average in the following two years.

Though there was no discontinuity in policy in the new millennium, average annual growth plummeted to 4.1% during 2000-01 to 2002-03. An avalanche of gloomy pronouncements followed not just in the media but academia as well. While economist Bradford DeLong wrote sceptically of India's reforms, Dani Rodrik and Arvind Subramaniam upped the ante by arguing that the post-1991 reforms had delivered nothing. The economy had grown no faster in the 1990s than in the 1980s, they claimed.

But the celebrations of reform critics did not last long. Sustained policy reform by Prime Ministers Narasimha Rao and Atal Bihari Vajpayee yielded handsome returns. During the last year of Vajpayee government, the economy grew 7.9%. In the following years, it accelerated, growing at the average annual rate of 8.2% for a continuous nine-year period from 2003-04 to 2011-12. Even the massive global financial crisis could jolt the economy only for a year with growth returning to 8.5% on average during 2009-10 to 2011-12.

[Extracted from the editorial by “ Is India’s Growth Story Over ? “]



1. Consider the following statement from the passage and answer accordingly

Statement : The Reserve Bank of India has downgraded its forecast for growth in the current fiscal year to 5%.

Assumption I : The national income represented by Gross Domestic Product is downgraded.

Assumption II : The negative growth is due to the sluggish economic reforms.

- A. Only assumption I is implicit
- B. Only assumption II is implicit
- C. Both assumption I and assumption II are implicit in the statement
- D. Neither assumption I nor assumption II is implicit in the statement

2. Consider the following statement from the passage and answer accordingly.

Assertion (A) : Each time it enters a low growth phase, sceptics and pessimists of different shades come to the fore, predicting the end of the India growth story. Each time, the economy proves them wrong.

Reason (R) : Since 1991 consistent economic reforms by the government has led to successful growth story of Indian economy.

- A. A is true and R is false.
- B. A is false and R is true.
- C. Both A and R are true and R is the correct explanation of A.
- D. Both A and R are true and R is not the correct explanation of A.

3. Which of the following events jolted the economic growth rate according to the passage?

- A. The 1991 fiscal Crisis.
- B. The 1997-1998 East Asian Crisis
- C. The 2009-2011 Massive Global Financial Crisis
- D. All of the above

4. Consider the following statement from the passage and answer accordingly

Assertion (A) : Even the massive global financial crisis could jolt the economy only for a year with growth returning to 8.5% on average during 2009-10 to 2011-12.

Reason (R) : Sustained policy reform by Prime Ministers Narasimha Rao and Atal Bihari Vajpayee yielded handsome returns

- A. A is true and R is false.
- B. A is false and R is true.
- C. Both A and R are true and R is the correct explanation of A.
- D. Both A and R are true and R is not the correct explanation of A.

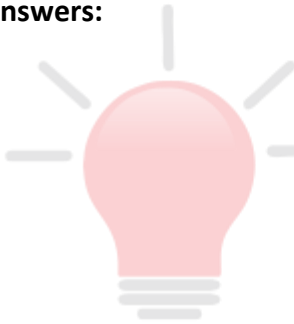
5. Consider the following statement from the passage and answer accordingly.

Assertion (A) : Since 1991, when systematic economic reforms were launched, the economy has oscillated between periods of high and low growth with the latter lasting two to three years.

Reason (R) : Dani Rodrik and Arvind Subramaniam upped the ante by arguing that the post-1991 reforms had delivered nothing.

- A. A is true and R is false.
- B. A is false and R is true.
- C. Both A and R are true and R is the correct explanation of A.
- D. Both A and R are true and R is not the correct explanation of A.

Correct Answers:



1	2	3	4	5
C	C	D	C	D

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Explanations :

1. According to the opening lines of the passage the growth rate though in positive figures is controlled by two factors the gross domestic product of the country and economic factors promulgated by the government.

So downgraded growth clearly reflect that both the assumptions are implicit in the statement therefore option C is the answer.

2. Considering the growth paradigm the author mentions that India's growth story has been through low phase also but still the timely reforms by the government has led to the bad phase withering away sooner and later.

So option C is the right answer.

3. Refer to the lines 17 and 22 of the passage where the author clearly mentions that the following events led to the downfall of the growth rate.

Moreover the 1991 reforms were the result of deep financial crisis therefore all the options are correct and therefore option D is the correct answer.

4. According to the closing paraphrase of the passage for a decade the Indian growth rate stood at an average 8.5% to 9% because the reforms made by the consecutive prime ministers Narasimha rao and Atal Bihari Vajpayee made the growth rate increase handsomely, even the global financial crisis could not derail the growth rate.

Therefore option C is the right answer.

5. According to the passage the critics of Indian reforms never agreed that economic reforms of 1991 had a lasting impact on the Indian growth story but in practically it is the numbers that tell a different story. The growth rate was never in a negative zone. It steeply progressed from 6% to 8% after the 1991 reforms. So both the options are correct but R does not explain A and is contrary to the economist views.

Hence, option D is correct.



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