

CLAT 2020 Test Series Plan

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Logical Reasoning Questions for CLAT Exam

Logical Reasoning Quiz 8

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

India should have joined RCEP. The deal on offer was a reasonably good one and many of our fears had been allayed. Our farmers had been given protection from imports of agricultural products and milk(say from New Zealand).A quarter of Chinese products had been excluded, and for the rest a long period of tariffs was allowed from 5 to 25 years. The deal offered a unique safeguard from a sudden surge of imports from China to India for 60 of the most sensitive products.

If much smaller countries in Asia-Vietnam, Thailand, the Philippines, Laos, Myanmar-can compete and have joined RCEP, why can't India? Why does it need tariff protection, normally meant for infant industries? Why are India's companies still infants after 72 years of Independence? No nation has become prosperous without exports; open economies have consistently outperformed closed ones. The \$5 trillion target cannot be achieved without exports. The lesson from this fiasco is that India must act single-mindedly and execute bold reforms to become competitive. We can still join RCEP by March 2020.Consider this period a pause to get our house in order. Here are ten ways to make the nation competitive.

First, get over an inferiority complex and change our old mindset of export pessimism that has limited our share of world exports to 1.7%.Pessimists fear a growing trade deficit. They forget that low cost, high quality imports are necessary to join global supply chains. Competition from imports is a school in which entrepreneurs learn to hone their skills. Ditch the bad idea of import substitution that has made a recent comeback.' Make in India' should be 'Make in India for the World'. To the voices moaning about bleak global trade prospects. Vietnam's exports have grown 300% from 2013 to 2018 while India's have remained stagnant. India's share of world trade is so small-growing it will bring acche din.

Second, lower our tariffs, which are amongst the highest in the world, and have worsened in recent years through nine rounds of tariff increases in the past three years. Smart countries have a sunset clause to every tariff. Cheaper inputs from abroad will not only make our entrepreneurs more competitive but will also improve domestic productivity.

Third, national competitiveness requires collaboration across a dozen ministries and the states. It cannot be left to the ill-equipped commerce ministry. It needs a high-powered initiative under a senior Cabinet minister. Like the US trade representative, the minister should be empowered to monitor and implement reforms across ministries to enhance competitiveness. No one listens to the commerce ministry.

[Extracted from editorial by Gurcharan Das "Ten Steps to \$5Trillion"]



1. **The author states that India should have joined RCEP since many of our fears had been allayed. Which of the following are those fears?**

- A. Protection to the domestic agricultural industry from cheaper imports from New Zealand.
- B. Exclusion of many products from China.
- C. Tariff on the imports was put from 5 years to 25 years .
- D. All of the above

2. **Consider the following statements from the passage and answer accordingly**

Assertion(A) : \$5 trillion target cannot be achieved without exports

Reason(R) : Open economies have consistently outperformed closed ones.

- A. A is true but 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 but R is not the correct explanation of A

3. **According to the passage which of the following will help in joining global supply chains.**

- A. High quality cheap imports are necessary for domestic manufacturing units.
- B. Entrepreneurs should get over their inferiority complex.
- C. State should curb imports so that competition is lowered for entrepreneurs.
- D. Trade deficits should be kept low by restricting imports.

4. **Consider the following statements from the passage and answer accordingly.**

Assertion : Smart Countries have a sunset clause to every tariff

Reason : Cheaper inputs will make entrepreneur more competitive and will improve domestic productivity.

- A. A is true but 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 but R is not the correct explanation of A

5. **According to the passage how can we achieve national competitiveness**

- A. Commerce ministry needs an overhaul
- B. Ministries and state need to collaborate under a senior cabinet minister.
- C. Industry experts should listen to commerce industry
- D. All of the above.

Correct Answers:

1	2	3	4	5
D	C	A	C	B



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Explanations :

1. The author mentions that India has overcome a lot of problems pertaining to domestic industry like protection of agricultural products, curtailment of sensitive products to be imported from China and moreover has increased its tariff duration on imports from 5 to 25 years. All these are the fears that have been taken care of lately so India should have joined RCEP.

And therefore all options are correct and option D is the answer.

2. Refer to the lines 11-12 of the passage the author states that boosting exports is an attribute of open economies which outperform others than the ones which are closed therefore to achieve the \$5 trillion target the exports need to be boosted by becoming open economy.

So option C is the right answer.

3. Refer to the lines 18-19 of the passage where the author cites that high quality cheap imports will help India in joining global supply chains so option A is the answer. Other options like option B is a suggestion which is not subjective to the answer.

Option C and D are contrary to the statement.

4. Refer to the lines 27-28 of the passage where the author quotes that smart countries put a bar on import tariffs so that imports of raw materials as inputs to the domestic industry become cheap and enhance competitiveness of the entrepreneurs in global markets.

Therefore option C is the right answer.

5. Refer to the lines 30-32 of the passage where author clearly states that national competitiveness needs collaboration of various ministries and states under an able leadership of a cabinet minister and not just commerce ministry.

The author is of critical view of commerce industry as well but option B is a better answer among all the above mentioned options therefore other options can be ignored by method of elimination.



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