

Reading Comprehension Questions Overview

Reading Comprehension Questions have a good weightage in the Banking Exam and the type of question asked in Banking exam is similar to the question mentioned below. It has been solved and explained by Gargi.ai Experts and they have tried to elaborate the concept used in Reading Comprehension Questions.

Reading Comprehension Questions

Read the passage carefully and answer the questions that follow. The Indian scouting tiger is on the prowl again. India remains among the top three investment destinations for global investors looking at emerging markets. In the last three years alone, offshore long-term investment flows into India through FII/FDI route is nearly \$150 billion, one of the strongest ever witnessed. India has increasingly become a hotspot for global investments not just in the listed equity & fixed income markets, but in the unlisted/private market space as well. Recently, we witnessed one of the largest ever private investments in an Indian technology company by an offshore investor adding further impetus to yet another pool of investment into India; the growing start-up eco-system. India's growing prominence is backed by India's growing clout in the macro-economic and asset class space at the global stage. Growth is expected to gain further momentum over the next few years as consumption picks up on the back of the 7th pay commission payouts, normal monsoons and lagged benefits of lower rates, and long-term structural reforms start bearing fruits bringing in efficiency gains. The fiscal policy continues to focus on consolidation with expenditure targeted on rural, housing and infrastructure (roads, railways) Capex providing a larger multiplier impetus to growth. On the external front, India has never been in a better position with FX reserves at a record high of 390 billion dollars. This is a far cry from the humble beginnings of less than 1 billion dollars in 1991 at the dawn of our liberalization reforms. Trade deficit remains under control as commodity prices remain low on the back of structural developments in the crude oil market that are keeping prices capped at \$50 per barrel. Aware of these gradual tectonic changes underway in the economy, domestic investors including HNIs have been swift in shifting their gaze inward rather than outward. The Mutual Funds annual SIP book is now upwards of \$10 billion, acting as a strong stabilizing factor for liquidity. Falling interest rates and lower inflation is causing a structural shift into financial assets from physical assets with the bulk of domestic flows into equities. In fact, household financial savings has for the first time in years exceeded household physical savings, which should help in channelling savings into investments. This paradigm shift is underway not just among the population elite but in the mid-to lower-income strata as well, making this a long term structural change in investing patterns. Despite scepticism over near term performance given rich valuations, domestic investors remain growth believers and continue to see equities as the best asset class. This view is based on the earnings cycle to have bottomed out, with the high likelihood of 15-20 per cent earnings growth over the next few years, aided by a low base and sustainable recovery in growth. New equity opportunities are arising with greater formalization and value migration post-GST and demonetization.

Question

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As per the passage, which of the following can be considered as depicting a change in investing patterns? I. Household financial savings exceeding household physical savings. II. Shifting from financial assets to physical assets. III. More and More investors opting for mutual funds SIP.

Difficulty : Moderate

Average Time : 166 Seconds

Options :

1. Only I and III
2. Only I and II
3. Only II and III
4. All of the above
5. None of the above

Solution

The correct answer is **Option 1 i.e. Only I and III.**

Refer to paragraph 4:

‘...Aware of these gradual tectonic changes underway in the economy, domestic investors including HNIs have been swift in shifting their gaze inward rather than outward. The Mutual Funds annual SIP book is now upwards of \$10 billion, acting as a strong stabilizing factor for liquidity. Falling interest rates and lower inflation is causing a structural shift into financial assets from physical assets with the bulk of domestic flows into equities. In fact, household financial savings have for the first time in years exceeded household physical savings, which should help in channeling savings into investments. This paradigm shift is underway not just among the population elite but in the mid-to lower-income strata as well, making this a long-term structural change in investing patterns...’.

The highlighted fragments make it clear that:

- Statement I is correct.
- Statement II is the opposite of what is stated in the passage.
- Statement III is also correct.

Hence, the option chosen is correct.