

## English Cloze Test

**Directions (1-15):** In the following passage there are blanks, each of which has been numbered. These numbers are printed below the passage and against each, five words/phrases are suggested, one of which fits the blank appropriately. Find out the appropriate word/ phrase in each case.

India's external balance sheet may have improved significantly since the infamous taper tantrum of 2013, but there are now \_\_\_\_ (1) \_\_\_\_ that warrant more caution from policymakers. Last week, the current account deficit (CAD) widened to a four-year high of \$14.3 billion in the first quarter of the current financial year, standing at 2.4% of gross domestic product, \_\_\_\_ (2) \_\_\_\_ to 0.1% last year. The widening CAD \_\_\_\_ (3) \_\_\_\_ driven by a greater increase in merchandise imports \_\_\_\_ (4) \_\_\_\_ exports. A strong capital account surplus, however, has helped the country \_\_\_\_ (5) \_\_\_\_ for its import bills without much trouble. Foreign investors starved of yield have been stepping up their investments in India, which remains one of the few places offering higher yields. Compared to last year, net FDI almost doubled to \$7.2 billion in the first quarter, while net portfolio investment jumped about six times to \$12.5 billion. The strong inflow of foreign capital has also \_\_\_\_ (6) \_\_\_\_ to a significant increase in foreign reserve holdings, thanks to the Reserve Bank of India which has been busy buying dollars to weaken the rupee. Forex reserves were at an all-time high of \$400.7 billion for the week ending September 8, while the rupee has appreciated by over 6% against the dollar this year. Low global oil prices \_\_\_\_ (7) \_\_\_\_ the last two years have also helped contain a good portion of its import bills.

All this might change with the impending tightening of monetary policy by the U.S. Federal Reserve and other central banks. After all, emerging Asian markets have been the \_\_\_\_ (8) \_\_\_\_ beneficiaries of loose monetary policy in the West, so any change in stance would most definitely affect them. Indian companies, for instance, have aggressively tapped into the market for rupee-denominated foreign debt, which can work \_\_\_\_ (9) \_\_\_\_ them if the flow of foreign capital turns volatile. The RBI has been regulating the \_\_\_\_ (10) \_\_\_\_ and quality of such borrowings, so it may seem like things are under control for now. Further, India's total external debt declined by 2.7% during the financial year 2016-17, standing at \$471.9 billion, driven by a fall in external commercial borrowings and deposits by non-resident Indians. The World Bank, in fact, has said that India's external dynamics \_\_\_\_ (11) \_\_\_\_ very favourable given the size of its economy and foreign reserve holdings. But a prolonged period of unfavourable trade balance when combined with volatile international capital flows can \_\_\_\_ (12) \_\_\_\_ to unsavoury macroeconomic situations. According to a \_\_\_\_ (13) \_\_\_\_ by India Ratings & Research earlier this year, a 10% depreciation of the rupee combined with a 50 basis point interest rate \_\_\_\_ (14) \_\_\_\_ can severely affect most Indian borrowers. It added that as much as 65% of foreign debt exposure of Indian companies may be unhedged. As the world looks to withdraw from an era of historically low interest rates, it would be wise for India's policymakers to be ready with an \_\_\_\_ (15) \_\_\_\_ plan to tackle a period of significant volatility.

**Q1.**

- (a) style
- (b) format
- (c) signs
- (d) decision
- (e) way

**S1. Ans.(c)**

**Sol.** option C is the correct choice.

**Q2.**

- (a) seen
- (b) compared

- (c)observed
- (d)said
- (e)revised

**S2. Ans.(b)**

**Sol.**option b is the correct choice.

**Q3.**

- (a)are
- (b)have been
- (c) will be
- (d) were
- (e) was

**S3. Ans.(e)**

**Sol.**was is the correct choice as sentence indicate a past event.

**Q4.**

- (a)when
- (b)then
- (c)than
- (d)though
- (e) about

**S4. Ans.(c)**

**Sol.** than is the apt choice as than is used for introducing the second element in a comparison.

**Q5.**

- (a)select
- (b)appropriate
- (c)given
- (d)pay
- (e)comprehend

**S5. Ans.(d)**

**Sol.** option d is the correct choice.

**Q6.**

- (a)prone
- (b)sponsored
- (c)led
- (d)flow
- (e)combined

**S6. Ans.(c)**

**Sol.** option c is the correct choice.

**Q7.**

- (a)during
- (b)over
- (c)at
- (d)about
- (e)between

**S7. Ans.(b)**

**Sol.**option b is the correct choice.

**Q8.**

- (a)bigger
- (b)significance
- (c)biggest
- (d)sustainable
- (e)larger

**S8. Ans.(c)**

**Sol.**option c is the correct choice.

**Q9.**

- (a)beside
- (b)against
- (c)according
- (d)for
- (e)alternate

**S9. Ans.(b)**

**Sol.**option b is the correct choice

**Q10.**

- (a)amount
- (b)detailed
- (c)detection
- (d)coin
- (e)bank

**S10. Ans.(a)**

**Sol.**option a is the correct choice

**Q11.**

- (a)stock
- (b)remain
- (c)stop
- (d)imagine
- (e)answer

**S11. Ans.(b)**

**Sol.** option b is the correct choice

**Q12.**

- (a)lead
- (b)sufficient
- (c)name
- (d)resolve
- (e)answer

**S12. Ans.(a)**

**Sol.**option a is the correct choice

**Q13.**

- (a)thought
- (b)report
- (c)paper
- (d)view
- (e)points

**S13. Ans.(b)**

**Sol.** option b is the correct choice

PINNACLE