

RC-+ Cloze Test **Day-8**

Passage-1

Over the next five years, India faces one of the world's biggest financing challenges: bringing clean, affordable, reliable, water and energy to all, building the infrastructure for smart cities to thrive and investing in enterprises that will provide livelihoods for an extra 10 million jobseekers each year. Through all of this and beyond, a sustainable financial system is both a necessity and an opportunity. For too long, a **myth** has been allowed to take root in India that sustainability and finance are at odds – that taking account of environmental, social and governance (ESG) factors raises costs, reduces returns and impedes development. Actual practice suggests the reverse. The Small Industries Development Bank of India has found, for example, that loans to energy – efficient companies have a much better loan recovery rate than the norm. At IDFC, the business case for sustainable finance is real and multifaceted: reduced risk, increased market share, access to international finance, reduced reputational risks and enhanced brand value.

Sustainable finance is fundamentally about channeling capital to India's real economy needs. Take renewable. The fivefold increase in the country's solar target to 100 GW of installed capacity by 2022 will require **unprecedented** volumes of investment, perhaps as much as \$ 100 billion as per some estimates. Even though solar is approaching grid parity and offers attractive long-term cash flows with zero fuel risk, many obstacles remain, not least off take risk. But **bottlenecks** in the financial system also exist. The inclusion of renewable in banks' power sector exposure limits means that credit capacity is often capped out. The time is ripe for India to move the needle on sustainable finance both domestically and internally. Together, Ficci and the UN Environment Programme (UNEP) Inquiry have formed an Indian advisory committee to generate practical policy options for a sustainable financial system. Harnessing the positive power of financial innovation is key, and this includes mobilizing India's debt and equity capital markets.

The demand for 'green bonds' among the world's institutional investors is soaring – with \$34 billion being issued this year itself. Certification of what is 'green' and awareness creation on the benefit from green bonds for

individual investors are needed. A Green Bond Market Development Committee for India will soon be set up. On the equity side, the new Infrastructure Investment Trusts offer the **potential** to create India's own 'yield co' segment of low-risk income-bearing clean energy securities. Incentives will also be needed to overcome residual investment risks. But subsidies cannot be the basis for sustainable finance in India. Key instruments could include guarantee and credit enhancement mechanisms from national and international development banks to 'crowd in' private capital to, for instance, underpin payments to energy service companies, unlocking the crucial efficiency market in India. Tax incentives could also be used to encourage investment flows – already used for the country's de facto 'green bond' leader, the Indian Renewable Energy Development Authority (IREDA).

1. What are the challenges India faces over the next five years? Answer in the context of the passage.

- A. Building the infrastructure for smart cities
- B. Investing in enterprises
- C. Regular availability of water and energy to all
- a) Only (A) and (B) b) Only (B) and (C)
- c) Only (A) and (C) d) All (A), (B) and (C)
- e) Only (C)

2. What is the myth about the impact of ESG factors?

- a) That these factor reduce cost, return and accelerate development
- b) That these factors have no impact on a sustainable financial system
- c) That these factors raise costs, reduce returns and impede development
- d) That these factors facilitate smooth functioning of sustainable financial system
- e) Other than those given in the options

3. Which of the following statements is not correct in the context of the given passage?

- A. Sustainable finance means channeling capital to India's real economy needs.
- B. Loans to energy – efficient companies have a much better loan recovery rate.
- C. There has been very little demand for 'green bonds' among the world's institutional investors.

- D. Investing in enterprises will provide livelihood for additional ten million jobseekers each year.
 a) Only (A) and (B) b) Only (B), (C) and (D) c) Only (C)
 d) Only (D) e) Only (A) and (C)
4. What is the purpose of FICCI and UNEP forming an Indian advisory committee?
 a) To woo world's institutional investors to invest in green bonds
 b) To mobilise Indian's debt and equity capital market
 c) To seek advice from successful financial institutions
 d) To generate practical policy options for a sustainable financial system
 e) All the above
5. What will be needed for setting up Green Bond Development Committee for India? Answer in the context of passage
 A. Guarantee and credit enhancement mechanisms from national and international development banks
 B. Incentives to overcome residual investment risks
 C. Tax incentives to encourage investment flows
 a) Only (A) b) Only (B) c) Only (C) d) All (A), (B) and (C)
 e) None of these
6. What is the meaning of the expression 'de facto' as used in the given passage?
 a) In practice but not necessarily ordained by law
 b) A written statement of facts
 c) By the very nature of the deed
 d) From the beginning e) Concerning law

Directions (Questions-07 & 08): Choose the word/group of words which is MOST SIMILAR in meaning to the word/group of words printed in bold as used in the passage.

7. Bottlenecks

- a) assistance b) hindrance c) push d) aid e) promotion

8. Potential

- a) mechanism b) solution c) possibility d) problem
 e) lacking

Directions (Questions.09 &10): Choose the word/group of words which is MOST OPPOSITE in meaning of the word/group of words printed in bold as used in the passage.

9. Unprecedented

- a) freakish b) unusual c) remarkable d) extraordinary
 e) unexceptional

10. Myth

- a) tradition b) imagination c) fantasy d) truth
 e) extraordinary

Directions: In the following passage some of the words have been left out, each of which is indicated by a number. Find the suitable word from the options given against each number and fill up the blanks with appropriate words to make the paragraph meaningfully complete.

Investors have **...(1)...** out of love with emerging markets. Since the start of last year emerging-market stocks have **...(2)...** their richworld peers. Currencies are falling. Worst-hit is the Russian rouble, which has fallen by 30% against the dollar this year. The currencies of other **...(3)...** emerging markets, such as Brazil, Turkey and South Africa, have also weakened. For such economies growth is harder to **...(4)...** by. The IMF recently cut its forecasts for emerging markets by more than for rich countries. But India is a **...(5)...** exception to the general pessimism. Its stock market has touched new highs. The rupee is stable. And the IMF **...(6)...** up its 2014 growth forecast for India to 5.8%. That figure is still quite low: growth rates of 8-9% have been more typical. But in comparison with others it is **...(7)...** a boom. Why is India doing better than most emerging markets? In part optimism about India **...(8)...** to its newish government. In May Narendra Modi's Bharatiya Janata Party (BJP) won a **...(9)...** victory in elections on a pro-growth platform. Since then the BJP has strengthened its position in some key states. So far reform has been piecemeal. Procedures for government approvals have been streamlined. The powers of labour inspectors have been curbed. Civil servants now work harder. That has been enough to sustain hopes of further and bigger reforms. Yet **...(10)...** of the continued enthusiasm about India is down to luck.

1. 1) fallen 2) lauded 3) honoured 4) seen 5) come

2. 1) ditched 2) carried 3) ignored 4) completed 5) trailed

3. 1) ample 2) biggish 3) hefty 4) gross 5) pondered

4. 1) gone 2) had 3) like 4) come 5) behave

5. 1) preamble 2) comparable 3) notable 4) covered
 5) considerable

6. 1) nudged 2) shown 3) build 4) filled 5) push

7. 1) almost 2) about 3) looking 4) to 5) with

8. 1) work 2) touch 3) trigger 4) cross 5) owes

9. 1) failing 2) thumping 3) running 4) amusing
 5) tiring

10. 1) some 2) working 3) refreshing 4) much
 5) working

Answers:

1. 1
2. 5
3. 2
4. 4
5. 3
6. 1
7. 1
8. 5
9. 2
10. 4

Answersheet

Passage-2

1. d) 2. c) 3. c) 4. d) 5. e) 6. a) 7. b) 8. c) 9. e) 10. d)