RBI PHASE 1 RECAP

16th JULY ‘18

REASONING - STATEMENT AND ASSUMPTIONS
Questions in this chapter consists of a statement (which consists of facts, observations, advertisements, appeals, advices, notices) and followed by assumptions, of which the validity is to be checked. An assumption is something supposed or taken for granted. You have to consider the statement and the following assumptions and then decide which of the Assumptions is implicit in the statement.

ASSUMPTION
An assumption is the hidden part of the statement which is assumed/supposed and taken for granted. Something that is not clearly mentioned in the statement but is an integrated part of it and without which the statement cannot exist.
THINGS TO BE REMEMBER

Assumption is always Indefinite & Positive
Some words like only, each, any, every, all, question indicating word (why, these, what), Answer indicating words (therefor), Definitely, But, Certainly exist in the assumption that assumption will always be explicit (False).
Some words like some, to large extent, many, much, exist in the assumption that assumption will always be implicit (True).
Any assumption that is conveying the message of advertisement, notice, appeal that assumption will always be implicit (True).
Any assumption that is talking about the social welfare (positive), govt. policies that assumption will always be implicit (True).
If any assumption is talking about past & future that assumption will always be explicit (False).
If any assumption showing the word like suggestion, order, request that will always be implicit (True).
Restatement is never implicit.
Comparison always wrong.
Q.1) Statement: Hurdles in restoring security in travelling through train will be removed by the railway ministry and travelling by train will once again be perceived as safe.
   Assumptions:
   (I) The railway ministry has created hurdles in traveller’s security.
   (II) Today travelling by train is not considered safe.
   (III) It is possible to make train journey safe.

[a] Only I and II
[b] Only II and III
[c] Only I and III
[d] All I, II and III
[e] None of these
Solution: 1 [b]
If someone takes an initiative to remove the hurdles, it is not implied that he/she is the one who has created it. Hence, (I) is not implicit. II is implicit because it is the problem for which initiatives are being taken. III is also implicit because one does not undertake an effort unless he/she assumes the difficulty can be overcome.
Q.2) Statement: "A court can convict an accused solely on the basis of a dying declaration but such a declaration should be free from any doubt and the victim making the statement should be mentally fit." — Supreme Court.
Assumptions:
(I) One who is not mentally fit always makes statements untrustworthy in nature.
(II) Declaration made by the dying person is likely to be true,
(III) It is possible to distinguish whether a declaration is dubious or not.
[a] Only I
[b] Only I and II
[c] Only II and III
[d] Only III
[e] None of these
Solution: 2 [c]  
I is not implicit because of the word 'always'. The importance of 'dying expression' for conviction implies that the Supreme Court must be assuming II. How can a person judge the veracity of a statement without having the capacity to distinguish whether the statement is doubt-free or doubtful. Hence, III is also implicit.
Q.3) Statement: The 'license raj' might have been vanquished by the reforms but 'inspector raj' is thriving.
Assumptions:
(I) The 'license raj' is the same as the 'inspector raj'.
(II) The reforms should have put an end to the 'license raj'.
(III) The 'inspector raj' is a menace.

[a] None  
[b] All the three  
[c] Only I and III  
[d] Only II and III  
[e] Only III
Solution: 3 [d]
I is false; if the two were the same, how could they meet two different fates? II is implicit; look at the way in which 'inspector raj' is being contrasted with 'licence raj', which the reforms have put an end to. III is implicit: if you wish to get rid of something, you assume that it is a menace.
Q.4) Statement: "We believe that the adjustment that has already taken place in the value of the rupee is adequate. There is no ground for a further weakening of the rupee." RBI governor

Assumptions:
(I) The value of the rupee has depreciated recently.
(II) Dollar-buying has been on the rise.
(III) Currencies do not fall after a certain level.

[a] None  
[b] Only III  
[c] Only I and III  
[d] Only II  
[e] Only I and II
Solution: 4 [c]
The governor says that there would not be "further weakening of rupee". Which is based on the assumption that the rupee has weakened in the recent past. Hence, I is implicit. II is not implicit; dollar-buying may be one of the reasons for the depreciations of the rupee. But one cannot assume this. III is implicit: note the use of the word adequate.
Directions (For Q.5): In each question below is given a statement followed by two assumptions numbered I and II. An assumption is something supposed or taken for granted. You have to consider the statement and the following assumptions and decide which of the assumptions is implicit in the statement.

Q.5) Statement: For realizing a 7% GDP growth rate, we would need our gross investments to increase to 2830 per cent. This is not a tall order.
Assumptions:
(I) 7% GDP growth rate seems to be a far cry,
(II) The more you invest, the better the GDP growth.
(III) The GDP growth rate is the indicator of a nation's development.

[a] Only I
[b] All the three
[c] Only II
[d] Only II and III
[e] Only III
Solution: 5 [c]
(I) is wide off the mark. In fact, it's just the contrary of what the statement says. II is implicit: when a statement is of the form A should be done for B, we assume that A leads to B. III is not implicit.
Directions (For Q.6): In each question below is given a statement followed by two assumptions numbered I and II. An assumption is something supposed or taken for granted. You have to consider the statement and the following assumptions and decide which of the assumptions is implicit in the statement.

Q.6) Statement: "Let us enter into a deal with company Y to come out of our financial crisis." — Company X.

Assumptions:
(I) Company Y can bail company X out of its financial crisis.
(II) Two companies can enter into a deal.
(III) Company Y is financially sound.

[a] Only II and III
[b] Only II
[c] Only I and III
[d] Only III
[e] None of these
Solution: 6 [e]
All the three are implicit. Since company X talks of entering into a deal, it must be assumed that two companies can enter into a deal. So, II is implicit. Again, I is implicit because how can company Y help company X unless it is capable to do so? Besides, this capability must be based on being financially sound. So, III is implicit.
Q.7) Statement: The civic authority has decided that all the factories located inside the city limit be shifted outside to reduce the level of environmental pollution in the city.
Assumptions:
(I) The pollution level in the city in future may reduce after these factories are shifted outside the city limit.
(II) Enough usable land is available outside the city limit for these factories.
(III) Many of these factories may shift to some other smaller town to remain profitable.

[a] Only (I) is implicit
[b] Only I and II are implicit
[c] Only II is implicit
[d] Only II and III are implicit
[e] None of these
Solution: 7 [b]  
Why did the civic authority take such an initiative in order to reduce the pollution? It must be assuming that the move will fulfil the desired objective. Hence, I is implicit. And, how can the move be made effective? Obviously, the civic authority must be assuming II. Hence, II is implicit. III can't be correlated with the statement. Hence, III is not implicit.
Q.8) Statement: The 'X' car manufacturing company has decided to increase price of the cars in A, B and C segments ranging from 5% to 10% with immediate effect as the steel prices have risen considerably in the recent past.
Assumptions:
(I) The prices of cars other than in A, B and C segments are already very high and need not be increased.
(II) The rival car manufacturing companies may also increase the prices of cars in these segments.
(III) There may be adequate demand in the market of the cars in these segments even after the price hike.

[a] Only (I) is implicit
[b] Only II is implicit
[c] Only III is implicit
[d] Both I and III are implicit
[e] All are implicit
Solution: 8 [c]
I need not be implicit because we don't know about the company's policy regarding other segments. Again, if a manufacturer increases the price of products, the manufacturer assumes that there may still be adequate demand in the market of its products. Hence, III is implicit. Thus, reject the options [a], [b], [d] and [e]. Note that II may or may not be an assumption.
STATEMENT AND ASSUMPTIONS

Directions (For Q.9): In each question below is given a statement followed by two assumptions numbered I and II. An assumption is something supposed or taken for granted. You have to consider the statement and the following assumptions and decide which of the assumptions is implicit in the statement.

Q.9) Statement: The university authority has decided to decentralize conduct of terminal examinations and give this responsibility to each college for its students to avoid delay in declaration of results.

Assumptions:
(I) The colleges are equipped to carry out this responsibility.
(II) There may not be uniformity in evaluation standard across the colleges.
(III) The students may welcome this new development.

[a] None is implicit
[b] Only II and III are implicit
[c] Only I and II are implicit
[d] Only I and III are implicit
[e] None of these
Solution: 9 [d]  
If an organization or a person entrusts a responsibility to an organization or a person, the former assumes that the latter will carry out the responsibility properly. And how can an organization or a person carry the entrusted responsibility without having the required expertise? Obviously, (I) is implicit. Also, it is supposed that a university takes a decision with a constructive purpose which will have positive impact on the students' future. Obviously, the university authority must be assuming III. Hence, III is implicit. Again, II can't be correlated with the statement. Hence, II is not implicit.
Q.10) Statement: "Our school provides all facilities like school bus service, computer training, and sports facilities. It also gives opportunity to participate in various extra-curricular activities apart from studies." - An advertisement by a public school.

Assumptions:
(I) Nowadays extra-curricular activities assume more importance than studies.
(II) Many parents would like to send their children to the school as it provides all the facilities.
(III) Overall care of the child has become the need of the time as many women are working.

[a] Only (I) is implicit
[b] Only II is implicit
[c] Only I and II are implicit
[d] All I, II and III are implicit
[e] None of these
What is the real objective of the advertisement? The objective must be to enroll more school children through attracting a large number of parents. And in order to obtain this objective, the advertisement has been adorned with many features with an assumption that the features may attract parents because parents want maximum facilities. Hence, II is implicit. But (I) is not implicit because (I) may or may not be an assumption. III can't be correlated with the statement; hence III is not implicit.