



# FACT, INFERENCE, AND JUDGEMENT

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## INTRODUCTION

The CAT 2006 sprung up a surprise on the exam-takers when it revived an old question type after a gap of over a decade and brought out of its bag the fact, inference, and judgement, more commonly known as the FIJ.

Already being a part of the reading skills chapter of this book, our readers were not so much astounded as the rest of the exam takers but were definitely surprised at the rebirth of the question.

Before we actually start explaining the concepts involved, let us see the definition of the above given in the CAT 2006 examination, which is as follows:

- Facts, which deal with pieces of information that one has heard, seen, or read, and which are open to discovery or verification (the answer option indicates such a statement with an 'F').
- Inferences, which are conclusions drawn about the unknown, on the basis of the known (the answer option indicates such a statement with an 'I').
- Judgements, which are options that imply approval or disapproval of persons, objects, situations, and occurrences in the past, the present, or the future (the answer option indicates such a statement with a 'J').

So deriving our basis from the above let us define the concepts of Fact, Inference, Judgement.

## FACT

Fact can be defined as universal truths which are true under all circumstances.

*For example:* The sentence, "Moon is the satellite of the Earth", indicated a universal truth.

*Statements of facts are also picked up from historical events, scientific discoveries, and day-to-day events.*

*The ultimate test of whether a statement is a fact or not depends upon its verifiability.*

Our past experience tells us that our assumption that the lights will go on the next time we push the switch is very likely *close* to a fact, as long as there are no unexpected factors. (Power failure, fused bulb, unpaid bill, etc.) It will not become factual until the moment the light goes on and we observe it.

## INFERENCE

*A statement of inference differs from a statement of fact in the sense that the inference is not fully verifiable as it has elements of an unknown quantity which is being inferred about.*

*There is a difference between statements that represent what can be observed and those that represent what is only inferred. A speaker should be aware of the difference between speaking inferentially and speaking factually or between a statement of inference and a statement of fact.*

*Inferences may be carelessly or carefully made. They may be made on the basis of a great background of previous experience with the subject-matter.*

Based on our past experience, we sometimes **assume** that something did or will happen. When you push the light switch on the wall, you **assume** the lights will go on. This is exactly what an inference is.

When we believe an incident occurred or will occur because of something that was said, written, or otherwise communicated, but the incident was not specifically described, we can make **inferences** about that incident.

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Structurally and grammatically, there is no actual difference between a factual and an inferential statement. But these comparisons can be taken into account:

<i>FACT</i>	<i>INFERENCE</i>
1. Can be made after some observation	Can be made at any time
2. Stays within what can be observed	Goes beyond what can be observed
3. Can be made in limited or finite number	Can be made in unlimited number
4. Provides closest approach to certainty	Shows some degree of probability
5. Has no approximation	Has some degree of approximation

## JUDGEMENT

Judgements and opinions are one and the same thing. Since a judgement implies a sense of approval or disapproval so it has more degrees of approximations than inferences and facts. Judgements can, like inferences, be made any time and they also go beyond what can be actually seen or verified. Judgements can also have a high level of probability of what has been mentioned. Judgements are generalisations where there might not be clear verification of the facts.

Judgements are opinions, suggestions, and recommendations whereas inferences are proven under specified conditions of facts or experience.

The following comparisons can be made between an inference and judgement.

<i>INFERENCE</i>	<i>JUDGEMENT</i>
1. Can be made any time	Can be made any time
2. Goes beyond what can be observed	Goes beyond what can be observed
3. Has some degree of approximation	Has a large degree of approximation.
4. Shows some degree of Probability	shows a high degree of probability
5. does not talk about right or wrong	Talks about right and and wrong,good and bad.

## SOLVED EXAMPLES

## Actual CAT 2006 Questions

**Directions for Questions 1 to 5:** Each question has a set of four sequentially ordered statements. Each statement can be classified as one of the following:

- Facts, which deal with pieces of information that one has heard, seen or read,, and which are open to discovery or verification (the answer option indicates such a statement with an 'F').
- Inferences, which are conclusions drawn about the unknown, on the basis of the known (the answer option indicates such a statement with an 'I').
- Judgements, which are opinions that imply approval or disapproval of persons, objects, situations and occurrences in the past, the present or the future (the answer option indicates such a statement with a 'J').

Select the answer option that best describes the set of four statements.

**Question 1:**

- A. So much of our day-to-day focus seems to be on getting things done, trudging our way through the tasks of living—it can feel like a treadmill that gets you nowhere; where is the childlike joy?
- B. We are not doing the things that make us happy; that which brings us joy; the things that we cannot wait to do because we enjoy them so much.
- C. This is the stuff that joyful living is made of—identifying your calling and committing yourself wholeheartedly to it.
- D. When this happens, each moment becomes a celebration of you; there is a rush of energy that comes with feeling completely immersed in doing what you love most.

- (a) IIIJ                      (b) IFIJ  
(c) JFJJ                      (d) JJJJ  
(e) JFII

**Question 2:**

- A. Given the poor quality of service in the public sector, the HIV/AIDS affected should be switching to private initiatives that supply anti-retroviral drugs (ARVs) at a low cost.
- B. The government has been supplying free drugs since 2004, and 35,000 have benefited up to now—though the size of the affected population is 150 times this number.
- C. The recent initiatives of networks and companies like AIDS Care Network, Emcure, Reliance—Cipla—CII, would lead to availability of much needed drugs to a large number of affected people.

D. But how ironic it is that we should face a perennial shortage of drugs when India is one of the world's largest suppliers of generic drugs to the developing world.

- |          |          |
|----------|----------|
| (a) JFIJ | (b) JIJJ |
| (c) IFIJ | (d) IFFJ |
| (e) JFII |          |

**Question 3:**

- A. According to all statistical indications, the Sarva Shiksha Abhiyan has managed to keep pace with its ambitious goals.
- B. The mid day Meal Scheme has been a significant incentive for the poor to send their ones to school, thus establishing the vital link between healthy bodies and healthy minds.
- C. Only about 13 million children in the age group of 6 to 14 years are out of school.
- D. The goal of universalisation of elementary education has to be a prerequisite for the evolution and development of our country.
- |          |          |
|----------|----------|
| (a) IIFJ | (b) JIJJ |
| (c) IJFJ | (d) IJFI |
| (e) JIFI |          |

**Question 4:**

- A. We should not be hopelessly addicted to an erroneous belief that corruption in India is caused by the crookedness of Indians.
- B. The truth is that we have more red tape—we take eighty-nine days to start a small business, Australians take two.
- C. Red tape leads to corruption and distorts a people's character.
- D. Every red tape procedure is a point to contact with an official, and such contacts have the potential to become opportunities for money to change hands.
- |          |          |
|----------|----------|
| (a) JFIF | (b) JFJJ |
| (c) JIJF | (d) IFJF |
| (e) JFJI |          |

**Question 5:**

- A. Inequitable distribution of all kinds of resources is certainly one of the strongest and most sinister sources of conflict.
- B. Even without war, we know that conflicts continue to trouble us—they only change in character.

C. Extensive disarmament is the only insurance for our future; image the amount of resources that can be released and redeployed.

D. The economies of the industrialised western world derive 20 per cent of their income from the sale of all kinds of arms.

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|----------|----------|
| (a) IJJI | (b) JIJF |
| (c) IJIF | (d) JIIF |
| (e) IJIF |          |

**Explanation of Questions 1 to 5**

CONFUSED?? No need to worry!! So were most CAT 2006 aspirants. In fact most trainers across the country were at their wits end to provide the correct answers. However, if you look at the process closely and with clarity you would realise that there are simple straight line thought based solutions to these questions. Let us now try to demystify this question type.

Let us first try to identify what we are actually looking for before we start to look for the solutions to the five questions above.

In the case of 'facts' you are looking for 'verifiable/discoverable pieces of information'. Looking at the 20 statements in the five questions above, it is quite clear that the second statement in the second question, third statement in the third question, second statement in the fourth question and the last statement of the last question are all facts. A close look would make you realise that each of these statements can be verified to be true or false—whether you are trying to verify since when the government is supplying free drugs (second question second statement), or you are trying to verify how many children in the age group of 6 to 14 are out of school (third question third statement), whether we have more red tape (second statement in the fourth question) or the percentage of their income that the industrialised western world derives from the sale of all kinds of arms. (fourth statement in the fifth question).

Next, Judgements are given clearly as opinions (and also the fact that they should signify approval or disapproval).

The four statements of the first question all imply approval/disapproval of certain issues.

In the second question, the first statement is clearly a judgement. ('poor quality' 'should'). Similarly, the fourth statement of the second question is also a judgement (since

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there is an implicit disapproval of the situation of the perennial shortage of drugs in India.) [Hence option 1 is correct in question (2).]

Similarly, in the third question, statements B (*'Midday meal has been a significant incentive'* implies approval of the mid day meal scheme) & (4) (*'has to be a prerequisite'* implies approval of the goal of universalisation of elementary education), and in the fourth question statements (1) and (3) of the fourth question as well as the fifth question either imply approval or disapproval of certain things.

As you can easily see, the correct answers could have been derived on the basis of the identification of only facts and judgements—not monumental tasks if you could understand what you had to be looking for.

The answers to the questions are: (1) 4, (2) 1, (3) 3, (4) 5, (5) 2.

Looking for inferences Statement C of the second question is an inference since it draws a conclusion about the unknown (*'would lead to the availability of much needed drugs'*). So also the first statement of the third question ( a conclusion is drawn about whether the Sarva Shiksha Abhiyan has kept pace with it's ambitious goals which is an unknown on the basis of statistical indications, which is a known). Similarly, the last statement of the fourth question and the second statement of the 5<sup>th</sup> question derive conclusions about certain unknowns based on the known and hence are inferences.

### Action Point

Everyday while reading the newspaper you would be able to find many statements which you can practice by trying to analyse whether they are facts, inferences or judgements. Consider, the following statements which appeared in the news in the past few days and can be classified as Facts, Inferences or judgements-

'India lost the first one day international to England by 104 runs'—Fact

'The fissures created by the Nuclear deal have led the government into a crisis of survival'—Inference

In my view they would be the best practice material for solving this question type.

### Exercises

#### Question 1:

- A. Yet neither America nor the world seems to see it that way.
  - B. A crowd of two million or more is making its way to Washington, DC, to witness the inauguration of Mr. Obama.
  - C. All will do so in a spirit that has been missing for a while—one of optimism.
  - D. Because he is young, handsome and intelligent, and also because as the child of a Kansan and a Kenyan he reconciles in his own person one of the world's most hateful divisions, Mr Obama carries with him the hopes of the planet.
- (a) FFJJ (b) JFJJ  
(c) JJJJ (d) IIJJ  
(e) JJII

#### Question 2:

- A. This does not mean that America should become more isolationist.
  - B. No one seriously imagines that peace can come to the Middle East without America.
  - C. Yet a president who understands, as Mr. Bush did not, that America is not the uncontested hyper power of the 1990s—one who values "soft power" more than the hard version—will be a change for the better.
  - D. An America led by such a man will listen more carefully to and work more closely with allies and rivals, will strive harder to respect the laws it has signed up to and might enter into new commitments, for instance to tackle climate change.
- (a) IIII (b) JJJJ  
(c) IIJJ (d) JJII  
(e) FFJI

#### Question 3:

- A. George the Second disdained the rules of governance established by his forefathers. He wiretapped citizens without authority, secretly permitted the use of torture and dismissed prosecutors on political grounds.

- B. Citi will still receive its share of revenue from the joint venture, which overtakes the troubled Bank of America-Merrill Lynch combination as the world's largest broker by number of advisers, but there is no question who will be in charge
- C. Initial word of the deal sent Citi's share price skidding on January 12th, as investors reasoned that the bank must be desperate if it was choosing to sell one of its best assets.
- D. Without reform of expensive entitlements, the federal government faces bankruptcy
  - (a) FIFI                                      (b) FFFJ
  - (c) JJFI                                      (d) FFFF
  - (e) JFJF

**Question 4:**

- A. Cutting entitlements at the same time as buying hundreds of billions of dollars-worth of bad loans from Wall Street is difficult politics, to say the least.
- B. Subjects were presented simultaneously with one visual and one auditory stimulus and were instructed to decide whether these stimuli referred to the same object or not. Thus, we demonstrate how brain activation for audiovisual integration depends on the verbal content of the stimuli, even when stimulus and task processing differences are controlled.
- C. This instructor will never pass more than 20 people in an Intermediate Algebra class. The last four semesters the instructor taught Intermediate Algebra, no more than 20 people passed the class.
- D. "I don't believe it has been developing slowly," Nahamoo says. "We're trying to develop machines that expose intelligence by transforming sound into text that carries meaning, which is a very complicated problem we're trying to solve. ... We have been solving different aspects of the problem, but it's not a simple problem."
  - (a) JIIF                                      (b) FFIJ
  - (c) FFFF                                      (d) JJII
  - (e) IIFJ

**Question 5:**

- A. Nahamoo says 1,000 hours of recorded speech is considered the minimum database required for a building respectable system. And markoff notes that Google, in a technical paper on building large

models for machine translation, wrote that the system used 2 trillion "tokens," or words.

- B. While all the other students wrote a ten-page final exam for Dr. Hayakawa, I brought a typewriter and wrote a fifty-page final exam. It might have been on the basis of this that I received the special scholarship.
- C. He knew, as a teacher of public speaking, that he was using humor as a means to the end of education or learning, whereas the comedian could be using the humour as both the means as well as the end.
- D. Often, too, men and women come to see that there is a difference between sitting in judgment on another and understanding how and what he sees, assumes, and feels. They begin with what is easier, judging, approving, condemning. It is only as they mature in their study of others and themselves, that the easy praising and blaming give way to asking, searching, listening.
  - (a) FIFI                                      (b) FFFJ
  - (c) JJIF                                      (d) FIJJ
  - (e) IIFJ

**Question 6:**

- A. Leavened under the interacting scrutiny of students who are free to question and encouraged to enlarge their understanding of real problems.
- B. Several of the patterns of impatience and impulsiveness seem modified in a situation in which each man knows that it is better to be sure, than sorry he opened his mouth too soon.
- C. Irving Lee often said that general semantics is not something that happens to you—it is something you do. It's an operational discipline, it's something you perform.
- D. Since Jane was at the game, she would have seen the runback on the opening kick-off.
  - (a) JJJJ                                      (b) JJFI
  - (c) FJJI                                      (d) FFJJ
  - (e) JJII

**Question 7:**

- A. Any economy that cannot stay ahead of credit-crunched Britain is in deep trouble.

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- B. Figures released on Friday February 13 show that the euro-area's GDP fell by 1.5 per cent in the last three months of 2008.
- C. Any hopes that the euro area would be more resilient to the global credit crisis have been firmly dashed.
- D. Prudence is not always a virtue: the instinct to save for a rainy day seems only to harden when the rains set in.
- (a) FFJJ (b) JFJJ  
(c) IJJ (d) FFJJ  
(e) JJI

### Question 8:

- A. Being the best at something does not mean that doing that thing is the best way to use your scarce economic resources.
- B. In 2000, the EU controversially blocked a merger between two American firms, GE and Honeywell; the deal had already been approved by America's antitrust regulators.
- C. Some kinds of arbitrage are completely risk-free—this is pure arbitrage. For instance, if EUROS are available more cheaply in dollars in London than in New York, arbitrageurs (also known as arbs) can make a risk-free PROFIT by buying euros in London and selling an identical amount of them in New York.
- D. But beggars cannot be choosers and newspaper managers have generally preferred to suffer the whims of deep-pocketed proprietors than go out of business.
- (a) JFIJ (b) FFIJ  
(c) FFJJ (d) JJJJ  
(e) IJJ

### Question 9:

- A. The editor of the *Los Angeles Times*, Russ Stanton, says that its website's revenues now pay for the publication's entire print and online editorial staff.
- B. And the prestige and influence of being a press baron will continue to attract tycoons. Some papers' print editions may not be around by the end of this year, but the industry is not quite dead yet.
- C. Darwin was neither the first to recognise these simple ideas nor to put them together. Thinkers as far back as Empedocles, a Greek philosopher born in 490 BC, are known to have suggested that natural selection might explain why animals were adapted to their surroundings.

- D. Dictators and authoritarians will disagree, but democracies work better.
- (a) FJFJ (b) FFFF  
(c) JJI (d) FIJJ  
(e) JJFF

### Question 10:

- A. Condorcet's theory describes consensus decisions, outlining how democratic decisions tend to outperform dictatorial ones. If each member of a jury has only partial information, the majority decision is more likely to be correct than a decision arrived at by an individual juror.
- B. A study about bees reported that the queen goes off with about two-thirds of the worker bees to live in a new home leaving a daughter queen in the nest with the remaining worker bees. Among the bees that depart are scouts that search for the new nest site and report back using a waggle dance to advertise suitable locations.
- C. Another form of groupthink occurs when people are either isolated from crucial sources of information or dominated by other members of the group, some of whom may have malevolent intent. This too has now been demonstrated in animals.
- D. Animals that live in groups make two sorts of choices: consensus decisions in which the group makes a single collective choice, as when house-hunting rock ants decide where to settle; and combined decisions, such as the allocation of jobs among worker bees.
- (a) FIFI (b) JJFF  
(c) IFIF (d) FFJJ  
(e) JFJF

### Question 11:

- A. "A new Beijing, a new Olympics" is one of China's slogans for the games.
- B. For the first time since 1991 global average income per head is falling. Even as growth in emerging markets has come to a halt, the rich economies look set to shrink.
- C. Financial markets promised prosperity; instead they have brought hardship.
- D. Barry Eichengreen of the University of California at Berkeley and Michael Bordo of Rutgers University

identify 139 financial crises between 1973 and 1997 (of which 44 took place in high-income countries), compared with a total of only 38 between 1945 and 1971. Crises are twice as common as they were before 1914, the authors conclude.

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|----------|----------|
| (a) JFJF | (b) IFIF |
| (c) FFJJ | (d) FIJI |
| (e) IIFJ |          |

**Question 12:**

- A. Toulouse in France, observes that trust in a modern economy has evolved to the miraculous point where people give complete strangers sums of money they would not dream of entrusting to their next-door neighbours.
- B. The failure of finance will affect ideology, too. Many people find capitalism's central planner hard to put up with at the best of times. Free markets shun seemingly worthy causes, whereas the frivolous or apparently undeserving are rewarded.
- C. In 2006 America's current-account deficit peaked at 6 per cent of its GDP. Between 2000 and 2008 the country received over \$5.7 trillion from abroad to invest, equivalent to over 40 per cent of its 2007 GDP.
- D. Jeffrey Frieden, a political economist at Harvard University, says about three-quarters of credit booms financed from abroad end up in crashes.
- |          |          |
|----------|----------|
| (a) FJFF | (b) JFJF |
| (c) FFFJ | (d) JJFF |
| (e) JJI  |          |

**Question 13:**

- A. In fact, the aim should be neither to banish finance nor to punish it, but to create a system that supports economic growth through the best mix of state-imposed stability and private initiative.
- B. WALES, Washington DC, Malta and New Delhi may have little in common, but the same debate is currently raging in all four places, on the rights and wrongs of plastic bags. The Welsh government has proposed levying a fee on them; Washington's city council is contemplating a similar measure; Malta has adopted one, which will come into force on March

1st; and Delhi announced an outright ban last month, which bag makers are petitioning the courts to overturn.

- C. Buy when others are fearful, sell when they are greedy.
- D. Walt Whitman's said: "O America because you build for mankind I build for you."
- |         |         |
|---------|---------|
| a. FFJJ | b. JFJF |
| c. JJFF | d. IFIF |
| e. FFJI |         |

**Question 14:**

- A. Pessimists talk about national decline and even make comparisons with the fall of Rome. But, if the pessimists were right, America would have declined long ago.
- B. Our hopes must be tempered with the caution of history—but with our hopes go the hopes of all mankind.
- C. The quality and spirit of our own society," said Kennedy, "must justify and support our efforts abroad."
- D. America is not a perfect society. But neither is any other society. In its heyday, America did a lot of good for the world for which it will always retain a reservoir of goodwill. But it will never again be viewed as an exceptional country.
- |         |         |
|---------|---------|
| a. JJII | b. JJFJ |
| c. FJFJ | d. FJI  |
| e. IIFJ |         |

**Question 15:**

- A. May did not see a safe job as an ultimate measure of success.
- B. Two bad quarters and you are out.
- C. Artistic interpretations of prehistory rarely present landscapes that embody harmony and tranquillity.
- D. When modern mammals bite into bone they occasionally break a tooth, especially if they are starving and trying to tear off every last piece of meat. Overall, harder times should therefore lead to increased chances of a tooth striking bone and the possibility of a break.
- |          |          |
|----------|----------|
| (a) FFFF | (b) JJFF |
| (c) FJII | (d) JJI  |
| (e) FJJI |          |

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### Question 16:

- A. In the past, with humans absent, more intense competition for food between carnivores probably led to a need to eat kills quickly and completely, resulting in more broken fangs.
- B. FOR the past eight years, America's government has declined to fund new research into one of the world's most promising medical technologies: the use of human embryonic stem cells to repair or replace damaged tissue in the diseased and injured.
- C. Many observers do, however, see this research as a step along the road to reconnecting the brains and limbs of those with severed spinal cords, by growing new nerve cells to bridge the gap.
- D. Both ISCo and Advanced Cell Technology, of Los Angeles, are trying to create stem cells that could stop—and possibly reverse—a process called macular degeneration, which leads to blindness.
- (a) IIJJ (b) JJFF  
(c) IIFF (d) IFIF  
(e) JJIJ

### Question 17:

- A. Michael West, the founder of Geron and now head of BioTime, another biotechnology company, says the existing legislation has affected privately financed research as well as the public sort.
- B. Nobody likes to admit an uncomfortable truth about himself, especially when charged issues such as race, sex, age and even supersized waistlines come into play.
- C. In a paper to be published next month in *Social Cognition*, a group of researchers led by Eugene Caruso of the University of Chicago report their use of a technique called conjoint analysis, which they have adopted from the field of market research and adapted to study implicit biases in more realistic situations.
- D. In their first study, Dr. Caruso and his team recruited 101 students and asked them to imagine they were taking part in a team trivia game with a cash prize. Each student was presented with profiles of potential team-mates and asked to rate them on their desirability.
- (a) FJFF (b) FJJJ

(c) FFFJ

(d) JJFI

(e) IFFI

### Question 18:

- A. People, it seems, are rather more prejudiced than they think they are.
- B. Whether these small differences in what are essentially artificial tasks really reflect day-to-day actions and choices was, until recently, untested.
- C. All the polls predicted that Likud, Yisrael Beitenu, and four small rightist-religious parties would together muster 65 or more seats, whereas Kadima, Labour and their leftist allies would have 55 or fewer.
- D. But for lending to continue, the government may need to inject fresh capital into the banks.
- (a) JJFF (b) JFFI  
(c) IIFF (d) IIFJ  
(e) JIFJ

### Question 19:

- A. For now, Japan's economic crisis may have to wait until the political order is overturned, and something more robust put in its place. That may take months, if not years.
- B. Of particular concern are "Alt-A" mortgages, offered to borrowers sandwiched between subprime and prime.
- C. The days when subprime mortgages were what kept bankers awake at night are long gone—though thanks only to the barrage of explosions in other corners of finance. In terms of toxicity, however, subprime has had no equal.
- D. Moody's calls this "unprecedented". It now expects losses for 2006–07 Alt-A securitisations to top 20 per cent, compared with an historical average of well under 1 per cent.
- (a) FFFJ (b) IFFI  
(c) FFJJ (d) JJJF  
(e) JJJJ

### Question 20:

- A. According to the Bank for International Settlements, a staggering 40 per cent of American mortgages origi-



nated in the first quarter of 2007 were interest-only or negative-amortisation loans.

- B. Banks have already sold a sizeable chunk of their Alt-A holdings to hedge funds and other asset-management firms, often at large discounts. UBS's exposure has fallen from \$26.6 billion to just \$2.3 billion, for instance.
  - C. His enthusiasm for the free movement of labour is tempered by fear that it could undermine national wage agreements.
  - D. Vadiraja approves of the way German and Italian banks support small and medium-sized companies.
- (a) FFJF                      (b) JJFF  
(c) FIIF                      (d) JFFF  
(e) IIJJ

**Question 21:**

- A. When his firm announced its annual results on January 29th, he went so far as to declare that it definitely does not "need a merger or significant acquisition."
  - B. But in truth the relationship has never been happy.
  - C. Mr Wardak says that is the wrong way to look at the problem. He suggests that: "Building, equipping and training the Afghan army is much more economical than the deployment of foreign troops".
  - D. Wondering at the rate at which demand is slumping, a big, and sustained, fiscal boost is the panacea for America's economy.
- (a) FFJJ                      (b) FFFI  
(c) FJFJ                      (d) FFII  
(e) JJFI

**Question 22:**

- A. When the financial system fails, everyone suffers.
  - B. Money is defined as just a collective agreement that a piece of paper can always be exchanged for goods or services.
  - C. You must believe that decisions made collectively by large groups of people are more likely to turn out to be accurate than decisions made by individuals.
  - D. Free markets shun seemingly worthy causes, whereas the frivolous or apparently undeserving are rewarded.
- a. FJJI                      b. JFJJ  
c. FFII                      d. JJFF  
e. FFFF

**Question 23:**

- A. Investments promised prosperity; instead they are the harbingers of hardship and assumed the demonic nature of destruction.
  - B. Some of the non performing assets are just left to continue along, mainly because they are worth so little that banks do not expect to recover much from liquidating them.
  - C. It would not be a stretch to believe that in return, Beijing would like more sway over the Hong Kong market, and that it may have pushed behind the scenes for a share swap.
  - D. This will surely kill the city's trumpeted belief in laissez-faire policies against the reality of government intervention in what should clearly be the most market-oriented aspect of any economy—a financial exchange.
- (a) IIJJ                      (b) JJFF  
(c) FJJI                      (d) JJJJ  
(e) FIFI

**Question 24:**

- A. As one keeps getting stronger, ones problems also keep growing.
  - B. Mr Monks said that there were more fundamental forces at work—such as the rise of modern financial capitalism and the single market.
  - C. The only remedy for improvement in relations between India and Pakistan is to open up the investigation to look beyond Pakistan; recognize the attacks as a conspiracy hatched by an international terrorist network of non-state actors; stop pointing fingers at Pakistan and its primary intelligence agency, the ISI, and restore diplomatic relations.
  - D. The White House announced on Tuesday February 17th that 17,000 more soldiers would join the existing 65,000 Western troops.
- (a) JFJF                      (b) FFJJ  
(c) IIFF                      (d) FFJI  
(e) JJII

**Question 25:**

- A. It is a myth that workers enjoy benefits such as housing, bonuses, training and (usually) lifetime employment.

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B. ONGC has been giving discount to cover one-third of the losses state-run oil marketers were suffering for selling fuels at government-capped rates even during oil's high run.

(c) FFJJ

(d) JJJJ

(e) IIIJ

C. British construction workers went on strike this month to protest against Italian and Portuguese employees being brought in to British building sites.

D. There were usually more British contractors working abroad than foreigners in Britain in the early part of nineteenth century.

(a) JJJF

(b) JFFF

**ANSWER KEY**

- |         |         |         |         |         |
|---------|---------|---------|---------|---------|
| 1. (b)  | 2. (b)  | 3. (a)  | 4. (a)  | 5. (d)  |
| 6. (b)  | 7. (b)  | 8. (a)  | 9. (a)  | 10. (c) |
| 11. (d) | 12. (a) | 13. (b) | 14. (b) | 15. (e) |
| 16. (d) | 17. (a) | 18. (b) | 19. (d) | 20. (a) |
| 21. (c) | 22. (b) | 23. (d) | 24. (a) | 25. (b) |