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# State Bank Of India

## Probationary Officers' Exam

### January 2005 Question Paper (Fully Solved)

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#### ENGLISH LANGUAGE

**Directions (Qs. 1 to 15) : Read the following passage carefully and answer these questions. Certain words/phrases have been printed in *bold* to help you locate them while answering some of the questions.**

Over the last three centuries, the world economy has evolved from a predominantly agriculture-based system to a digital economic system. The earlier economies were mainly agrarian. In this era, capital did play a role, as did technological innovations such as the plough, the steamboat or the train. But land and labour were more critical.

With the industrial revolution, the global economy was primarily driven by the ability to produce goods for the mass market. This led to the industrial economy where capital and labour were the most important drivers.

In the service economy, the wealth created by services exceeded the wealth created through manufacturing. Here, the ability of the service provider to establish a sound business gave him **access** to additional capital. This evolved into a global economy where goods and services were traded across international borders, with little restriction. In this period, capital started flowing across borders on a large scale for the first time.

The last five years have seen the **advent** of the digital economy where technology is becoming the driving force. With information being the driver of value and wealth creation, information technology is becoming the key to success in a growing number of industries. In the digital economy, the power of innovation and ideas have gained the upper hand over direct access to capital.

The Indian economy is in a unique position in terms of its economic evolution. While manufacturing and service industries in India cannot freely access capital, the new breed of IT-based industries have access to venture capital and private equity. The country's potential in this emerging sector has opened the doors to capital inflows that are still not available to **traditional** industries.

There are two key trends which will boost the democratisation of capital, either directly as funding sources or indirectly.

More effective capital market routes—especially for information-based and software companies.

This is already happening rapidly. A market that was supposed to be **stagnating** with no public offering from