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Comprehension Test Questions for SBI Clerk Mains, IBPS Clerk Mains, IBPS PO Pre and SBI PO Pre Exams.

Passage No. 146

Direction: Read the following passage carefully and answer the following questions.

India is considering inviting expressions of interest to sell Air India Ltd by the end of next month as the government aims to complete the transaction this year, people with knowledge of the matter said.

“The government will conduct roadshows, as well as, be open to meet **prospective** buyers even before the expressions of interest are sought,” the people said, declining to be identified as the discussions are private. “The process will likely allow the bidders to look at the accounts of the airline except for some portions that are confidential and also see the share purchase agreement,” they said without providing details.

“The potential bidders will have the option to make suggestions for changes in the sale terms during the process of expressing their interest in the deal,” the people said. The government is looking to sell its entire stake in the carrier, they said.

DS Malik, a spokesman of the Ministry of Finance, did not immediately answer two calls made to his mobile phone. Dhananjay Kumar, a spokesman of Air India, declined to comment.

The plan is being prepared after the government’s attempt to partially exit the carrier failed to attract any bidder last year. In her budget presentation for the current financial year, Finance Minister Nirmala Sitharaman said that the government will revive plans to sell Air India and the divestment would be part of the government’s efforts to raise Rs 1,05,000 crore (\$15.3 billion) selling stakes in state-run companies.

Air India, which is surviving on a Rs 30,000 crore taxpayer-funded bailout, has failed to maintain its market **dominance** as a slew of carriers including InterGlobe Aviation Ltd and SpiceJet Ltd started to offer ultra-cheap, on-time flights more than a decade ago. The state-run airline has total debts of \$8.4 billion and posted losses of more than Rs 7,600 crore last year, according to provisional estimates.

1. Which among the following has been shown as the main reason for the present situation of Air India in the passage?

- A. Air India does not have enough money to survive in the long run though it is trying to find out.
- B. Air India has lost all the deposits it had received from the government last year.
- C. Air India is in the process of earning deposits from the depositors and investors so that they are worried about the stake sale.
- D. Air India has got competition from other airlines and it has simply failed to live up to the same.
- E. None of the above

2. Which among the following is correct regarding the plan of the government about the disinvestment of Air India?

- A. It has decided to sell off its entire stake in the national carrier in the recent round of disinvestment.
- B. It has decided to buy the entire stake from all the other investors so that it becomes the only owner.
- C. The government is of the opinion that the entire stake of Air India should be in the hands of some foreign carrier only.
- D. The government has decided to call off the disinvestment process of Air India for the time being.
- E. None of the above

3. Which among the following is NOT a liberty given to the prospective buyers of Air India, according to the passage?

- A. They will not get to understand the financial structure of the company before giving the money to the government.
- B. They will not get to see the bank account details of the company before depositing the money.
- C. They will not have to share anything with the government regarding their own financial status.
- D. They will not get to look at all the finances of the company while making an offer for the airline.
- E. Both A and C

4. What is the target set by the government from disinvestment in the state-run companies of the country as per the Union Budget?

- A. Rs 105000 Crores
- B. Rs 100000 Crores
- C. Rs 200000 Crores
- D. Rs 205000 Crores
- E. None of the above

5. Which among the following is correct regarding the financial condition of Air India, according to the given passage?

- A. Air India has posted loss of Rs 7500 crores in the last couple of financial years put together.
- B. Air India has not published the financial results in the last year due to some restriction from the government.
- C. Air India has posted a loss of Rs 7600 crores in the last financial year as published by it.
- D. Air India is yet to understand the gravity of the financial situation in the country because of its financial burden.
- E. None of the above

6. Which among the following is correct regarding the effort of the government to sell its stake in Air India last year?

- A. The government wanted to ensure that it could not make any sense to the investors of the foreign carriers.
- B. The foreign carriers are of the opinion that the government does not actually want to come out of the aviation business.
- C. The government wanted to keep some stake in its hands while exiting from the company only in a partial manner.
- D. The government wanted to extract as much money as possible from the prospective buyers in the whole thing.
- E. None of the above

7. Which among the following is correct regarding the timeline decided by the government to sell its entire stake in Air India?

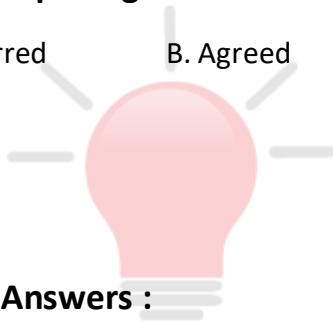
- A. The government wants to sell the airline within the next five years of operation in the country.
- B. The government wants to sell the airline within the end of the current year without fail.
- C. The government wants to sell the airline by the end of the year though it is yet to decide the time by when it will buy the same back.
- D. The government wants to sell the airline by the end of a couple of years and after that by the end of this government term.
- E. None of the above

8. Which among the following is OPPOSITE in meaning to the word Dominance as used in the passage?

- A. Inferiority
- B. Powerlessness
- C. Submission
- D. Ascendancy
- E. None of the above

9. Which among the following is SIMILAR in meaning to the word Prospective as used in the passage?

- A. Concurred
- B. Agreed
- C. Potential
- D. Admirable
- E. None of the above



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Correct Answers :

1	2	3	4	5	6	7	8	9
D	A	D	A	C	C	B	A	C

Explanations:

1. Refer to, **“Air India, which is surviving on a Rs 30,000 crore taxpayer-funded bailout, has failed to maintain its market dominance as a slew of carriers including InterGlobe Aviation Ltd and SpiceJet Ltd started to offer ultra-cheap, on-time flights more than a decade ago.”**

It is clear from the above lines that Air India got stiff competition from various other airlines since they started giving cheap tickets and operating flights on time. Among the given options, we can easily pick out Option D since it gives us the actual reason of the decline in status of Air India as a carrier in India. Other options are eliminated since they do not follow from the passage.

This makes Option D the correct choice among the given options.

2. Refer to, **“The government is looking to sell its entire stake in the carrier, they said.”**

It is clear that the government wants to sell its entire stake in the carrier and that is why it has expressed interest regarding this. Among the given options, we can easily pick out Option A since it gives us the correct decision of the government about the disinvestment of Air India. Other options are irrelevant in the context of the passage and hence, are eliminated from consideration.

This makes Option A the correct choice among the given options.

3. Refer to, **“The process will likely allow the bidders to look at the accounts of the airline except for some portions that are confidential and also see the share purchase agreement,” they said without providing details.”**

It is clear from the above lines that the prospective buyers will not get to have a look at all the finances of Air India while making an offer to buy the same. It will get to look at some of the finances of the company as that is required but that does not imply all the confidential and sensitive information will be shared with the buyers before buying. Among the given options, we have to pick out Option D since we can see that it is giving us the correct answer whereas the rest are eliminated for being out of context.

This makes Option D the correct choice among the given options.

4. Refer to, **“In her budget presentation for the current financial year, Finance Minister Nirmala Sitharaman said that the government will revive plans to sell Air India and the divestment would be part of the government’s efforts to raise Rs 1,05,000 crore (\$15.3 billion) selling stakes in state-run companies.”**

It is clear from the above lines that the government is planning to raise money by selling its stake in the public sector companies and the target set by the government is Rs 105000 Crores as announced in the Union Budget. This is confirmed in the Option A whereas the rest are not correct as per the given passage.

This makes Option A the correct choice among the given options.

5. Refer to, **“The state-run airline has total debts of \$8.4 billion and posted losses of more than Rs 7,600 crore last year, according to provisional estimates.”**

It is clear that Air India is running into losses and it has been published as per the provisional estimates that it has posted loss of Rs 7600 crores in the last financial year. Among the given options, we can choose only Option C since it gives us the correct financial picture of the company whereas the rest can be eliminated because they are not correct as per the information given in the passage.

This makes Option C the correct choice among the given options.

6. Refer to, **“The plan is being prepared after the government’s attempt to partially exit the carrier failed to attract any bidder last year.”**

It is clear from the above line that the government made the futile attempt to sell Air India last year but that time it was regarding partial exit only from the carrier. But that could not attract the investors towards the national carrier. From the given options, we can choose Option C since it gives us the correct picture of the efforts made by the government last year whereas the rest can be eliminated since they do not follow from the passage.

This makes Option C the correct choice among the given options.

7. Refer to, **“India is considering inviting expressions of interest to sell Air India Ltd by the end of next month as the government aims to complete the transaction this year, people with knowledge of the matter said.”**

It is clear from the above lines that the government is planning to sell Air India by the end of the year and that is why it is going to invite the EOI for the same by the end of the next month only. Among the given options we can choose Option B whereas the rest are out of context and hence, can be eliminated.

This makes Option B the correct choice among the given options.

8. The word *dominance* has been used in the passage in the sense that Air India has failed to maintain the numero uno position in the market due to the prominence and emergence of the other airlines providing better service to the passengers. Therefore it was kind of superior back then in the market to the other airlines whereas the opposite should be *inferiority*. *Ascendancy* is a synonym to the given word whereas the rest are also the antonyms of the word though they do not fit in this context.

This makes Option A the correct choice among the given options.



9. The word *prospective* has been used in the passage in the sense that the buyers who are interested to buy Air India can be given the liberty to check the accounts of Air India before making an offer. So, we are mainly talking about the buyers who have the potential to make an offer for the company. Among the given options, *potential* can be the synonym of the given word whereas *concurred* and *agreed* can be the antonyms of the given word. *Admirable* implies *held in great respect*.

This makes Option C the correct choice among the given options.



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