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Comprehension Test Question IBPS Clerk Exam

Passage No. 44

Directions: Read the following passage to answer the given questions based on it. Some words or phrases are printed in bold to help you locate them while answering some of the questions.

Political **loys** initially hailed as master-strokes often end up as flops. The Rs. 60,000 crore farm loan waiver announced in the budget writes off 100% of overdues of small and marginal farmers holding upto two hectares, and 25% of overdues of larger farmers. While India has enjoyed 8%-9% GDP growth for the past few years, the boom has bypassed many rural areas and farmer distress and suicides have made newspaper headlines. Various attempts to provide relief (employment guarantee scheme, public distribution system) have made little impact, thanks to huge leakages from the lousy delivery systems of government. So, many economists think the loan waiver is a worthwhile alternative to provide relief.

However the poorest rural folk are landless labourers, who get neither farm loans nor waivers. Half of the small and marginal farmers get no loans from banks and depend entirely on money-lenders, and will not benefit. Besides, rural India is full of the family holdings rather than individual holdings and family holdings will typically be much larger than two hectares even for dirt-poor farmers, who will, therefore, be denied the 100% waiver. It will thus fail in both economic and political objectives. IRDP loans to the rural poor in the 1980s demonstrated that crooked bank officials demand bribes amounting to one-third the intended benefits. Very few of the intended beneficiaries who **merited** relief received it. After the last farm loan waiver will similarly slow down fresh loans to deserving farmers. While overdues to co-operatives may be higher, economist Surjit Bhalla says less than 5% of farmer loans to banks are overdue i.e. overdues exist for only 2.25 million out of 90 million farmers. If so, then the 95% who have repaid loans will not benefit. They will be angry at being penalised for honesty.

The budget thus grossly overestimates the number of beneficiaries. It also underestimates the negative effects of the waiver-encouraging willful default in the future and discouraging fresh bank lending for some years. Instead of trying to reach the needy, through a **plethora** of leaky schemes we should transfer cash directly to the needy using new technology like biometric smart cards, which are now being used in many countries and mobile phones bank accounts. Then benefits can go directly to phone accounts operable only by those with biometric cards, ending the massive leakage of current schemes.

The political benefits of the loan waiver have also been exaggerated since if only a small fraction of farm families benefit and many of these have to pay bribes to get the actual benefit, will the waiver really be a massive vote-winner? Members of joint families will feel **aggrieved** that, despite having less than one hectare per head their family holding is too large, to qualify for the 100% waiver. All finance ministers, of central or state governments, give away freebies in their last budgets, hoping to win electoral regards. Yet, four-fifth of all **incumbent** governments are voted out. This shows that beneficiaries of favours are not notably grateful, while those not so favoured may feel aggrieved, and vote for the opposition. That seems to be why election budgets constantly fail to win elections in India and the loan waiver will not change that pattern.

Questions:

1. Why do economists feel that loan waivers will benefit farmers in distress?

- A. It will improve the standard of living of those farmers who can afford to repay their loans but are exempted.
- B. Other government relief measures have proved ineffective.
- C. Suicide rate of farmers have declined after the announcement of the waiver.
- D. Farmers will be motivated to increase the size of their family holdings not individual holdings.

E. The government will be forced to re-examine and improve the public distribution system.

2. What message will the loan waiver send to farmers who have repaid loans?

A. The Government will readily provide them with loans in the future.

B. As opposed to money lenders banks are a safer and more reliable source of credit.

C. Honesty is the best policy.

D. It is beneficial to take loans from co-operatives since their rates of interest are lower.

E. They will be angry at being penalised for honesty.

3. What is the author's suggestion to provide aid to farmers?

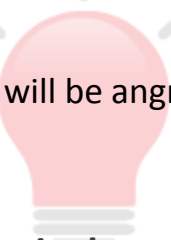
A. Families should split their joint holding to take advantage of the loan waiver.

B. The government should increase the reach of the employment guarantee scheme.

C. Loans should be disbursed directly into bank accounts of the farmers using the latest technology.

D. Government should ensure that loans waivers can be implemented over the number of years.

E. Rural Infrastructure can be improved using schemes which were successful abroad.



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4. What was the outcome of IRDP loans to the rural poor?

- A. The percentage of bank loan sanctioned to family owned farms increased.
- B. The loans benefited dishonest money lenders not landless labourers.
- C. Corrupt bank officials were the unintended beneficiaries of the loans.
- D. It resulted in the Government sanctioning thrice the amount for the current loans waiver.
- E. None of these

5. Which of the following statement/statements is/are true in the context of the passage?

- i. One-fourth of the overdue loans of landless labourers will be written off.
- ii. The Rs. 60,000 crore loan waiver has been sanctioned for 2.25 million marginal farmers.
- iii. Any farmer with between 26 per cent to 100 per cent of their loan repayments overdue will be penalised.

- A. Only 1 B. Only 2 C. Both 2 and 3 D. All 1, 2 and 3 E. None of these

6. What is the author's view of the loan waiver?

- A. It will have an adverse psychological impact on those who cannot avail of the waiver.
- B. It is a justified measure in view of the high suicide rate among landless labourers.

- C. It makes sound economic and political sense in the existing scenario.
- D. It will ensure that the benefits of India's high GDP are felt by the rural poor.
- E. None of these

7. Which of the following cannot be said about loan waiver?

- i. Small and marginal farmers will benefit the most.**
- ii. The loan waiver penalises deserving farmers.**
- iii. A large percentage i.e. ninety-five per cent of distressed farmers will benefit.**

- A. Only 3 B. Both 1 and 3 C. Only 1 D. Both 2 and 3 E. None of these

8. Which of the following will definitely be an impact of loan waiver?

- i. Family holdings will be split into individual holdings not exceeding one hectare.**
- ii. The public distribution system will be revamped.**
- iii. Opposition will definitely win the election.**

- A. None B. Only 1 C. Both 1 and 2 D. Only 3 E. All 1, 2 and 3

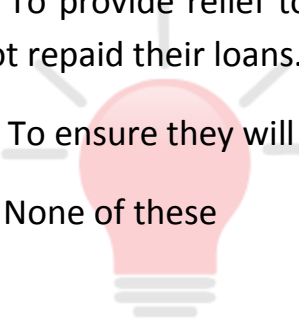
9. What impact will the loan waiver have on banks?

- A. Banks have to bear the entire brunt of the write off.
- B. Loss of trust in banks by big farmers.

- C. Corruption among bank staff will increase.
- D. Farmers will make it a habit to default on loans.
- E. None of these

10. According to the author what is the government's motive in sanctioning the loan waiver?

- A. To encourage farmers to opt for bank loans from money-lenders.
- B. To raise 90 million farmers out of indebtedness.
- C. To provide relief to those marginal farmers who have the means to but have not repaid their loans.
- D. To ensure they will be re-elected.
- E. None of these



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11. Choose the word which is most nearly the SAME in meaning to the work printed in BOLD as used in the passage.

Incumbent

- A. mandatory B. present C. incapable D. lazy E. officious

12. Choose the word which is most nearly the SAME in meaning to the work printed in BOLD as used in the passage.

Ploys

- A. surveys B. entreaties C. ruses D. sliders E. assurances

13. Choose the word which is most nearly the SAME in meaning to the work printed in BOLD as used in the passage.

Aggrieved

A. vindicated B. intimidated C. resentful D. wronged E. disputed

14. Choose the word which is MOST OPPOSITE in meaning to the word printed in BOLD as used in the passage.

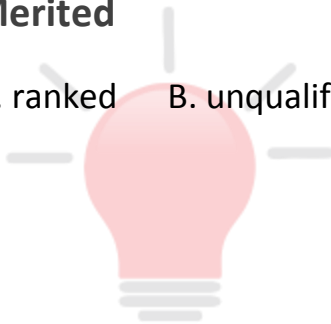
Plethora

A. dearth B. missing C. superfluous D. sufficient E. least

15. Choose the word which is MOST OPPOSITE in meaning to the word printed in BOLD as used in the passage.

Merited

A. ranked B. unqualified for C. lacked D. inept at E. unworthy of



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Correct Answers:

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
B	E	C	C	B	A	B	D	D	D	E	C	C	A	B

Explanations

1. Kindly refer to the 2nd last sentence of the 1st paragraph.
2. Kindly refer to the last sentence of the 2nd paragraph.
3. Kindly refer to the last sentence of the 3rd paragraph.
4. The answer is clearly evident from the 5th sentence of the 2nd paragraph.
5. Kindly refer to the 2nd sentence of the 1st paragraph and the 3rd last sentence of the 2nd paragraph.
6. Kindly refer to the 2nd last sentence of the last paragraph.
7. For the 1st statement, kindly refer to the first two sentences of the 2nd paragraph.

For the 2nd and the 3rd statements, kindly refer to the last two sentences of the 2nd paragraph.
8. The answer can be inferred from the last few sentences of the last paragraph.
9. Kindly refer to the 2nd sentence of the 3rd paragraph.
10. The answer can be clearly inferred from the last sentence of the last paragraph.
11. An incumbent is an official who holds an office and hence option 'E' is the most appropriate choice here.

12. 'Ploy' is a cunning plan or action designed to turn a situation to one's own advantage.

While 'Ruse' is an action intended to deceive someone; a trick.

Ex. "Virakti tried to think of a ruse to get her room-mate out of the house."

The Option C, hence, is the correct answer here.

13. If someone is 'aggrieved' he/she must be feeling resentment at having been unfairly treated.

The option C, hence, is the most suitable choice as its synonym.

14. A 'plethora' of something is a large amount of it, especially an amount of it that is greater than you need, want, or can cope with.

Ex. A plethora of new operators will be allowed to enter the market.

While if there is a 'dearth' of something, there is not enough of it.

Ex. There is a dearth of quality football coaches in India.

The option A, hence, is the most appropriate choice here as the opposite of the word 'Plethora'.

15. In the given context of the passage the most opposite to the word 'merited' will be 'unqualified for'.

The option B, hence, is the most appropriate choice here.



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