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## Comprehension Test for Bank Exams (IBPS PO Pre, IBPS Clerk Mains, IBPS SO Pre, SBI PO Pre & SBI Clerk Mains)

### Passage No. 84

Directions: Kindly read the passage carefully and answer the questions given beside.

Air India's disinvestment, first attempted by the Atal Bihari Vajpayee government, is being revived. The sale bid the last time was a flop, shelved prematurely after all the bidders were either disqualified or dropped out. The many factors that were and may still be at work against the sale are not widely understood. Unless overcome, they may again endanger the sale.

In May 2000, bids were invited for a 40% stake in Air India, with a cap of 26% on foreign investment. The airline had reported losses for six **straight** years, had \$70 million debt on its books and was fast losing traffic. More than 18,000 workers were on its rolls for a fleet of just about two dozen planes. Its employee-aircraft ratio, 750, was among the worst. Singapore Airlines, in contrast, had 91 employees per aircraft. Inefficiency, typical in a government-controlled set up, was bleeding Air India. Yet, the quantum of stake on offer made it clear that the government intended to retain a crucial stake, appoint its own directors and continue to have a say in running the business. Put off by the substantial degree of control the government wanted to retain in the airline after the disinvestment, several potential bidders stayed away from the sale, including, possibly the worthiest contender. Plus, in a sale carried out through competitive bidding, reduced interest can impact the valuation.

The sale's stated purpose was to bring on board a strategic partner who would turn around Air India. But the sale's rules were loaded against candidates with a proven track record — foreign airlines. Lufthansa, Swissair, Emirates, British Airways and Air France-Delta in combination were among those to have expressed interest formally in buying the stake. However, a bidding rule that required foreign airlines to team up with a local partner forced them to opt out. Singapore Airlines, which had also expressed interest formally, roped in the Tatas to proceed with its bid.

Those who remained in the fray had their expressions of interest evaluated; those ineligible were disqualified. In the end, the contest was down to two bidders — the Hinduja group and the Singapore Airlines-Tata joint venture. Both were invited to inspect Air India's books. The Hinduja's bid was already under fire from the Opposition over allegations related to the Bofors arms scandal. After studying Air India's financial records, the group presented to the government a whole set of conditions on management control, threatening to withdraw if these

were not met. The government barred the Hindujas from pursuing its bid, leaving a sole bidder: the Singapore Airlines-Tatas combine.

Private airline owners who had so far **orchestrated** resistance to the sale from the background, now openly pointed out that the majority stakeholder in Singapore Airlines was a foreign government. The unmasked attack made Singapore Airlines pull out. The airline said in a statement that the intensity of opposition to the privatisation from political groups and the trade unions had surprised it and that in such an adverse climate, it was not confident it could play a useful role.

The then Disinvestment Minister, Arun Shourie, clarified that the Tata group, Air India's **erstwhile** owner before its nationalisation in 1953, could proceed with its bid without a partner. But the Tatas too withdrew, forcing the government to abort the disinvestment.

## Questions:

### 1. Which of the following facts discouraged the deserving bidders to go for the sale?

- I. Sizeable control by the government.
- II. Their several demands about maintenance issues went unheeded.
- III. The government's will to have its own directors.

A. I and II                      B. I and III                      C. All of these                      D. None of these                      E. Only II

### 2. Which of the following is/are true in the context of the passage?

- I. The government still wanted to be a majority shareholder and decision maker in Air India.
- II. Earlier attempts for disinvestment were stopped by the government itself.
- III. Inefficiency is a common scene in major government departments.

A. Only I                      B. I, II and III                      C. Only III                      D. II and III                      E. None of these

### 3. What made Singapore Airlines withdraw from the sale?

- A. Allegations of corruption
- B. Some political groups vehemently opposed the privatization.
- C. They later got to know that it was not a worthwhile investment and might bring them losses.
- D. They were unhappy with the management control.
- E. None of these

**4. Why does the author seem to be apprehensive about the success of Air India's current disinvestment plan?**

- I. Author is aware of the corruption that exists in government machinery.
- II. Excessive participation of foreign investors.
- III. Author believes that Disinvestment is not an appropriate plan.

- A. I and II                      B. All of these                      C. Only II                      D. Only I                      E. None of these

**5. In what aspect Singapore Airlines is better than Air India?**

- A. Efficiency of work staff
- B. Upgraded technology
- C. Employee-aircraft ratio
- D. Maintenance issues
- E. None of these

**6. Which one of these words is similar to the word 'orchestrated' as highlighted in the given passage?**

- A. instilled                      B. managed                      C. conspired                      D. accessed                      E. conformed

**7. Which one of these words is similar to the word/phrase 'straight' as highlighted in the given passage?**

- A. Direct                      B. Unswerving                      C. Even                      D. Continuous                      E. Sporadic

**8. Which of these words is an antonym of the word 'erstwhile' as highlighted in the given passage?**

- A. Contemporary                      B. Present                      C. Pioneer                      D. Concerned                      E. Steady

**Correct Answers:**

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
B	E	B	E	C	B	D	B

## Explanations:

### 1. Reference:

#### 2<sup>nd</sup> paragraph

Yet, the quantum of stake on offer made it clear that the government intended to retain a crucial stake, appoint its own directors and continue to have a say in running the business. Put off by the substantial degree of control the government wanted to retain in the airline after the disinvestment, several potential bidders stayed away from the sale, including, possibly the worthiest contender.

The second statement is a specific point and we can't say anything about it as it is not mentioned in the passage.

Option B is hence the correct answer..

### 2. Reference:

#### 2<sup>nd</sup> paragraph

Yet, the quantum of stake on offer made it clear that the government intended to retain a crucial stake, appoint its own directors and continue to have a say in running the business.

Hence, the first statement is correct.

The second statement is nowhere suggested in the passage that government itself tried to cancel the idea of disinvestment.

#### 2<sup>nd</sup> paragraph

Inefficiency, typical in a government-controlled set up, was bleeding Air India.

Hence, the third statement suggests that it is usual to have inefficient officers in the government and there was nothing new in it.

It clearly validates that only statements I and III are correct.

Option E is hence the correct answer.

### 3. Reference:

#### 5th paragraph

The airline said in a statement that the intensity of opposition to the privatisation from political groups and the trade unions had surprised it and that in such an adverse climate, it was not confident it could play a useful role.

Allegation of corruption were related to Hinduja group.

Further, the passage has not mentioned any specific demands made by the Singapore Airlines.

Thus, all other statements are absurd and illogical.

Option B is hence the correct answer.

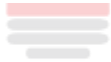
### 4. Reference:

#### 1<sup>st</sup> paragraph

Air India's disinvestment, first attempted by the Atal Bihari Vajpayee government, is being revived. The sale bid the last time was a flop, shelved prematurely after all the bidders were either disqualified or dropped out. The many factors that were and may still be at work against the sale are not widely understood. Unless overcome, they may again endanger the sale.

The underlined parts above implies that none of the given statements I, II and III is appropriate.

Option E is hence the correct answer.



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### 5. Reference:

#### 2<sup>nd</sup> paragraph

In May 2000, bids were invited for a 40% stake in Air India, with a cap of 26% on foreign investment. The airline had reported losses for six straight years, had \$70 million debt on its books and was fast losing traffic. More than 18,000 workers were on its rolls for a fleet of just about two dozen planes. Its employee-aircraft ratio, 750, was among the worst. Singapore Airlines, in contrast, had 91 employees per aircraft. Inefficiency, typical in a government-controlled set up, was bleeding Air India. Yet, the quantum of stake on offer made it clear that the government intended to retain a crucial stake, appoint its own directors and continue to have a say in running the business. Put off by the substantial degree of control the government wanted to retain in the airline after the disinvestment, several potential bidders stayed away from the sale, including, possibly the worthiest contender. Plus, in a sale carried out through competitive bidding, reduced interest can impact the valuation.

Other issues are not mentioned here.

The highlighted sentence in the paragraph above clearly validates the fact what has been mentioned in option C.

Option C is hence the right answer.

## 6. **Orchestrate (Verb):**

plan or coordinate the elements of (a situation) to produce a desired effect, especially surreptitiously.

Ex. The situation has been orchestrated by a tiny minority.

Synonyms: organize, arrange, put together, plan, set up, bring about, **manage**, mobilize, mount, stage, stage-manage, mastermind, etc.

Clearly, 'managed' is the synonym of the word 'orchestrated' as given in the passage.

Option B is hence the correct answer.

**7.** In the passage, if we observe properly, we can understand that the word 'Straight' in the phrase '**... 6 straight years ...**' implies the sense of continuity. Out of the choices given, the word 'continuous' is the most appropriate similar word to the word given.

Option D is hence the correct answer.

## 8. **Erstwhile (Adjective):**

belonging to some prior time

Synonyms: former, old, one-time, onetime, quondam, sometime past, etc.

Antonyms: **present**, current, etc.

Clearly, the word 'present' is an antonym of the word 'erstwhile'.

Option B is hence the correct answer.



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