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The Question Bank

Comprehension Test Questions for SBI Clerk Mains, IBPS Clerk Mains, RBI Assistant Mains and IBPS RRB Clerk Mains Exams.

Passage No. 165

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

Start-ups are heaving a sigh of relief as the Finance Minister announced measures to do away with the long pending contentious issue of Angel Tax, which many of them had to cough up for raising Angel funding under Section 56 of the Income Tax Act.

Also, special administrative arrangements will be made by the Central Board of Direct Taxes for pending assessments of start-ups and redressal of their grievances. Start-ups have been assured that no inquiry or verification in such cases can be carried out by the Assessing Officer without obtaining approval of his supervisory officer. This provision will do away with much of the angst among start-ups who were subjected to aggressive questioning by the Income Tax department.

A TV channel exclusively for start-ups under the Doordarshan boutique will be designed and executed by start-ups themselves and will also serve as a platform for promoting them, discussing issues affecting their growth, match making with VCs and for funding and tax planning, came as a pleasant surprise to many. Although it remains to be seen how it will be executed on the ground.

The Budget sounded the bugle for fostering rural entrepreneurship for those depending on agriculture and traditional industries by announcing the setting up of 80 Livelihood Business Incubators and 20 Technology Business Incubators this fiscal with the aim to develop 75,000 skilled entrepreneurs in agro-rural industry sectors. "The Government has tried to broad base and foster entrepreneurship beyond metros to Tier 2 and 3 cities which is a good sign. And doing away with Angel Tax is welcome" said Bhaskar Majumdar, Managing Partner, Unicorn India Ventures.

Questions :

1. Which among the following can be said regarding the sectoral thrust given by the government on startups of the country?

- A. The government has made sure that the primary sector of the country gets the fair share of attention from the start-up industry.
- B. The government is of the opinion that the startup industry should be profitable in the country first so that it expands to other areas also.
- C. The government has decided to ensure that there is no friction between the sectors in the economy.
- D. The government has made sure that all the sectors in the economy get the required attention for growth and development.
- E. None of the above

2. Which among the following is correct regarding the attitude of the government towards the startup economy of the country?

- A. The economy of the country has been given a lifeline but there are a lot of questions to ponder over that.
- B. The economy of the country is mainly concerned about the startups of the nation though the government has not done anything for them.
- C. The country is still reliant on big industrial houses so that they can pay taxes as much as possible.
- D. The government has understood the importance of the startups in the economy and is positive about the development of this economy.
- E. None of the above

3. Which among the following is /are correct regarding the TV channel that has been announced by the government in the Budget?

- I. This new channel will be run by the government with the experts from the government organizations.
- II. This new channel will be financed by the public sector banks with a fresh round of capital from the government only.
- III. This new channel will attempt at saving the taxes of the startup founders by the experts.

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

4. What is the opinion of the author regarding the TV channel that has been proposed to be set up by the government?

- A. The author is excited about the new TV channel since it will bring a lot of interest in the sector.
- B. The author has nothing to say regarding the new TV channel that has been proposed in the Union Budget.
- C. The author is cautious in his reaction because he wants to see if the government is able to make it work actually.
- D. The author is disappointed with this decision for the fact that the government should have done something more worthwhile for the startups in India.
- E. None of the above

5. Which among the following is/are correct regarding the Angel Tax levied by the government on the startups in India?

- I. Angel Tax is levied on companies that raise capital from the angel investors only and not from others sources.
- II. Angel Tax is not defined in the Income Tax legislation and the government had to implement it separately.
- III. Angel Tax is not going to be levied on the companies that go out of business from this year onwards.

- A. Both I and II B. Only I C. Both II and III D. Both I and III E. All I, II and III

Correct Answers :

1	2	3	4	5
A	D	D	C	B



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Explanations:

1. Refer to, **“The Budget sounded the bugle for fostering rural entrepreneurship for those depending on agriculture and traditional industries by announcing the setting up of 80 Livelihood Business Incubators and 20 Technology Business Incubators this fiscal with the aim to develop 75,000 skilled entrepreneurs in agro-rural industry sector.”**

It is clear that the government now wants the startup founders to go beyond the metro cities in order to make sure that the agriculture sector also gets the desired focus from such people. It will make it a point that the rural economy will also develop in the country. Among the given options, Option A explains this fact and that is why it is our pick here whereas the rest can be eliminated for the fact that they do not follow from the information given in the passage.

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

2. It has been described in the passage that the government has announced a number of steps in order to boost the startup economy of the country. The government has announced tax exemptions and also more networking in order to help the startups develop more and more. Among the given options, we can easily pick up Option D whereas Option A is correct in the first part but for the second part, we can say that no question has been put forward by the government for the startup sector of the country. Other options can be eliminated since they do not at all follow from the passage.

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

3. Statement I is not correct for the fact that the new channel has been proposed to be set up and run by the startup companies themselves so that they can utilize the platform properly. Refer to, **“A TV channel exclusively for start-ups under the Doordarshan boutique will be designed and executed by start-ups themselves and will also serve as a platform for promoting them, discussing issues affecting their growth, match making with VCs and for funding and tax planning, came as a pleasant surprise to many.”**

Statement II is also not correct because it is said that the new channel will be financed by the public sector banks whereas there is no such reference in the passage to that effect. It can be eliminated.

Statement III is correct because from the above quoted lines it can be understood that the new channel will try to match the startup founders with the VCs so that they can raise capital and also plan the taxes so that there is tax saving by these small companies.

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



4. We can see from the passage that the author is not overjoyed with the fact that the government has announced a new channel that will be dedicated to the startup sector of the country. He wants to see if the government is actually able to execute this idea at the end as it will be difficult to bring everything in one place to get this going. Among the given options, Option C explains this reaction of the author whereas the rest can be eliminated because they do not follow from the passage.

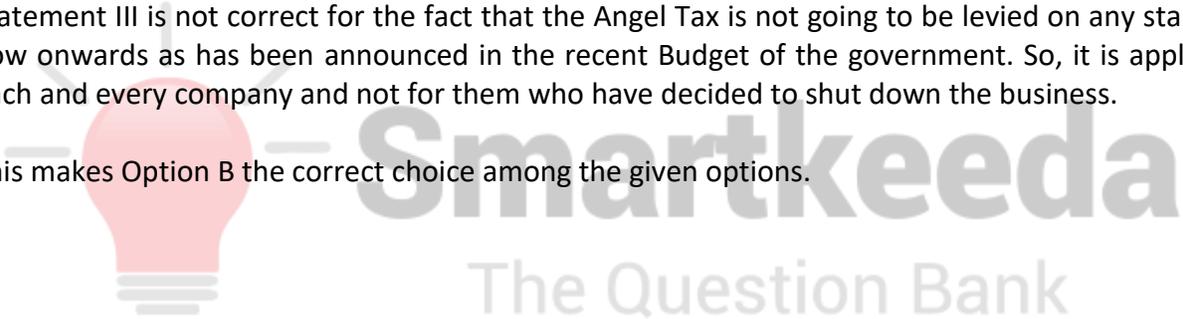
This makes Option C the correct choice among the given options.

5. Statement I is correct for the fact that Angel Tax is a kind of tax that is levied on the startups that raise capital from the angel investors. So, it is correct that the companies that raise capital from this source only will be subjected to this particular tax.

Statement II is not correct because it is said that Section 56 of the Income Tax Act is regarding the Angel Tax that is levied on companies raising capital from angel investors. So, it cannot be said that there is no such provision in the Income Tax Act of the country.

Statement III is not correct for the fact that the Angel Tax is not going to be levied on any startup from now onwards as has been announced in the recent Budget of the government. So, it is applicable for each and every company and not for them who have decided to shut down the business.

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





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