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Passage No. 53

Directions: Read the following passage and answer the questions given below it in the context of the passage. Some words in the passage are printed in bold to help you locate them while answering some of the questions.

The success of the bold direct taxation proposals contained in the Union budget for 2004-05 will have a crucial bearing on the realisation of the targeted fiscal deficit projection for the year, according to economists and tax consultants. In particular, the amnesty scheme introduced to harness black money is being seen as **vital** to the government's calculations. Finance minister P Chidambaram announced in his budget presentation that he was expecting to **augment** direct tax revenues by 15 to 16 per cent.

This has led analysts to conclude that the **attainment** of the government's direct taxation target would be largely dependent on widening the tax net and would also significantly depend on the success of the amnesty scheme announced to induct black money into the mainstream economy. Most tax consultants opined that the amnesty scheme would draw an extremely favourable response. "It is a **tremendous** opportunity."

The finance minister said that residents of metropolitan cities who owned cars, telephones and travelled **abroad** would be roped into tax net. The budget has also introduced an "estimated income scheme" for retail traders with a turnover less than Rs. 40 lakh. Their income would be estimated at 5 per cent of the turnover and those claiming lower incomes would be subjected to audit. "This would also serve to rope in assesseees after the earlier presumptive Rs. 1,400 scheme was a failure." Another bold and much-sought-after change introduced in the budget is the abolition of taxation of dividend in the hands of the shareholder. Instead, companies would be liable to pay 20 per cent tax on dividend distributed.

Questions:

1. Accordingly to the passage, the success of the bold direct taxation proposals will have a bearing upon

- A. the attainment of the government's direct taxation target.
- B. not widening the tax net.
- C. decreasing direct tax revenues.
- D. realisation of the targeted fiscal deficit projection.
- E. None of these

2. Why was amnesty scheme introduced in the budget ?

- A. to abolish taxation of dividend.
- B. to reduce budgetary support to public sector units.
- C. to enhance income tax sources.
- D. to induct black money into the mainstream economy.
- E. None of these

3. What change has been introduced in the budget for 2004-05 ?

- A. Companies have been exempted from paying 10 percent tax on dividend.
- B. abolition of taxation of dividend to the shareholders
- C. to support corporate sector in particular
- D. to impose double taxation on dividend income
- E. None of these

4. "It is tremendous opportunity." In this sentence 'It' refers to

- A. direct taxation proposals B. widening the tax net C. amnesty scheme
D. Budget 2004-05 E. None of these

5. What is the finance minister expecting in his budget 2004-05 ?

- A. It will be beneficial to the retail dealers.
B. It will be beneficial to the lower income group.
C. It will increase direct tax revenues.
D. It will be beneficial to the metropolitan city-dwellers.
E. None of these

6. Choose the word which is most nearly the SAME in meaning as used in the passage.

Vital

- A. dead B. weak C. valid D. essential E. alive

7. Choose the word which is most nearly the SAME in meaning as used in the passage.

Augment

- A. decrease B. lessen C. enhance D. enrich E. moderate

8. Choose the word which is most nearly the SAME in meaning as used in the passage.

Abroad

- A. widely B. foreign country C. alien D. native E. primary

9. Choose the word which most nearly the **OPPOSITE** in meaning of the word **a** used in the passage.

Attainment

A. getting B. achievement C. requirement D. fall short of E. loss

10. Choose the word which most nearly the **OPPOSITE** in meaning of the word **a** used in the passage.

Tremendous

A. appalling B. dreadful C. ordinary D. immense E. mere



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Correct Answers:

1	2	3	4	5	6	7	8	9	10
D	D	B	C	C	D	C	B	D	C

Explanations:

1.

The success of the bold direct taxation proposals contained in the Union budget for 2004-05 will have a crucial bearing on the realisation of the targeted fiscal deficit projection for the year ...

We can clearly infer from the 1st sentence of the 1st paragraph of the passage that the success of the bold direct taxation proposals will have a bearing upon realisation of the targeted fiscal deficit projection.

Option D hence is the correct answer.

2.

... the amnesty scheme introduced to harness black money is being seen as ...

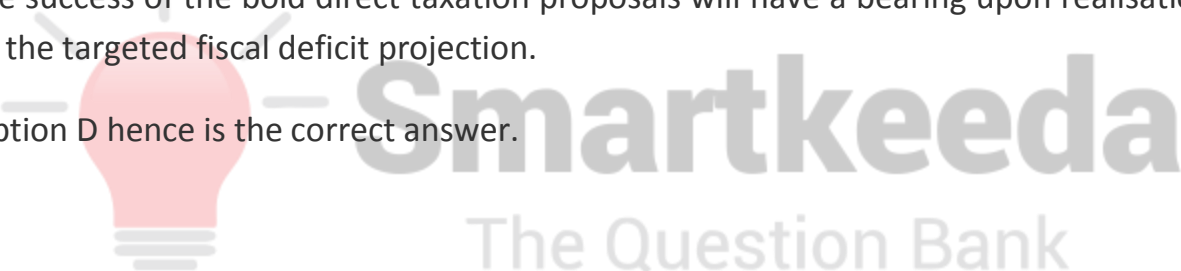
It is evident from the 2nd sentence of the 1st paragraph of the passage that the amnesty scheme was introduced to harness black money.

Option D hence is the correct answer.

3.

Another bold and much-sought-after change introduced in the budget is the abolition of taxation of dividend in the hands of the shareholder.

We can clearly infer from the 2nd last sentence of the last paragraph of the passage that the abolition of taxation of dividend in the hands of shareholder was a major change in the budget for 2004-05.



4.

Most tax consultants opined that the amnesty scheme would draw an extremely favourable response. "It is a tremendous opportunity."

We can clearly infer from the 2nd last sentence of the 2nd paragraph of the passage that 'the amnesty scheme' has been mentioned as 'it' in the next sentence.

Option C hence is the correct answer.

5.

This has led analysts to conclude that the attainment of the government's direct taxation target would be largely dependent on ...

From the 1st sentence of the 2nd paragraph mentioned above we can clearly infer that in 2004-05 the government's prime objective was to increase direct tax revenues..

6.

... the amnesty scheme introduced to harness black money is being seen as vital to the government's calculations.

Vital (adjective):

absolutely necessary; essential

Ex. In today's world keeping a good health is vital.

In the given context of the passage the most appropriate synonym to the word 'Vital' is 'Essential'.

Option D hence is correct.

7.

Finance minister P Chidambaram announced in his budget presentation that he was expecting to augment direct tax revenues by 15 to 16 per cent.

It is clear from the last sentence of the 1st paragraph of the passage that the word 'augment' is positive in nature and hence option A and B can be immediately eliminated.

Augment (verb):

make (something) greater by adding to it; increase.

Synonyms: increase, make larger, make bigger, make greater, add to

Ex. Her part-time job helped to augment her husband's income.

In the given context of the passage the most appropriate synonym to the word 'augment' is 'enhance'.

8.

The finance minister said that residents of metropolitan cities who owned cars, telephones and travelled abroad would be roped into tax net.

Abroad (adverb):

in or to a foreign country or countries.

Synonyms: overseas, out of the country, to/in foreign parts

Ex. We usually go abroad for a week in May.

In the given context of the passage the most appropriate synonym to the word 'abroad' is 'foreign country'.

Option B hence is the correct answer.

9.

This has led analysts to conclude that the attainment of the government's direct taxation target would be largely dependent on ...

Attainment (noun):

the action or fact of achieving a goal towards which one has worked.

Ex. "the attainment of corporate aims"

In the given context of the passage the most appropriate antonym to the word 'attainment' is 'fall short of'.

Option D hence is correct.

10.

It is a tremendous opportunity.

Tremendous (adjective):

very great in amount, scale, or intensity.

Synonyms: very great, huge, enormous, immense, colossal, massive,

Ex. Within a year he has accumulated a tremendous sum of money.

In the given context of the passage the most appropriate antonym to the word 'tremendous' is 'ordinary'.

Option C hence is the correct answer.



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