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Comprehension Test Quiz 40

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

Over the last 15-20 years, while India has been primarily focused on "services", China started with "manufacturing" and then quickly extended its focus to "product" companies. As a result, in addition to being the manufacturing behemoth, China has also produced product brands like Lenovo, Huawei, ZTE, Xiaomi, Baidu, Alibaba, Spreadtrum, spanning hardware, software and e-commerce.

India desperately needs to create several high-value product companies to meet domestic demand and create wealth. A strong product ecosystem drives healthy manufacturing industry as well. As such, 'Make in India' shouldn't be just about "manufacturing" but also be about "making products".

Product-centric start-ups require totally different mindset and approach. They tend to take tens to hundreds of millions of dollars and five to ten years before reaching profitability. This is quite a contrast from "services" model that doesn't require lot of capital and usually make small but quick returns. But, product companies create lot more value and wealth. We must create Apple, Google, Amazon, Intel, Oracle, Lenovo, Xiaomi, and Facebooks of the world.

In my view, successful start-ups require passionate and persuasive founders, great vision, innovative technology, strong team, patient capital, good market timing and a little bit of luck. India has no **dearth** of entrepreneurs, innovation, talent and markets. The biggest challenge for Indian start-ups today is lack of access to risk capital especially early to pre-revenue stage. This must be **addressed** quickly if we want to create high-value product growth engine.

Start-ups need different kinds and levels of capital through their life cycle, from **conception** to profitability. At the beginning, they need seed capital typically provided by founders and the so-called angel investors, ranging from \$100,000 to US\$1 million.

Then, start-ups need early stage investment from venture capitalists and corporate investors, ranging from \$10 million to US\$100 million through multiple rounds of equity financing.

They need late-stage capital from institutional investors, private equity firms and corporate investors to support revenue ramp, profitability and IPO, ranging in hundreds of millions of dollars through a combination of equity and debt financing. My perspective comes from my own experience with cofounding Soft Machines Inc, a semiconductor company developing advanced VISCTM Microprocessor architecture and System on Chip (SoC) solutions for smart client and cloud markets.

In India, at the moment, there seems to be a lot of appetite for participating in late-stage and mezzanine rounds by global investors such as Softbank, especially in the areas of e-commerce, social media and apps. Recent investments into Flipkart, Snapdeal, **housing.com**, are good examples. But, I see two issues with this trend. First, these are late-stage investments, for products are already proven in the market with some revenues and customer **traction**. Second, most of these investments are by global investors, which means return on these investments is not going to have domino effect on other start-ups. There also seem to be good number of angel investors, incubators and start-up villages to support very early and seed-stage capital. Of course, start-ups can benefit from more organized angel investors and government-driven grants along the lines of NSF and SBR grants in the US.

Questions:

1. Why has the author suggested that 'Make in India' should not focus just on manufacturing but also on 'making products'?

- i. To compete with Product giant China, India also should focus on making products rather than on manufacturing.
- ii. To meet domestic demand and create wealth it is but imperative for India to focus on making products.
- iii. To fulfil the dream of becoming world economic power India should follow the path adopted by China.

- B. Only I
- C. Only II
- D. Only III
- E. Only I and II

2. Which of the following is the biggest challenge for Indian start-ups to create high-value product growth engine?

- A. Lack of passionate and persuasive founders
- B. Paucity of innovative technology
- C. Dearth of risk capital in the initial stage of a new company
- D. Lack of a strong and dedicated team
- E. Small-size markets

3. Who among the following are angel investors? Answer in the context of the passage.

- A. Stakeholders of a company
- B. Persuasive founder of a company
- C. Foreign investors
- D. Consumers of products
- E. Not clear from the passage

4. Who among the following provide financial assistance to start-ups in the early stage of a company?

- i. Corporate investors**
- ii. Venture capitalists**
- iii. State governments**

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

5. Find the incorrect statement on the basis of the given passage.

- A. In the late stage of a company the start-ups get capital from corporate investors, institutional investors and private equity firms.
- B. Over the last 15-20 years the main focus of India has been on 'services'.
- C. The basic difference between the 'product making companies' and 'services' is that the former need more capital and time than the latter.
- D. Luck is not at all important for the success of start-ups.
- E. Not only 'manufacturing' but also 'product' made China a successful economy of the world.

6. What is the main aim of the writer behind writing this passage?

- A. To share his own experience as a start-up with Indian start-ups
- B. To point out the reasons for China's huge success
- C. To mention the problem Indian start-ups face as of now
- D. To show the superiority of 'manufacturing' over 'product'
- E. Other than the given options

7. Choose the word/group of word which is MOST SIMILAR in meaning to the word/group of words printed in bold as used in the passage.

Addressed

- A. remitted
- B. forwarded

- C. sent
- D. pointed
- E. resolved

8. Choose the word/group of word which is **MOST SIMILAR** in meaning to the word/group of words printed in bold as used in the passage.

Traction

- A. power
- B. pulling
- C. inclination
- D. opinion
- E. perception

9. Choose the word/group of words which is **MOST OPPOSITE** in meaning of the word/group of words printed in bold as used in the passage.

Dearth

- A. scarcity
- B. deficiency
- C. plenty
- D. paucity
- E. shortage

10. Choose the word/group of words which is **MOST OPPOSITE** in meaning of the word/group of words printed in bold as used in the passage.

Conception

- A. end
- B. beginning
- C. idea
- D. thought
- E. launch

Correct Answers:

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

Explanations:

1. Kindly refer to 'India desperately needs to create several high-value product companies to meet domestic demand and create wealth. A strong product ecosystem drives healthy manufacturing industry as well. As such, 'Make in India' shouldn't be just about "manufacturing" but also be about "making products".'

2. It is clearly said in the 3rd sentence of the 4th paragraph that the biggest challenge for Indian start-ups is lack of access to risk capital especially early to pre-revenue stage.

3. In the passage there is no particular explanation about 'angel investors'

4. It is clearly said in the 6th paragraph that Corporate investors and Venture capitalists provide financial assistance to start-ups in the early stage of a company.

5. Statement 'D' is not mentioned in the passage.

For statement 'A' kindly refer to the 1st sentence of the 2nd last paragraph.

For statement 'B' kindly refer to the 1st sentence of 1st paragraph.

For statement 'C' kindly refer to the 3rd paragraph.

For statement 'D' Kindly refer to the 1st paragraph.

6.

The aim of writer is to mention the problem Indian start-ups face as of now.

7.

In the context of the passage, the most similar word to 'Addressed' is to be 'Resolved'.

8.

In the context of the passage, the most similar word to 'Traction' is 'Pulling'.

9.

In the context of the passage, the opposite of 'Dearth' is 'Plenty'.

10.

In the context of the passage, the opposite of 'Conception' is 'End'.



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