

Direction (1-10): Read the passage carefully and answer the following questions.

Taxes are levied by governments on their citizens to generate income for undertaking projects to boost the economy of the country and to raise the standard of living of its citizens. In other words, taxes are involuntary fees levied on individuals or corporations and enforced by a government entity – whether local, regional or national – in order to finance government activities.

Taxes are of two distinct types, direct and indirect taxes. The difference comes in the way these taxes are implemented.

Direct tax are taxes that are paid directly by you. These taxes are levied directly on an entity or an individual and cannot be transferred onto anyone else. One of the bodies that overlooks these direct taxes is the **Central Board of Direct Taxes (CBDT)** which is a part of the Department of Revenue.

Indirect taxes are those taxes that are levied on goods or services. They differ from direct taxes because they are not levied on a person who pays them directly to the government, they are instead levied on products and are collected by an intermediary, the person selling the product.

The indirect taxes are included in the prices of the commodities purchased and the services rendered. Indirect taxes are applied on the manufacture or sale of goods and services. Both direct and indirect taxes are eventually collected by the government.

Direct taxes include Income Tax Act. This is also known as the IT Act of 1961 and sets the rules that govern income tax in India. The income, which this act taxes, can come from any source like a business, owning a house or property, gains received from investments and salaries, etc. There are many facets to income tax, such as the tax slabs, taxable income, tax deducted at source (TDS), reduction of taxable income, etc. The government has fixed different taxes slabs for varied groups of individuals, namely general taxpayers, senior citizens (people aged between 60 to 80, and very senior citizens (people aged above 80).

In the Union Budget 2018, a standard deduction of Rs.40,000 has been introduced for salaried-employees for transport allowances and medical expense reimbursement. This proposal will benefit about 2.5 crore salaried employees and pensioners while costing Rs.8,000 crore to the government.

To ease tax burden for senior citizens, there is an exemption of interest income of up to Rs.50,000 on Fixed Deposits, Recurring

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Deposits, and Post Office. There is also a rise in limit for tax deduction on health insurance premium from Rs.30,000 to Rs.50,000 under Section 80D.

Wealth Tax Act was also the part of direct taxes and was responsible for the taxation related to the net wealth of an individual, a company or a Hindu Unified Family. It was **abolished** in the budget announced in 2015. It has since been replaced with a surcharge of 12% on individuals that earn more than Rs. 1 crore per annum. It is also applicable to companies that have a revenue of over Rs. 10 crores per annum.

Wealth tax was abolished because practically it was not **feasible** for the authorities to go behind individuals and monitor them for wealth tax filings. There was evasion, there was non-**compliance** and it was not possible to go household-to-household to find out what each person is holding or what each person has inherited over the years and as this information was not there in any electronic database, it would mean a huge cost first to trace and then to prosecute the evaders that is why wealth tax was removed.

The Gift Tax Act came into existence in 1958 and stated that if an individual received gifts, monetary or valuables, as gifts, a tax was to be paid on such gifts. According to the new rules gifts given by family members like brothers, sister, parents, spouse, aunts and uncles are not taxable. How the tax works now is that if someone, other than the exempt entities, gifts you anything that exceeds a

value of Rs. 50,000 then the entire gift amount is taxable. Another important part of direct taxes is corporate tax which is a flat rate charged on the domestic corporates for the profit earned in particular year.

Tax is a contribution exacted by the government. It is a non penal but compulsory and unrequited transfer of resources from the private to the public sector, levied on the basis of predetermined criteria.

The classical economists were in view that the only objective of taxation was to raise government revenue. But with the changes in circumstances and ideologies, the aim of taxes has also been changed. These days apart from the object of raising the public revenue, taxes is levied to affect consumption, production and distribution with a view to ensuring the social welfare.

For **economic development** of a country, tax can be used as an important tool. The efficient tax policy helps the country and its economy in many ways. Taxes are the most important source of public revenue. The imposition of tax leads to diversion of resources from the taxed to the non-taxed sector. Tax revenues may be used to encourage development activities in the less developed areas of the country where normal investors are not willing to invest.

The increase in the collection of tax, increases the government revenue. It is safer for the government to avoid borrowings through increasing tax revenue. The most imperative

role of effective tax policy is that it reduces inequalities in distribution of income and wealth in the country. Tax policy may be used to handle critical economic situation like depression and inflation. Tax policy is also used as a control mechanism to check the consumption of liquor and to protect the local poor industries from the **uneven** competition. Thus it can be said that the economic development of a country depends on various reasons and one of them is the presence of an effective and efficient taxation policy.

1) According to the passage, standard deduction of Rs 40000 has been given for transport allowances, to which of the following categories of taxpayers?

- a) to big the corporate
- b) to small business class people
- c) to farmers
- d) to salaried employees
- e) to legal entities

2) According to the passage, what is the most important feature of effective taxation policy?

- a) helps the government in avoid borrowing
- b) increases the revenue
- c) protects the poor industries from competition
- d) handles the critical economic situation
- e) reduces the economic inequalities in the country

3) According to the passage, which of the followings will not come under the category of direct taxes?

- a) wealth tax
- b) goods and services tax
- c) corporate tax
- d) gift tax
- e) income tax

4) According to the passage, which of the following will not be counted as reason behind the elimination of wealth tax?

- a) non-compliance with tax rules
- b) tax evasion
- c) inadequate revenue collection
- d) huge cost of tracing the tax evaders
- e) absence of electronic database

5) Which of the following statements is true in the context of the passage?

- a) Taxes are voluntary fees which are levied on individuals or corporations.
- b) Corporate tax is the most important part of indirect taxes.
- c) Tax policy may be used to handle critical economic situation inflation.
- d) None of the above
- e) All are true

6) Find the incorrect statement on the basis of the given passage.

- a) Taxes are the most important source of public revenue.

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b) These days the objective of taxation policy is, to raise the public revenue only.

c) It has since been replaced with a surcharge of 12% on individuals that earn more than Rs. 1 crore per annum.

d) To ease tax burden for senior citizens, there is an exemption of interest income of up to Rs.50,000 on Fixed Deposits.

e) All are correct

7) Choose the word which as same meaning as the word **uneven**

a) equivalent

b) corresponding

c) asymmetrical

d) analogous

e) parallel

8) Choose the word which as same meaning as the word **feasible**

a) unruly

b) riotous

c) viable

d) impossible

e) irrepressible

9) Choose the word which as opposite meaning as the word **abolished**

a) eradicated

b) exterminated

c) instigated

d) stamped out

e) purged

10) Choose the word which as opposite meaning as the word **compliance**

a) fulfillment

b) deference

c) consent

d) defiance

e) contentment

Directions (11-15): Rearrange the following sentences into a meaningful and coherent paragraph and answer the questions below.

A) The scheme, under which one can purchase bonds of various denominations from a designated bank and deposit them in the accounts of any political party, had been challenged in the apex court a year ago.

B) The Supreme Court's interim order asking political parties to disclose, to the Election Commission in sealed covers, details of the donations they have received through anonymous electoral bonds is an inadequate and belated response to the serious concerns raised about the opaque scheme.

C) The order, unfortunately, preserves the status quo, and any effect that the possible asymmetry in political funding would have on the election process will stay as it is.

D) The only concession given to those concerned about the dangers of anonymous political funding is that the names would be available with the EC, albeit in sealed

envelopes, until the court decides if they can be made public.

E) When the matter was taken up last week, it was considered that the time available was too limited for an in-depth hearing.

11) Which would be the 1st sentence in the rearranged paragraph?

- a) E
- b) A
- c) B
- d) C
- e) D

12) Which would be the 3rd sentence in the rearranged paragraph?

- a) E
- b) A
- c) B
- d) C
- e) D

13) Which would be the last sentence in the rearranged paragraph?

- a) E
- b) A
- c) B
- d) C
- e) D

14) Which would be the 4th sentence in the rearranged paragraph?

- a) E

b) A

c) B

d) C

e) D

15) Which would be the 2nd sentence in the rearranged paragraph?

- a) E
- b) A
- c) B
- d) C
- e) D

Directions (16-20): Fill the blanks and complete the sentences properly.

16) Loneliness is an _____ state of mind.

- a) Empty
- b) Emotional
- c) Inner
- d) Psychic
- e) None of these

17) The top leaders' _____ at the newsroom.

- a) Met
- b) Converged
- c) Connected
- d) Crossed
- e) None of these

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18) The horse jumped_____ the fence.

- a) Onto
- b) Above
- c) Over
- d) Across
- e) None of these

19) Her writing was not up to the _____.

- a) Mark
- b) Score
- c) Grade
- d) Number
- e) None of these

20) She_____out of her skin when she saw the dog running towards her.

- a) Came
- b) Jumped
- c) Swung
- d) Spun
- e) None of these

Directions (21-25): Given below a sentence is divided into four parts, the part which is mentioned in bold is error free. Find if there is any error in remaining parts of the sentence and mark that as your answer. If there is No Error then choose E as your answer.

21) The serial bomb attacks on Easter Sunday, which proclaimed over**(A)**/ 320 lives in Sri Lanka, were a retaliation for the Christchurch mosque shootings **(B)/in New Zealand on March 15, State Minister of Defence Ruwan Wijewardene(C)**/told Parliament on Tuesday, based on "initial evidence" available with investigators.**(D)**

- a) C
- b) D
- c) A
- d) B
- e) No Error

22) Amid reports of a few stray incidents of attacks on Muslim-owned property**(A)**/in the last two days, the sudden, increased**(B)**/scrutiny of localities where Muslim families reside have sparked **(C)**/serious concerns, according to leaders and members of the community.**(D)**

- a) D
- b) C
- c) A
- d) B
- e) No Error

23) Through its cVIGIL mobile application, the Commission has **(A)**/so far obtained more than 1.10 lakh**(B)**/complaints of which 78% have been found to**(C)**/be correct and action is being taken against the violators, the EC said.**(D)**

- a) B

- b) A
- c) D
- d) C
- e) No Error

24) The Commission received the transcripts between April 14 and 16,(A)/following which they were being examined legally, in the **(B)/**overall content in which the impugned comments were made, said an official.**(C)/** The Congress has so far submitted seven complaints against Mr. Modi seeking action against him for the alleged violations.**(D)**

- a) D
- b) A
- c) B
- d) C
- e) No Error

25) The U.S. on Monday announced that it would be cancelling the waivers from sanctions(A)/it had granted eight countries, including India, permitting them to **(B)/ import oil from Iran. Following the revocation(C)/**of this waiver, any country violating the ban would face U.S. sanctions.**(D)**

- a) C
- b) D
- c) A
- d) B
- e) No Error

Directions (26-30): In questions given below, a part of the sentence is made bold. Below are given alternatives to the bold part which may improve the sentence. Choose the correct alternative. In case no improvement is needed, option 'E' as the answer.

26) The workers of the factory are hell bent at getting what is due to them.

- a) hell bent on getting
- b) hell bent for getting
- c) hell bent upon getting
- d) All of the above
- e) No improvement

27) The protestant leaders joined the British soldiers at crushing the revolt.

- a) into crushing
- b) in crushing
- c) without crushing
- d) Crushes
- e) No improvement

28) If the room had been brighter, Ivanka would have been able to read the story book for a while before going to bed.

- a) If the room was brighter
- b) If the room are brighter
- c) Had the room been brighter
- d) Have the room been brighter
- e) No improvement

29) The Guinness World record has been **met** when Mr Grofet completed 45 pizzas in a time of 70 minutes.

- a) improved
- b) broken
- c) bettered
- d) called
- e) No improvement

30) Hivaru's powerful desire brought about his downfall.

- a) Hivaru's intense desire
- b) Hivaru's desire for power
- c) Hivaru's fatal desire
- d) Hivaru's wild desire
- e) No improvement

Answers:

Direction (1-10):

1) Answer: D

It is clearly mentioned in the passage that in the Union Budget 2018, a standard deduction of Rs.40,000 has been introduced for salaried-employees for transport allowances and medical expense reimbursement.

2) Answer: E

It is mentioned in the passage that the most imperative role of effective tax policy is that it reduces inequalities in distribution of income and wealth.

3) Answer: B

According to the passage, goods and services tax will not be included in the category of direct taxes because it is indirect tax.

4) Answer: C

According to the passage, "inadequate revenue collection" will not be counted as a reason for the elimination of wealth tax as it is not given in the passage.

5) Answer: C

According to the passage, true statement is "Tax policy may be used to handle critical economic situation inflation."

6) Answer: B

It is given in the passage that these days apart from the objective of raising the public revenue, taxes is levied to affect consumption, production and distribution with a view to ensuring the social welfare.

7) Answer: C

The meaning of "uneven" is "unequal / imbalance / asymmetrical".

8) Answer: C

The meaning of "feasible" is "possible / viable".

9) Answer: C

The meaning of "abolished" is "destroyed /exterminated" and its opposite is "established/instigated".

10) Answer: D

The meaning of "compliance" is "fulfillment" and its opposite "disobedience / defiance"

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Directions (11-15):

The correct sequence would be: **B A E C D**

B) The Supreme Court's interim order asking political parties to disclose, to the Election Commission in sealed covers, details of the donations they have received through anonymous electoral bonds is an inadequate and belated response to the serious concerns raised about the opaque scheme.

A) The scheme, under which one can purchase bonds of various denominations from a designated bank and deposit them in the accounts of any political party, had been challenged in the apex court a year ago.

E) When the matter was taken up last week, it was considered that the time available was too limited for an in-depth hearing.

C) The order, unfortunately, preserves the status quo, and any effect that the possible asymmetry in political funding would have on the election process will stay as it is.

D) The only concession given to those concerned about the dangers of anonymous political funding is that the names would be available with the EC, albeit in sealed envelopes, until the court decides if they can be made public.

11) Answer: C

12) Answer: A

13) Answer: E

14) Answer: D

15) Answer: A

Directions (16-20):

16) Answer: B

Options 'b' is the best fit. Others are inappropriate.

17) Answer: B

Options 'b' is the best fit which means 'tend to meet at a point'.

18) Answer: C

Options 'b' is the best grammatical fit. Above, Onto, Across do not fit here.

19) Answer: A

Options 'b' is the best fit which means "Isn't good enough".

20) Answer: B

Options 'b' is the best fit which means "afraid or frightened".

21) Answer: C

Proclaim means to announce something officially or publicly whereas claim means to state or assert that something is the case without having evidence or proof. Hence **Proclaimed** should be replaced with **claimed**.

22) Answer: D

Increase is used generally when we describe about quantity means to make something large whereas heighten means make something more intense (situation or something) hence here **increased** should be replaced with **heightened**.

23) Answer: A

Obtain means to procure or attain something in any way whereas receive means to accept something that is sent or offered. Hence **obtained** should be replaced with **received**.

24) Answer: D

Content is generally used to describe uncountable things and what information something contains whereas context means surroundings, specifications or circumstances that determine the event of occurrence of something. Hence **content** should be replaced with **context**.

25) Answer: D

We cannot use permit with adverb particles hence **permitting** should be replaced with **allowing** here.

26) Answer: C

Other options will not make it grammatically meaningful

27) Answer: B

Only Option B suits here

28) Answer: C

Only Option C, when used makes it grammatically correct.

29) Answer: B

'Met' is wrongly used Record is 'broken' and not 'met'.

30) Answer: B

Meaningful usage is only B

