

UPSC PRELIMS TEST SERIES 2026- Budget

Q1. Based on the "Trend in Tax Receipts (% of GDP)" chart, consider the following statements regarding India's fiscal profile:

1. From 2021-22 to 2026-27 (BE), the contribution of Direct Taxes as a percentage of GDP has shown a continuous, year-on-year increase.
2. The Gross Tax Revenue as a percentage of GDP for 2026-27 (BE) is projected to be lower than the levels seen in 2021-22.
3. Indirect Tax as a percentage of GDP has remained constant at 5.0% for the last four financial years.

Which of the statements given above is/are correct?

- a. 1 and 2 only
- b. 2 only
- c. 1 and 3 only
- d. 1, 2 and 3

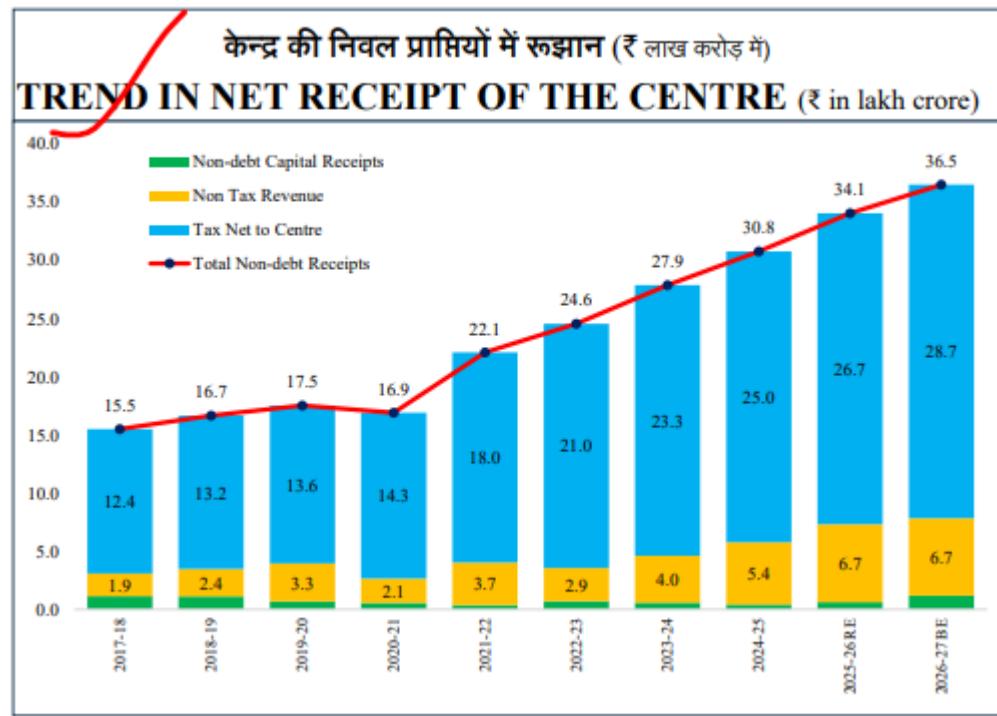
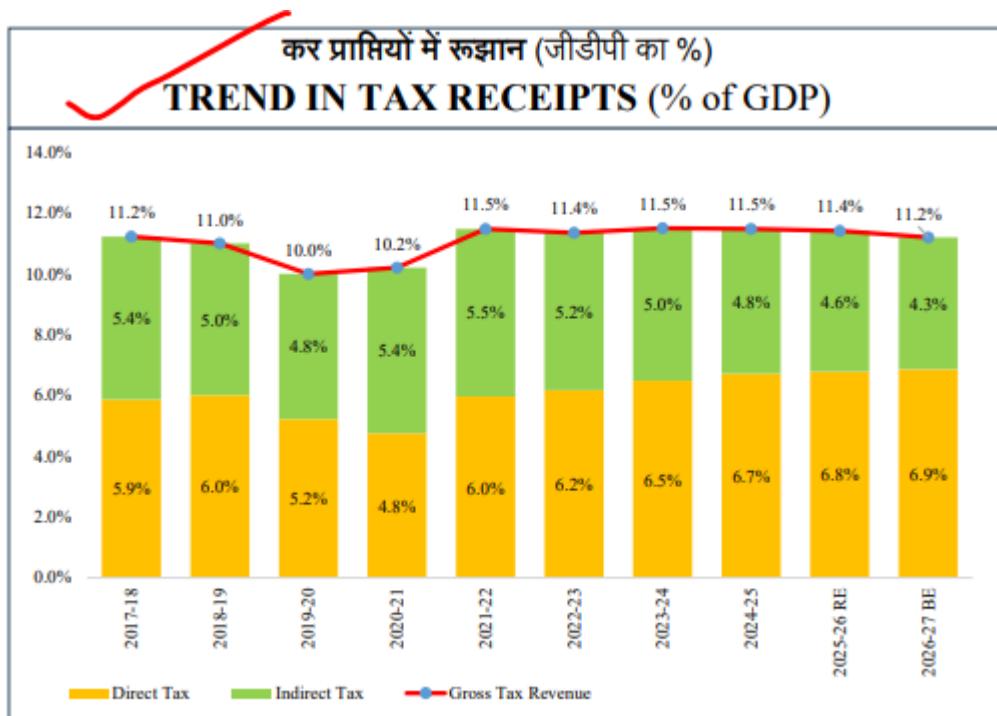
Solution: a

Explanation:

Statement 1 is Correct: Looking at the yellow bars in image below, Direct Tax % of GDP goes: 6.0%- 6.2%- 6.5%- 6.7%- 6.8%- 6.9%. This is a consistent upward trend.

Statement 2 is Correct: The Gross Tax Revenue (red line) was 11.5% in 2021-22. For 2026-27 (BE), it is projected at 11.2%.

Statement 3 is Incorrect: The green bars show Indirect Tax fluctuating and then declining.




प्राप्तिया Receipts

		(₹ करोड़) (In ₹ crore)				
		2024-2025 वार्षिक	2025-2026 बजट	2025-2026 संशोधित	2026-2027 बजट	
		Actuals	Budget Estimates	अनुमान	अनुमान	
				Revised Estimates	Budget Estimates	
राजस्व प्राप्तिया		REVENUE RECEIPTS				
1. कर राजस्व		1. Tax Revenue				
सकल कर राजस्व		Gross Tax Revenue	3796382	4270233	4077772	
क. निवाय कर		a. Corporation Tax	986767	1082000	1109000	
ख. आय पर कर		b. Taxes on Income	1235171	1438000	1312000	
ग. सीमा शुल्क		c. Customs	233201	240000	258290	
घ. केंद्रीय सीमा शुल्क ड. जीएसटी		d. Union Excise Duties	300253	317000	336550	
- केन्द्रीय जीएसटी		e. GST	1027041	1178000	1046480	
- आवासीय सीमा शुल्क		- CGST	908954	1010890	958480	
- आवासीय जीएसटी		- IGST	-32483	
- जीएसटी शालियूर्ति उपकर		- GST Compensation Cess	150570	167110	88000	
घ. संघ राज्य बेचों पर कर		f. Taxes of Union Territories	9527	10133	9622	
ज. अन्य कर		g. Other Taxes	4422	5100	5830	
प्रदायन - राज्यीय आपदा आक्षयिकता विधि/राज्यीय आपदा अनुक्रिया विधि को अतिरिक्त एवं सीमितीयी		Less - NCCD transferred to the NCCF/NDRF	9458	10380	10140	
प्रदायन - राज्यीय का हिस्सा		Less - State's share	1286885	1422444	1392971	
1क केंद्र का नियंत्रण कर राजस्व		1a Centre's Net Tax Revenue	2500039	2837409	2674661	
2. कर-भिन्न राजस्व		2. Non-Tax Revenue	536580	583000	667662	
ब्याज प्राप्तियां		Interest receipts	40435	47738	40165	
लाभांश और लाभ		Dividends and Profits	308424	325000	375590	
विदेशी अनुदान		External Grants	687	1175	1639	
अन्य कर-भिन्न राजस्व		Other Non Tax Revenue	184206	205668	248461	
संघ राज्य क्षेत्रों की प्राप्तिया		Receipts of Union Territories	2828	3419	1807	
कुल राजस्व प्राप्तिया (1a+2)		Total- Revenue Receipts (1a + 2)	3036619	3420409	3342323	
3. पंची प्राप्तिया		3. CAPITAL RECEIPTS				
क. ऋण-भिन्न प्राप्तियां		A. Non-debt Receipts@	41818	76000	64027	
ख. ऋण प्राप्तियां*		B. Debt Receipts*#	1573823	1566452	1512770	
जोड़ पूरीगत प्राप्तियां (क + ख)		Total Capital Receipts (A+B)	1615641	1642452	1576797	
4. नकदी रोप का कम आहरण		4. Draw-Down of Cash Balance	608	2484	45722	
जोड़ प्राप्तियां (1a+2+3+4)		Total Receipts (1a+2+3+4)	4652867	5065345	4964842	
					5347315	

Q2. With reference to the "Revenue Receipts", which of the following represents the correct decreasing order of components contributing to the "Gross Tax Revenue" for the 2026-27 Budget Estimate?

- Corporation Tax > Taxes on Income > GST > Union Excise Duties
- Taxes on Income > Corporation Tax > GST > Union Excise Duties
- GST > Taxes on Income > Corporation Tax > Customs
- Taxes on Income > GST > Corporation Tax > Customs

Solution: b

Explanation:

- Taxes on Income: ₹14,66,000 crore (Highest)
- Corporation Tax: ₹12,31,000 crore
- GST: ₹10,90,020 crore
- Union Excise Duties: ₹3,88,910 crore
- Customs: ₹2,71,200 crore

The trend shows personal income tax has overtaken corporate tax as the largest contributor to the exchequer.

Q3. Consider the following statements regarding "Non-Tax Revenue" and "Capital Receipts".

1. In 2026-27 (BE), "Dividends and Profits" are estimated to account for more than 50% of the total Non-Tax Revenue.
2. Total Receipts of the Union Government are projected to exceed ₹53 lakh crore in the 2026-27 Budget Estimate.

Which of the above statements is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Solution: c

Explanation:

In 2026–27 (BE), 'Dividends and Profits' are estimated to account for more than 50% of total Non-Tax Revenue."

Data (₹ crore):

Non-Tax Revenue (2026–27 BE) = 6,66,228 crore

Dividends and Profits = 3,91,000

Share is: 391000 divided by 666228, around 59 percent.

Second statement is also correct:

Total Receipts (2026–27 BE) = ₹54,37,135 crore

Q4. With reference to the composition of expenditure (% of total expenditure), consider the following statements:

1. Revenue Expenditure continues to form more than two-thirds of total expenditure in 2026–27 (BE).
2. Capital Expenditure as a share of total expenditure has increased compared to 2017–18.
3. Grants-in-aid for creation of capital assets form a part of Capital Expenditure.

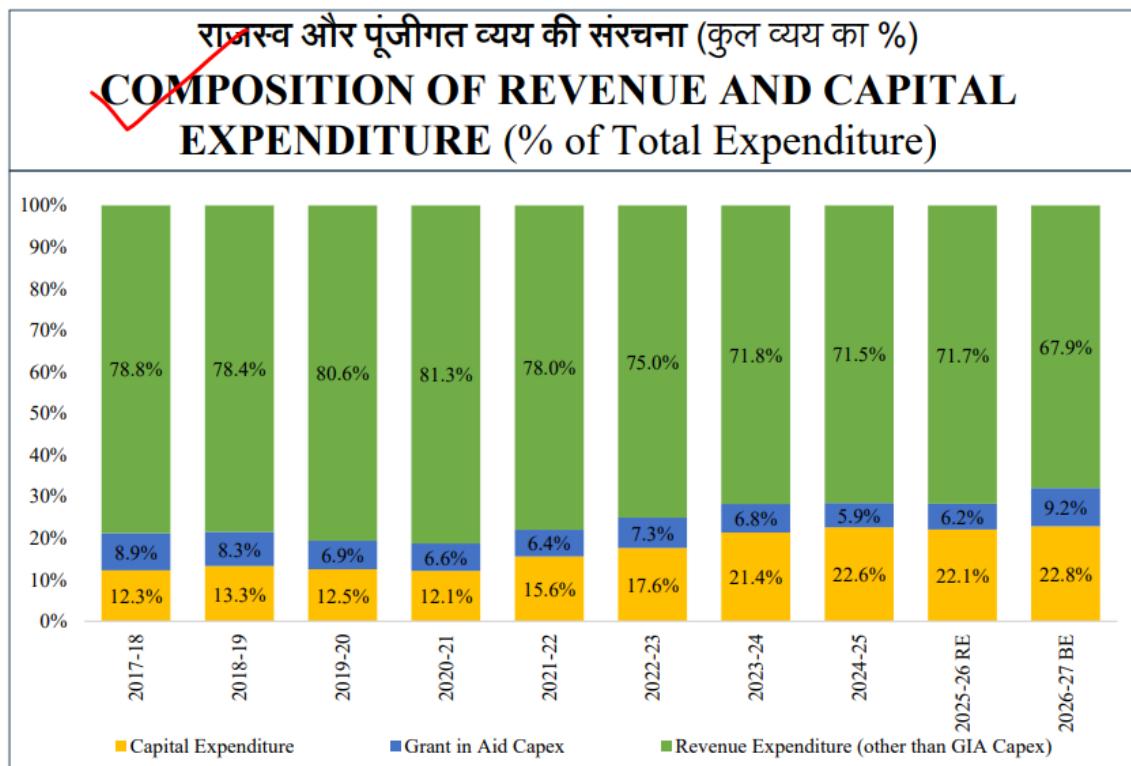
Which of the statements given above is/are correct?

- a. 1 and 2 only
- b. 1 and 3 only
- c. 2 and 3 only
- d. 1, 2 and 3

Solution: A

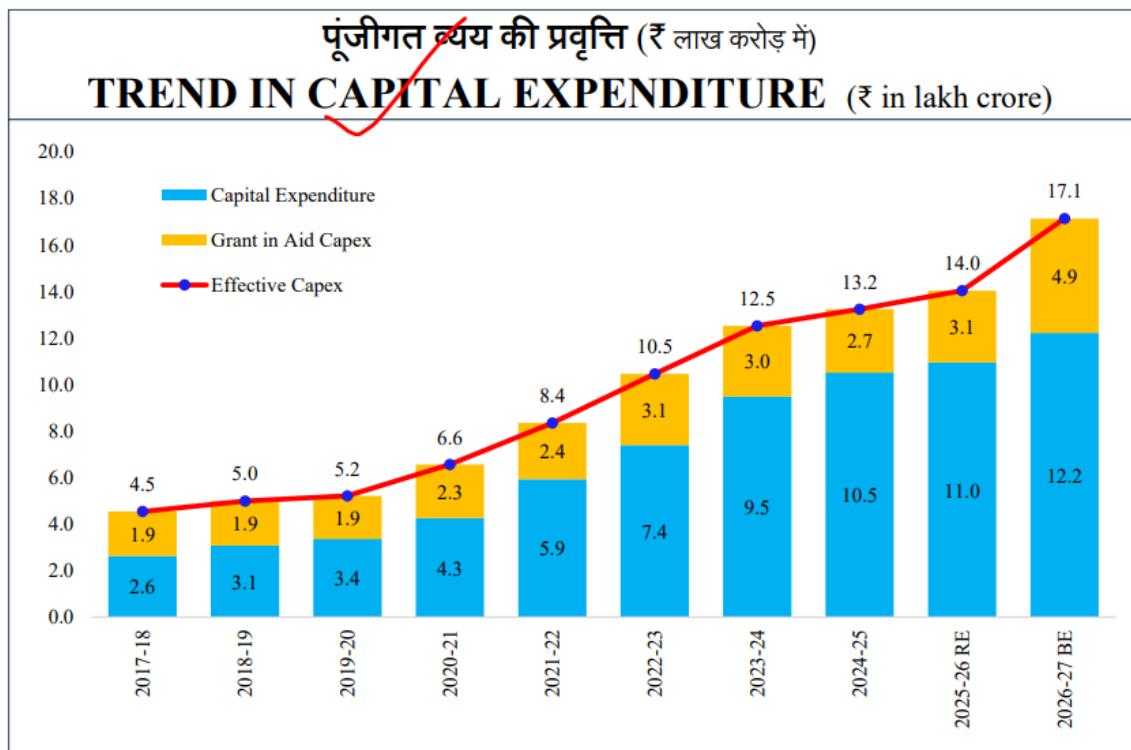
Explanation:

Statement 1 is Correct: According to the chart "Composition of Revenue and Capital Expenditure (% of Total Expenditure)," Revenue Expenditure (other than GIA Capex) for 2026–27 (BE) is 67.9%. Since two-thirds is approximately 66.6%, the statement that it forms more than two-thirds is factually accurate.



Statement 2 is Correct: The chart shows that in 2017–18, Capital Expenditure was 12.3% of the total expenditure. In the 2026–27 (BE), this share has increased to 22.8%.

Statement 3 is Incorrect: Under standard accounting and as shown in the "Effective Capital Expenditure of Government" table (Image 3), Grants-in-aid for creation of capital assets is listed as a separate line item from Capital Expenditure. While they are added together to calculate "Effective Capital Expenditure," the budget document maintains them as distinct categories; GIA for capital assets is technically a revenue expenditure item used for capital purposes.



Q5. Which of the following components forms the largest share of Centre's expenditure in 2026-27 (BE)?

- a. Establishment Expenditure
- b. Interest Payments
- c. Central Sector Schemes
- d. Transfers to States

Solution: c

Explanation:

To identify the largest share, we compare the absolute values provided in your images for the 2026-27 Budget Estimate (BE):

1. Establishment Expenditure: ₹8,24,114 crore.
2. Interest Payments: ₹14,03,972 crore.
3. Central Sector Schemes/Projects: ₹17,71,928 crore.
4. Transfers to States: This is a composite category including Centrally Sponsored Schemes (₹5,48,798 crore), Finance Commission Grants (₹129,397 crore), and Other Grants/Loans (₹3,11,691 crore). Even combined, these specific transfer categories in section "B. Transfers" do not exceed the Central Sector Schemes.

UPSC PRELIMS TEST SERIES 2026- Budget

		(₹ करोड़) (In ₹ crore)			
		2024-2025 वास्तविक	2025-2026 बजट	2025-2026 संशोधित	2026-2027 बजट
		Actuals	अनुमान Budget Estimates	Revised Estimates	अनुमान Budget Estimates
क. केंद्र का व्यय	A. Centre's Expenditure				
I स्थापना व्यय	I Establishment Expenditure	829423	868096	782701	824114
II केंद्रीय क्षेत्र की योजनाएं/परियोजनाएं	II Central Sector Schemes/Projects	1494392	1621899	1637156	1771928
III केंद्रीय क्षेत्र का अन्य व्यय	III Other Central Sector Expenditure	1420966	1526008	1699445	1761387
जिसमें से व्याज भुगतान	of which Interest Payments	1115575	1276338	1274338	1403972
ख. अंतरण	B. Transfers				
IV केंद्रीय प्रायोजित योजनाएं	IV Centrally Sponsored Schemes	402368	541850	420078	548798
V वित्त आयोग के अनुदान	V Finance Commission Grants	120858	132767	152953	129397
VI अन्य अनुदान/ऋण/अंतरण	VI Other Grants/Loans/Transfers	384860	374725	272510	311691
कुल जोड़	Grand Total	4652867	5065345	4964842	5347315

Q6. In 2026–27 (BE), which component constitutes the largest share of total transfers to States and UTs?

- a. Finance Commission Grants
- b. Scheme-related and other transfers
- c. Devolution of States' share in taxes
- d. Capital transfers

Solution: c

Explanation:

To determine the largest share, we look at the absolute values projected for the 2026–27 Budget Estimate (BE):

1. **Devolution of States' share in taxes: ₹15,26,255 crore.**
2. Scheme-related and other transfers: ₹9,65,417 crore (calculated by adding Item II and IV from the transfer table).
3. Finance Commission Grants: ₹1,29,397 crore.
4. Capital transfers: While specific capital loans like "Special Assistance for Capital Investment" are high (₹1,85,000 crore), they are categorized within the broader transfer items and do not exceed the tax devolution.

**TRANSFER OF RESOURCES TO STATES AND UNION TERRITORIES
WITH LEGISLATURE**

		(₹ करोड़) (In ₹ crore)		
		2024-2025	2025-2026	2026-2027
		वास्तविक Actuals	संशोधित अनुमान Revised Estimates	बजट अनुमान Budget Estimates
I. करों में राज्यों के हिस्से का अंतरण	I. Devolution of States share in taxes	1286885	1392971	1526255
II. अंतरण की कुछ महत्वपूर्ण बहुं	II. Some Important Items of Transfer	202664	230144	279110
1. एनडीएमएफ से राज्यों को सहायता	1. Assistance to States from NDMF	720	3012	2874
2. एनडीआरएफ से राज्यों को सहायता	2. Assistance to States from NDRF	5356	12048	11496
3. बाह्य सहायता वाली परियोजनाएं-अनुदान	3. Externally Aided Projects - Grants	8174	12957	15745
4. बाह्य सहायता वाली परियोजनाएं-ऋण	4. Externally Aided Projects-Loan	34410	47184	47753
5. संविधान के अनुच्छेद 275(1) के प्रावधान के तहत योजनाएं	5. Grants under Proviso to Article 275 (1) of the Constitution	1171	943	1242
6. पूर्णीगत निवेश हेतु राज्यों को ऋण के रूप में विशेष सहायता	6. Special Assistance as Loan to States for Capital Investment	149484	144000	185000
7. मांग के अंतर्गत विशेष सहायता - राज्यों को अंतरण	7. Special Assistance under the Demand - Transfers to States	3350	10000	15000
III. वित्त आयोग के अनुदान	III. Finance Commission Grants	120858	152953	129397
1. शहरी स्थानीय निकायों के लिए अनुदान - मूल निकाय	1. Grants for Urban Local bodies (Basic Component)	19260	26023	37272
2. शहरी स्थानीय निकायों के लिए अनुदान- विशेष अवसंरचना घटक	2. Grants for Urban local bodies - Special Infrastructure Component	6000
3. शहरी स्थानीय निकायों के लिए अनुदान- शहरीकरण प्रीमियम	3. Grants for Urban local bodies - Urbanisation Premium	2000
4. ग्रामीण स्थानीय निकायों के लिए अनुदान	4. Grants for Rural local bodies	41262	54314	55909
5. राज्य आपदा मोबान निधि के लिए सहायता अनुदान	5. Grants-in-Aid for State Disaster Response Fund	20264	24257	22574
6. राज्य आपदा शमन निधि हेतु सहायता अनुदान	6. Grants-in-Aid for State Disaster Mitigation Fund	4984	9258	5642
7. स्वास्थ्य क्षेत्र के लिए अनुदान	7. Grants for Health Sector	10604	25171	...
8. साइड की गई नगरपालिका सेवाओं हेतु अनुदान	8. Grants for shared Municipal Services	...	225	...
9. अवमूल्यन के पश्चात् राजस्व घाटा अनुदान	9. Post Devolution Revenue Deficit Grants	24483	13705	...
IV. राज्यों को कुल अंतरण [(I)+(II)+(III) के इतन]	IV. Total Transfer to States [Other than (I)+(II)+(III)]	555100	498159	609008
1. केन्द्र द्वारा प्रायोजित योजनाओं के अंतर्गत (राजस्व)	1. Under Centrally Sponsored Schemes (Revenue)	382336	399854	520333
2. केन्द्र क्षेत्र की योजनाओं के अंतर्गत	2. Under Central Sector Schemes	19167	67889	77371
3. व्यय की अन्य श्रेणियों के अंतर्गत	3. Under Other Categories of Expenditure	153595	30414	11201
4. पूर्णी अंतरण	4. Capital Transfers	2	2	102
V. दिल्ली और पुडुचेरी को कुल अंतरण	V. Total Transfer to Delhi and Puducherry	60007	61917	77000
1. केन्द्र द्वारा प्रायोजित योजनाओं के अंतर्गत (राजस्व)	1. Under Centrally Sponsored Schemes (Revenue)	9438	9599	13612
2. केन्द्र क्षेत्र की योजनाओं के अंतर्गत (राजस्व)	2. Under Central Sector Schemes (Revenue)	159	218	232
3. व्यय की अन्य श्रेणियों के अंतर्गत (राजस्व)	3. Under Other Categories of Expenditure (Revenue)	50268	45825	47776
4. पूर्णी अंतरण (एसएसीआई सहित)	4. Capital Transfers (including SASCI)	142	6275	15380
राज्यों/संघ राज्य क्षेत्रों को कुल अंतरण	Total Transfer to States/UTs	2225513	2336144	2620769

Q7. In reference to **Expenditure on Scheduled Caste and Scheduled Tribe sub-plans and schemes for the welfare of women, children, and the North Eastern Region (NER)**, consider the following statements.

1. Allocation towards the welfare of women has increased.
2. Allocation towards the welfare of children has decreased.
3. Allocation towards the welfare of SC and STs has increased.

How many of the above are correct?

- a. Only one
- b. Only two

- c. All three
- d. None

Solution: b

Explanation:

All have increased.

Read:

Expenditure on Scheduled Caste and Scheduled Tribe sub-plans and schemes for the welfare of women, children, and the North Eastern Region (NER)

- Programmes for the welfare of women and children have been allocated Rs 6,33,176 crore in 2026-27, an increase of 25% over the revised estimate of 2025-26. These allocations include programmes being implemented across all ministries.
- Allocation towards the welfare of women is estimated to increase due to increased allocation towards the Pradhan Mantri Awas Yojana. Under the Awas Yojana, the female head of the family must be the owner or co-owner of the house.
- Allocation towards the welfare of children is estimated to increase due to a higher allocation towards school education under POSHAN, PM-SHRI, and the Samagra Shiksha scheme. Allocation for Scheduled Castes is estimated to be higher due to increased allocation under the Jal Jeevan Mission and the Viksit Bharat Rozgar Yojana.

Table 7: Allocations for women, children, SCs, STs and NER (Rs crore)

	Actuals 2024-25	Revised 2025-26	Budgeted 2026-27	% change (2025-26 RE to 2026-27 BE)
Welfare of Women	3,59,722	3,97,885	5,00,879	25.9%
Welfare of Children	99,099	1,07,945	1,32,297	22.6%
Scheduled Castes	1,23,372	1,61,205	1,96,400	21.8%
Scheduled Tribes	1,05,711	1,23,435	1,41,089	14.3%
North Eastern Region	87,736*	88,741	1,08,335	22.1%

Note: *Revised estimates taken as actuals

Sources: Expenditure Profile, Union Budget 2026-27; PRS.

Q8. Arrange the following on order of highest to lowest allocation.

1. PM-KISAN
2. VB-G RAM G
3. Pradhan Mantri Awas Yojana – Rural
4. Jal Jeevan Mission/National Rural Drinking Water Mission

Select the correct code.

- a. 2-4-1-3
- b. 2-3-4-1
- c. 3-1-2-4
- d. 3-2-1-4

Solution: a

Explanation:

Check:

Table 6: Scheme-wise allocation in 2026-27 (Rs crore)

	Actuals 2024-25	Budgeted 2025-26	Revised 2025-26	Budgeted 2026-27	% change (2025-26 RE to 2026-27 BE)
VB-G RAM G	0	0	0	95,692	-
MGNREGS	85,834	86,000	88,000	30,000	-66%
Jal Jeevan Mission/National Rural Drinking Water Mission	22,612	67,000	17,000	67,670	298%
PM-KISAN	66,121	63,500	63,500	63,500	0%
Pradhan Mantri Awas Yojana – Rural	32,327	54,832	32,500	54,917	69%
Samagra Shiksha	36,288	41,250	38,000	42,100	11%
National Health Mission	38,889	37,227	37,100	39,390	6%
Saksham Anganwadi and POSHAN 2.0	21,014	21,960	20,949	23,100	10%
Modified Interest Subvention Scheme	22,600	22,600	22,600	22,600	0%
Pradhan Mantri Awas Yojana – Urban	5,865	25,794	7,900	22,025	179%
PM Surya Ghar Mukt Bijli Yojana	7,818	20,000	17,000	22,000	29%
PM Viksit Bharat Rozgar Yojana	0	0	0	20,083	-
Bharatnet	3,995	22,000	5,500	20,000	264%
Research, Development and Innovation (RDI) Scheme	0	20,000	3,000	20,000	566.7%

Sources: Expenditure Profile, Union Budget 2026-27; PRS.

Q9. In reference to **Expenditure on Subsidies**, consider the following statements.

1. In 2026-27, the total expenditure on subsidies is estimated to be lower than the revised estimate of 2025-26.
2. Food subsidy is greater than fertilizer subsidy.

Select the correct code.

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Solution: c

Explanation:

In 2026-27, the total expenditure on subsidies is estimated to be Rs 4,54,773 crore, lower than the revised estimate of 2025-26 by 3.1% (below). In 2025-26, at the revised estimates stage, food subsidy was 12% more than budgeted estimate and fertiliser subsidy was 11% higher.

Table 5: Subsidies in 2026-27 (Rs crore)

	Actuals 2024-25	Budgeted 2025-26	Revised 2025-26	Budgeted 2026-27	% change (2025-26 RE to 2026-27 BE)
Food subsidy	1,99,867	2,03,420	2,28,154	2,27,629	-0.2%
Fertiliser subsidy	1,70,683	1,67,887	1,86,460	1,70,799	-8.4%
Interest subsidy	21,885	27,840	24,666	27,441	11.3%
LPG subsidy	14,479	12,100	15,121	12,085	-20.1%
Other subsidies	15,692	14,969	15,105	16,820	11.3%
Total	4,22,606	4,26,216	4,69,505	4,54,773	-3.1%

Sources: Expenditure Profile, Union Budget 2026-27; PRS.

Q10. Consider the following ministries.

- A. Ministry of Defence.
- B. Road Transport and Highways
- C. Home Affairs
- D. Chemicals and Fertilisers

Which of the following statements is/are correct?

1. Ministry of Defence has the highest allocation in 2026-27.
2. Road Transport and Highways has got higher allocation than Home affairs.
3. Out of above four, only Chemical and Fertilizers industry got less allocation compared to revised BE 2025-2026.

Select the correct code.

- 1 and 2 only
- 1 and 3 only
- 2 and 3 only
- 1, 2 and 3

Solution: d

Explanation:

All are correct:

Table 4: Ministry-wise expenditure in 2026-27 (Rs crore)

	Actuals 2024-25	Budgeted 2025-26	Revised 2025-26	Budgeted 2026-27	% change (2025-26 RE to 2026-27 BE)
Defence	6,36,003	6,81,210	7,32,512	7,84,678	7.1%
Road Transport and Highways	2,99,460	2,87,333	2,87,142	3,09,875	7.9%
Railways	2,55,263	2,55,445	2,55,466	2,81,377	10.1%
Home Affairs	2,24,585	2,33,211	2,41,485	2,55,234	5.7%
Consumer Affairs, Food and Public Distribution	2,15,009	2,15,767	2,38,409	2,39,521	0.5%
Rural Development	1,79,307	1,90,406	1,88,753	1,97,023	4.4%
Chemicals and Fertilisers	1,84,993	1,61,965	1,91,186	1,77,061	-7.4%
Agriculture and Farmers' Welfare	1,39,744	1,37,757	1,33,370	1,40,529	5.4%
Education	1,10,736	1,28,650	1,21,949	1,39,289	14.2%
Health and Family Welfare	90,684	99,859	96,854	1,06,530	10.0%
Communications	1,47,832	1,08,105	79,768	1,02,267	28.2%
Jal Shakti	46,720	99,503	41,437	94,808	128.8%
Housing and Urban Affairs	53,255	96,777	57,204	85,522	49.5%
Total Expenditure	46,52,867	50,65,345	49,64,842	53,47,315	7.7%

Sources: Expenditure Budget, Union Budget 2026-27; PRS.

Q11. With reference to the '**Orange Economy**', the government proposes to support content creation in secondary schools through:

- Establishing** AVGC (Animation, Visual Effects, Gaming & Comics) **Content Creator Labs in 15,000 schools.**
- Making animation and graphic design a compulsory subject for 100 hours in Classes 9 and 10 under the CBSE curriculum.**
- Providing a direct monthly incentive of ₹5,000 to school students engaged in social media-based content creation.**
- Supplying government-funded digital drawing tablets to all students appearing for the Class 10 board examination.**

Solution: a

Explanation:

With reference to the '**Orange Economy**', the government has proposed to support content creation in secondary schools by:

Establishing AVGC (Animation, Visual Effects, Gaming & Comics) Content Creator Labs in 15,000 schools.

This proposal was highlighted to:

1. Promote creative industries among students
2. Build early skills in animation, gaming, design, and digital storytelling
3. Align education with the growing AVGC and creator economy ecosystem

Q12. Match the following Customs Duty Exemptions with the Energy/Infrastructure Sectors they support:

List-I (Customs Duty Exemption)

- A. Sodium Antimonate
- B. Control and protector absorber rods
- C. Capital goods for processing minerals
- D. Goods used for manufacturing Li-ion cells

List-II (Sector Supported)

1. Nuclear power
2. Solar glass manufacturing
3. Critical minerals
4. Battery energy storage systems

Select the correct answer using the code given below:

- a. A-1, B-2, C-4, D-3
- b. A-2, B-3, C-1, D-4
- c. A-3, B-1, C-4, D-2
- d. A-2, B-1, C-3, D-4

Solution: d

Explanation:

Sodium Antimonate is used in the manufacture of solar glass, supporting domestic solar manufacturing.

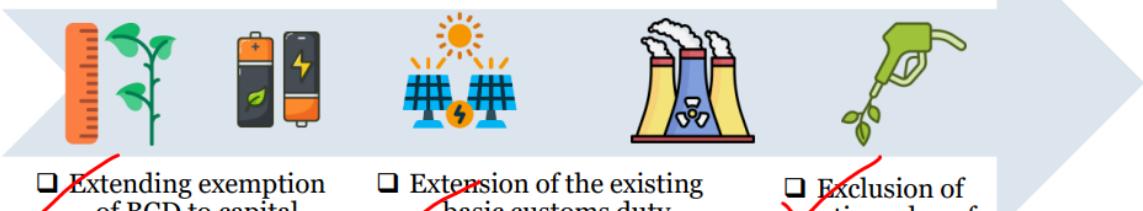
Control and Protector Absorber Rods are essential components used in nuclear reactors for power generation.

Capital goods exemptions support processing of critical minerals, strengthening downstream capabilities.

Goods for manufacturing Li-ion Cells support Battery Energy Storage Systems (BESS) through domestic Li-ion cell manufacturing.

2.2 Ensuring long-term energy security and stability

- Scheme to adopt Carbon Capture Utilization and Storage (CCUS) with an outlay of ₹20,000 crore.
- Exemption of BCD on import of sodium antimonate for use in manufacture of solar glass.
- Exemption of BCD on import of capital goods required for the processing of critical minerals in India.



- Extending exemption of BCD to capital goods used for the manufacture of Lithium-Ion Cells for batteries to be used in battery energy storage systems.
- Extension of the existing basic customs duty exemption on imports of goods required for Nuclear Power Projects till the year 2035 and expand it for all nuclear plants irrespective of their capacity.
- Exclusion of entire value of biogas in Central Excise duty payable on biogas blended CNG.

Q13. With reference to the recent Budgetary provisions for "Data Centres" in India, consider the following statements:

1. Data Centres have been granted "Infrastructure Status," allowing them easier access to institutional credit and foreign investments.
2. To provide tax certainty, the government has introduced a Safe Harbour margin for resident entities providing data-related services to foreign associated enterprises.
3. The Safe Harbour provision mandates that the tax department must audit all transactions where the profit margin exceeds 20%.

Which of the above statements is/are correct?

- a. 1 and 2 only
- b. 2 and 3 only
- c. 1 and 3 only
- d. 1, 2 and 3

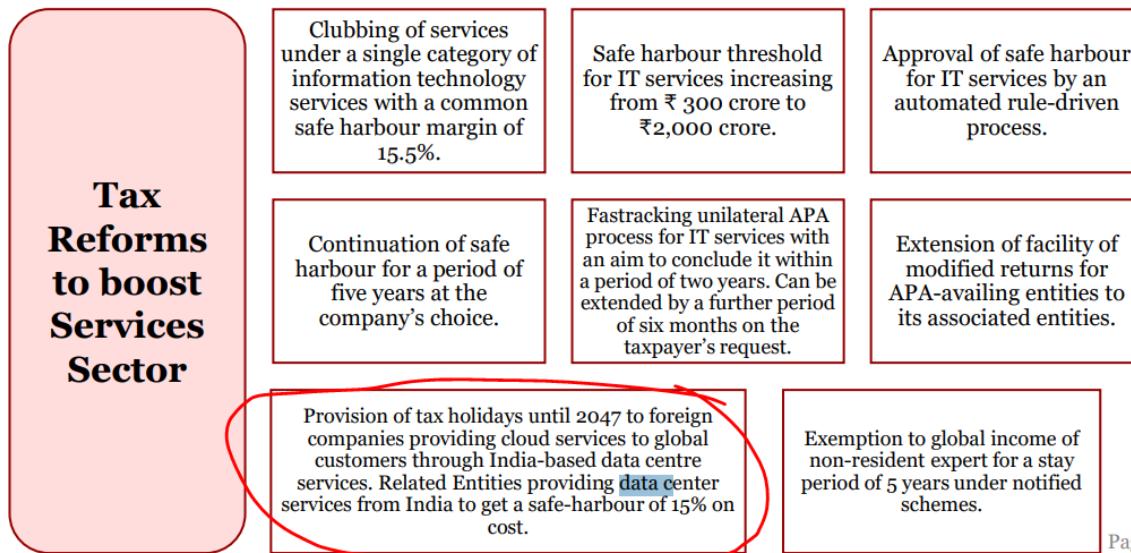
Solution: A

Explanation:

Statement 1 is correct: Data centres were recently granted infrastructure status to boost the digital economy, helping them secure long-term, low-interest loans.

Statement 2 is correct: As seen in your original question, the 15% Safe Harbour rule is a "presumptive" taxation tool intended to provide tax certainty and reduce litigation for multinational companies.

Statement 3 is incorrect: Safe Harbour is a "safe" zone. **If you meet the 15% threshold, the tax department accepts the price and generally does not audit it. It is meant to reduce work for the tax department, not increase it.**



Page 8

Q14. With reference to the **Minimum Alternate Tax (MAT) reforms** proposed in the Union Budget 2026-27, consider the following statements:

1. The standard MAT rate for domestic companies has been reduced from 15% to 14% to align with the simplified tax regime.
2. From April 1, 2026, MAT will be treated as a "final tax," meaning no further MAT credit will be allowed to accumulate.

Select the correct code.

- 1 only
- 2 only
- Both 1 and 2
- Neither 1 nor 2

Solution: c

Explanation:

Both statements are correct.

Minimum Alternate Tax (MAT) is proposed to be made a final tax with effect from 1 April 2026.

Accordingly, no further MAT credit shall accrue from that date. In line with this change, the MAT rate is proposed to be reduced from **15 per cent to 14 per cent**.

However, MAT credit accumulated up to 31 March 2026 shall continue to be available to taxpayers for set-off, as per existing provisions.

To encourage companies to shift to the new regime, **set-off of brought forward MAT credit is proposed to be allowed to companies only in the new regime.** Set-off using available MAT credit is proposed to be allowed to an extent of 1/4th of the tax liability in the new regime.

Q15. With reference to the fiscal consolidation path outlined in the Union Budget 2026–27, consider the following statements:

1. The Central Government aims to achieve a debt-to-GDP ratio of 50 ± 1 per cent by 2030–31.
2. The fiscal deficit for Budget Estimates (BE) 2026–27 is pegged at 4.3 per cent of GDP.

Select the correct code.

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Solution: c

Explanation:

Both are correct.

Fiscal Consolidation

- Central Government will target reaching a debt-to-GDP ratio of 50 ± 1 percent by 2030.
- The debt-to-GDP ratio is estimated to be 55.6 percent of GDP in BE 2026-27, compared to 56.1 percent of GDP in RE 2025-26.
- In RE 2025-26, the fiscal deficit has been estimated at par with BE of 2025-26 at 4.4 percent of GDP. In line with the new fiscal prudence path of debt consolidation, the fiscal deficit in BE 2026-27 is estimated to be 4.3 percent of GDP.

Q16. The Budget allocates ₹1.4 lakh crore as “Finance Commission Grants” for FY 2026–27. This amount specifically includes grants for:

- a. Defence modernization and border security
- b. Recapitalization of Public Sector Banks
- c. Subsidies on fertilizers and food
- d. Rural and Urban Local Bodies and Disaster Management

Solution: d

Explanation:

Read:

16th Finance Commission

- The Government has accepted the recommendation of the Commission to retain the vertical share of devolution at 41%.
- Provision ₹1.4 lakh crore to the States for the FY 27 as Finance Commission Grants. These include Rural and Urban Local Body and Disaster Management Grants.

Q17. The '**Purvodaya**' initiative mentioned in the Budget document specifically refers to:

- The development of Buddhist Circuits in the North East Region.
- The operationalization of 20 new National Waterways in mineral-rich areas.
- The development of the Integrated East Coast Industrial Corridor.
- The establishment of a new National Institute of Design in Eastern India.

Solution: c

Explanation:

Purvodaya: Development of Integrated East Coast Industrial Corridor.

Q18. Consider the following pairs.

1. Divyang Sahara Yojana: Granting universal basic income to all families with a disabled member
2. 'SHE-Marts' initiative: strengthening market access for rural women, particularly those associated with Self-Help Groups (SHGs).

Select the correct code.

- 1 only
- 2 only
- Both 1 and 2
- Neither 1 nor 2

Solution: b

Explanation:

Read:

✓ Self-Help Entrepreneur (SHE) Marts to be set up as community-owned retail outlets within the cluster level federations.

Divyangjan Kaushal Yojana - providing dignified livelihood opportunities through industry-relevant and customized training specific to disability groups.

Divyang Sahara Yojana: Timely access to high-quality assistive devices for all eligible.

Supporting Artificial Limbs Manufacturing Corporation of India (ALIMCO) to scale up production of assistive devices, invest in R&D and AI integration.

Strengthen PM Divyasha Kendras as modern retail-style centres.

Setting up of a NIMHANS-2 & upgrading National Mental Health Institutes in Ranchi and Tezpur.

Q19. With reference to the '**Bharat-VISTAAR**' initiative announced in Budget 2026-27, consider the following statements:

1. It is a multilingual AI tool designed to integrate AgriStack with ICAR's agricultural practices.
2. It aims to provide real-time advisory services to farmers, including weather forecasts and pest management.
3. The initiative is being implemented by the Ministry of Electronics and Information Technology (MeitY) as the lead agency.

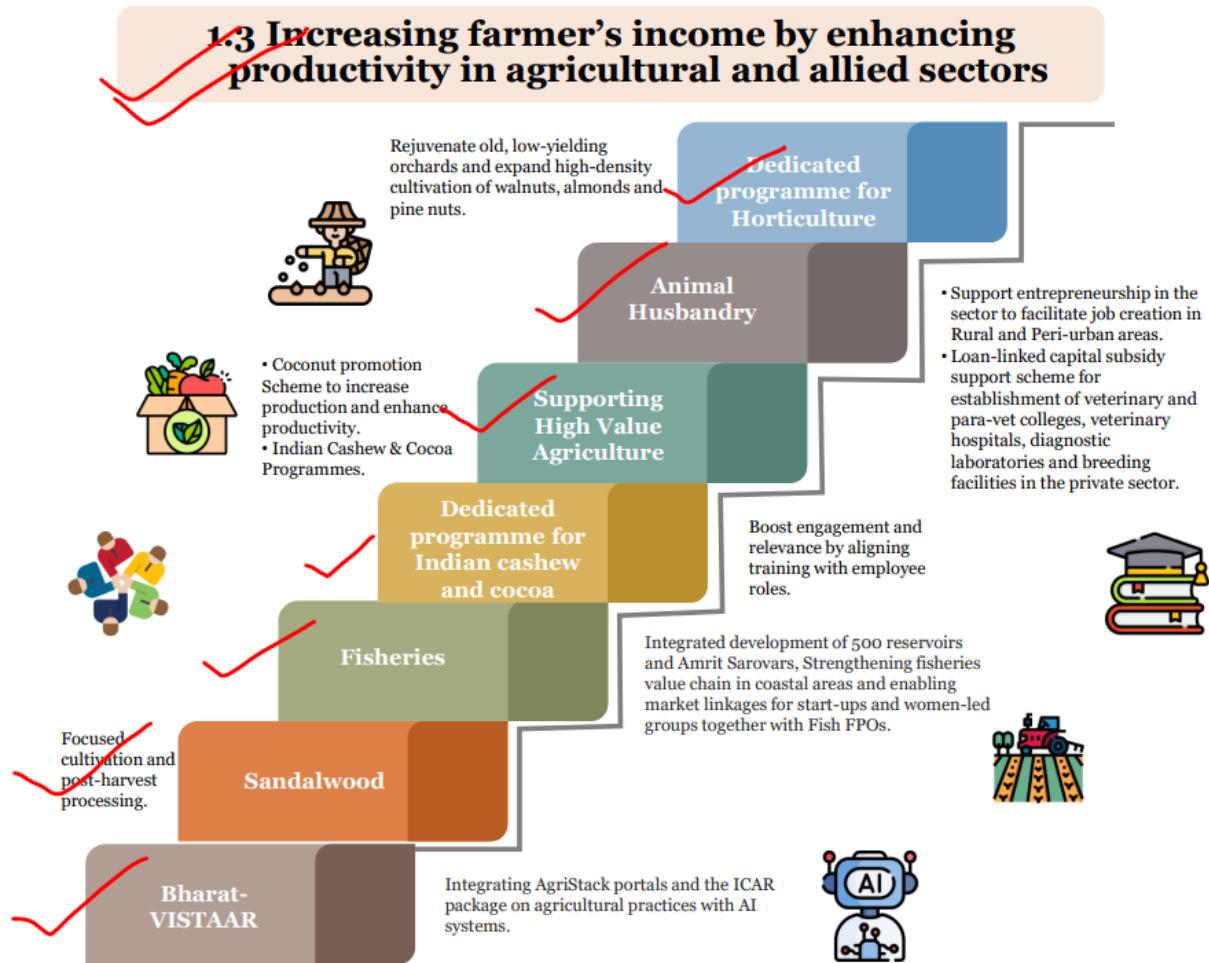
Which of the above statements is/are correct?

- a. 1 and 2 only
- b. 2 and 3 only
- c. 1 and 3 only
- d. 1, 2 and 3

Solution: a

Explanation:

Statement 1 and 2 are correct. **Bharat-VISTAAR** is an AI tool for agricultural advisory. Statement 3 is incorrect because, while it uses technology, it is a core initiative of the Ministry of Agriculture and Farmers Welfare, integrating ICAR (which falls under the Agri Ministry) and AgriStack portals.



Q20. Consider the following pairs of crops and the specific regions targeted for their promotion in **Union Budget 2026–27**:

Crop	Targeted Region
1. Agar trees	Northeast India
2. Cashew and cocoa	Hilly regions
3. Pine nuts and almonds	Coastal areas

Which of the pairs given above is/are correctly matched?

- 1 only
- 1 and 2 only
- 2 and 3 only
- 1, 2 and 3

Solution: a

Explanation:

Pair 1 is correct. Budget 2026-27 specifically targets **Agar trees in the Northeast**. Pair 2 and 3 are swapped; **Cashew, Cocoa, and Coconut** are targeted for **Coastal areas**, while **Nuts (Almonds, Walnuts, Pine nuts)** are targeted for **Hilly regions**.

Q21. Regarding the Fisheries sector initiatives in the **Union Budget 2026-27**, which of the following statements is incorrect?

- a. The government plans the integrated development of 500 reservoirs and Amrit Sarovars.
- b. Fish catch by Indian vessels in the Exclusive Economic Zone (EEZ) will be subject to a nominal 5% export duty.
- c. The landing of fish catch at foreign ports by Indian vessels will be treated as "export of goods."
- d. Start-ups and women-led groups are identified as key players in strengthening the fisheries value chain.

Solution: b

Explanation:

The Budget proposes to make fish catch by Indian vessels in the EEZ or high seas duty-free to incentivize deep-sea fishing and enhance export competitiveness. Statements A, C, and D are correct features of the 2026-27 proposals.

Q22. The Budget identifies specific "**High Value Agriculture**" crops for support to make India self-reliant and build premium global brands. Which two crops are explicitly paired for a "dedicated programme" in this context?

- a. Turmeric and Ginger
- b. Coffee and Cocoa
- c. Rubber and Spices
- d. Cashew and Cocoa

Solution: d

Explanation:

The budget explicitly announces a dedicated programme for Cashew and Cocoa, recognizing:

- 1. Their export potential,
- 2. Scope for value addition and branding, and
- 3. Importance for farmer incomes, especially in coastal and plantation regions

Q23. With reference to the '**Khelo India Mission**' introduced in Budget 2026-27, consider the following statements:

- 1. It aims to transform India's sports sector over the next decade through a mission-mode approach.
- 2. It proposes the establishment of training centers at foundational, intermediate, and elite levels.
- 3. The mission includes a dedicated initiative to make India a global hub for sports goods manufacturing.

Which of the statements given above are correct?

- a. 1 and 2 only

- b. 2 and 3 only
- c. 1 and 3 only
- d. 1, 2, and 3

Solution: d

Explanation:

All three statements are correct.

The Budget 2026-27 upgrades the Khelo India program into a mission-mode initiative focusing on talent pathways, tiered training infrastructure, and domestic sports goods manufacturing.



Q24. In the context of Budget 2026-27, the "integrated talent development pathway" primarily refers to:

- a. Linking rural schools directly to Olympic training centers.
- b. A tiered training structure ranging from grassroots foundational levels to elite-level high-performance centers.
- c. A scholarship program exclusively for athletes from the Northeast region.
- d. A digital portal for direct benefit transfer to sports persons.

Solution: b

Explanation:

Read:

Sports

72. The Sports Sector provides multiple means of employment, skilling and job opportunities. Taking forward the systematic nurturing of sports talent which is set in motion through the Khelo India programme, I propose to launch a **Khelo India Mission** to transform the Sports sector over the next decade.

73. The Mission will facilitate: a) An integrated talent development pathway, supported by training centres (foundational, intermediate and elite levels); b) systematic development of coaches and support staff; c) integration of sports science and technology; d) competitions and leagues to promote sports culture and provide platforms; and, e) development of sports infrastructure for training and competition.

Q25. Which of the following best describes the proposed 'National Destination Digital Knowledge Grid'?

- A centralized digital platform for real-time monitoring of tourist footfall and crowd density at major destinations.
- A digital repository of cultural, spiritual, and heritage destinations aimed at knowledge creation and local employment generation.
- A nationwide portal for issuing electronic visas and travel permits for domestic and international tourists.
- A blockchain-based system for managing ticketing and revenue collection at protected monuments.

Solution: b

Explanation:

Read:

68. A National Destination Digital Knowledge Grid will be established to digitally document all places of significance—cultural, spiritual and heritage. This initiative will create a new ecosystem of jobs for local researchers, historians, content creators and technology partners.

Q26. In the context of the 2026-27 Budget, the "upskilling of 10,000 tourist guides" is proposed to be conducted in collaboration with which of the following institutions?

- Archaeological Survey of India (ASI)
- Indian Institutes of Management (IIMs)
- National Institute of Design (NID)
- Indira Gandhi National Centre for the Arts (IGNCA)

Solution: b

Explanation:

67. I also propose a pilot scheme for upskilling 10,000 guides in 20 iconic tourist sites through a standardized, high-quality 12-week training course in hybrid mode, in collaboration with an Indian Institute of Management.

Q27. With reference to the 'University Townships' announced in Budget 2026-27, consider the following statements:

- These townships are designed to be standalone campuses for individual Central Universities.
- They will be strategically located near major industrial and logistics corridors.

Select the correct codes.

- 1 only
- 2 only

- c. Both 1 and 2
- d. Neither 1 nor 2

Solution: b

Explanation:

Statement 1 is incorrect because these are **integrated hubs** hosting *multiple* institutions (universities, research centers, skill labs) rather than being standalone campuses for a single university.

62. ~~Our Government will support States, through challenge route, in creating 5 University Townships in the vicinity of major industrial and logistic corridors. These planned academic zones will host multiple universities, colleges, research institutions, skill centres and residential complexes.~~

Q28. Which of the following components are specifically mentioned as parts of the proposed Regional Medical Hubs in Budget 2026-27?

- 1. Medical Value Tourism Facilitation Centres
- 2. Infrastructure for post-care and rehabilitation
- 3. Dedicated wings for organ transplant research
- 4. Advanced diagnostic infrastructure

Select the correct answer using the code given below:

- a. 1 and 4 only
- b. 1, 2, and 4 only
- c. 2, 3, and 4 only
- d. 1, 2, 3, and 4

Solution: b

Explanation:

The Budget speech explicitly lists MVT Facilitation Centres, diagnostics, post-care, and rehabilitation as core components.

While organ transplants are a major part of medical tourism, the Budget does not specifically mandate "dedicated research wings for organ transplants" as a standard component of these five hubs.

Q29. With reference to the 'Education to Employment and Enterprise' (E2E) Standing Committee proposed in Budget 2026-27, consider the following statements:

- 1. Its primary objective is to make India a global leader in manufacturing by 2047.
- 2. It is tasked with assessing the impact of emerging technologies like AI on job requirements.
- 3. The committee aims to achieve a 10% share in the global services market for India by the centenary of its independence.

Which of the statements given above are correct?

- a. 1 and 2 only
- b. 2 and 3 only
- c. 1 and 3 only

d. 1, 2, and 3

Solution: b

Explanation:

Statement 1 is incorrect because the committee's focus is on the Services Sector, not manufacturing.

Statements 2 and 3 are correct as they represent the core mandate and the long-term goal (Viksit Bharat 2047) of the committee.

51. I propose to set up a High-Powered 'Education to Employment and Enterprise' Standing Committee to recommend measures that focus on the Services Sector as a core driver of Viksit Bharat. This will make us a global leader in services, with a 10% global share by 2047. The Committee will prioritise areas to optimise the potential for growth, employment and exports. They will also assess the impact of emerging technologies, including AI, on jobs and skill requirements and propose measures thereof.

Q30. With reference to the **Portfolio Investment Scheme (PIS) for Persons Resident Outside India (PROIs)** in Budget 2026-27, consider the following statements:

1. The individual investment limit for a PROI in a listed Indian company has been increased from 5% to 10%.
2. The aggregate investment limit for all individual PROIs in a company is now capped at 50% to encourage foreign control.
3. These changes apply to both listed and unlisted Indian companies.

Which of the statements given above is/are correct?

- a. 1 only
- b. 1 and 2 only
- c. 2 and 3 only
- d. 1, 2, and 3

Solution: a

Explanation:

Statement 1 is correct.

Statement 2 is incorrect because the aggregate limit was raised to 24%, not 50%.

Statement 3 is incorrect because these specific PIS liberalizations apply specifically to **listed** Indian companies.

47. Individual Persons Resident Outside India (PROI) will be permitted to invest in equity instruments of listed Indian companies through the Portfolio Investment Scheme. It is also proposed to increase the investment limit for an individual PROI under this scheme from 5% to 10%, with an overall investment limit for all individual PROIs to 24%, from the current 10%.

Q31. The 'FAST-DS 2026' scheme mentioned in the Union Budget 2026-27 is primarily associated with:

- Fast-tracking the approval of Foreign Direct Investment (FDI) in the defense sector.
- A one-time voluntary disclosure window for small undisclosed foreign assets.
- Accelerating the digital transition of the Supreme Court and High Courts.
- Providing immediate credit support to Small and Medium Enterprises (SMEs).

Solution: b

Explanation:

FAST-DS stands for Foreign Assets of Small Taxpayers – Disclosure Scheme. It provides a 6-month amnesty window for individuals (like students or returning NRIs) to regularize small foreign assets without facing criminal prosecution.

(x) Introduction of Foreign Assets of Small Taxpayers – Disclosure Scheme (FAST – DS), 2026

- It is proposed to introduce a time-bound scheme for declaration of foreign assets and foreign sourced income for taxpayers involving amounts below certain threshold.

Q32. Regarding property transactions involving Non-Residents in Budget 2026-27, which of the following is a major 'Ease of Doing Business' reform?

- Complete exemption from capital gains tax for PROIs selling agricultural land.
- Abolition of the requirement for the buyer to obtain a TAN (Tax Deduction Account Number).
- Mandating all property deals to be transacted only in foreign currency.
- Allowing 100% FDI in retail real estate through the automatic route for PROIs.

Solution: b

Explanation:

Read:

110. TDS on the sale of immovable property by a non-resident is proposed to be deducted and deposited through resident buyer's PAN based challan instead of requiring TAN.

Q33. With reference to the '**Market-Making Framework**' for corporate bonds in Budget 2026-27, consider the following statements:

1. It aims to address the issue of illiquidity in the secondary corporate bond market.
2. Market makers are required to provide continuous two-way quotes (buy and sell) for specific securities.
3. This framework is applicable only to government-issued sovereign gold bonds.

Which of the statements given above is/are correct?

- a. 1 and 2 only
- b. 2 and 3 only
- c. 1 and 3 only
- d. 1, 2, and 3

Solution: a

Explanation:

The Union Budget 2026-27 also proposes for a “market making framework” with suitable access to funds and derivatives on corporate bond indices along with a proposal for total return swaps on corporate bonds.

Statement 1 and 2 are correct. The framework is specifically designed to improve liquidity in the corporate bond market.

Statement 3 is incorrect as the budget proposal focuses on corporate and municipal debt, not just sovereign instruments.

Q34. What is the primary function of '**Total Return Swaps (TRS)**' introduced in the Union Budget 2026-27?

- a. To allow farmers to swap their high-interest loans for low-interest government bonds.
- b. To enable investors to gain the economic benefits of a bond without physical ownership of the asset.
- c. To facilitate the exchange of old currency notes for the new Digital Rupee.
- d. To allow state governments to swap their high-cost debt with the central government.

Solution: b

Explanation:

A Total Return Swap (TRS) is a derivative that allows an investor to receive the "total return" (interest plus capital appreciation/depreciation) of an underlying bond in exchange for a set rate, effectively providing exposure without ownership.

Q35. With reference to the municipal bond incentives in the Union Budget 2026-27, consider the following statements:

1. A financial incentive of ₹100 crore is provided for single bond issuances exceeding ₹1,000 crore.
2. The AMRUT scheme, which incentivized smaller issuances up to ₹200 crore, has been phased out to focus on mega-cities.

Select the correct code.

- a. 1 only

- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Solution: a

Explanation:

Statement 1 is correct (New "Mega Issuance" incentive). Statement 2 is incorrect because the Budget explicitly stated that the **AMRUT incentive for smaller towns will continue** to support medium-sized local bodies.

47. To encourage the issuance of municipal bonds of higher value by large cities, I propose an incentive of ₹100 crore for a single bond issuance of more than ₹1000 crore. The current scheme under AMRUT which incentivises issuances up to ₹200 crore, will also continue to support smaller and medium towns.

Q36. Which set of cities is NOT identified as a proposed 'High-Speed Rail' corridor to serve as a growth connector?

- a. Hyderabad–Bengaluru
- b. Varanasi–Siliguri
- c. Delhi–Mumbai
- d. Chennai–Bengaluru

Solution: b

Explanation

The Budget identifies High-Speed Rail (HSR) corridors as growth connectors, linking major economic and industrial hubs to boost productivity, investment, and regional integration.

The corridors mentioned as growth connectors include:

- a. **Delhi–Mumbai**
- b. **Chennai–Bengaluru**
- c. **Hyderabad–Bengaluru**

These routes connect large metropolitan regions with strong manufacturing, services, and logistics ecosystems.

Option B (Varanasi–Siliguri) is NOT identified as a proposed High-Speed Rail growth connector in the Budget.

Q37. Consider the following regarding the 'City Economic Regions' mentioned in the 2026-27 Budget:

1. They are to be developed through a reform-cum-results based financing mechanism.
2. Each region is allocated ₹10,000 crore per year for its development.

Select the correct code.

- a. 1 only
- b. 2 only

- c. Both 1 and 2
- d. Neither 1 nor 2

Solution: a

Explanation:

Statement 2 is incorrect because the allocation is ₹5,000 crore per region over five years, not per year.

~~City Economic Regions~~

39. Cities are India's engines of growth, innovation, and opportunities. We shall now focus on Tier II and Tier III cities, and even temple-towns, which need modern infrastructure and basic amenities. This Budget aims to further amplify the potential of cities to deliver the economic power of agglomerations by mapping city economic regions (CER), based on their specific growth drivers. An allocation of ₹ 5000 crore per CER over 5 years is proposed for implementing their plans

Q38. Consider the following statements.

- 1. Nation waterways- 1 connects the coal-rich Talcher region with the ports of Paradip and Dhamra.
- 2. The Union Budget 2026-27 aims to increase the share of inland waterways and coastal shipping in India's transport modal mix from 6% to 12% by 2027.

Select the correct code.

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Solution: D

Explanation:

To promote environmentally sustainable cargo movement, the government plans to operationalize 20 new National Waterways. NW-5 is specifically mentioned to connect:

- a. Talcher / Angul (major industrial and coal-bearing region), to
- b. Paradip / Dhamra ports in Odisha.

The Budget sets a long-term target under the "Maritime Amrit Kaal" to double the modal share of waterways and coastal shipping from the current **6% to 12% by 2047**.

36. To promote environmentally sustainable movement of cargo, I propose to: a) Establish new **Dedicated Freight Corridors** connecting Dankuni in the East, to Surat in the West; b) operationalise 20 new National Waterways (NW) over next 5 years, starting with NW-5 in Odisha to connect mineral rich areas of Talcher and Angul and industrial centres like Kalinga Nagar to the Ports of Paradeep and Dhamra. **Training Institutes** will be set up as Regional Centres of Excellence for development of the required manpower. This will benefit youth in the entire stretch of the waterways to train and acquire skills. Further, a **ship repair ecosystem** catering to inland waterways will also be set up at Varanasi and Patna; c) launch a **Coastal Cargo Promotion Scheme** for incentivising a modal shift from rail and road, to increase the share of inland waterways and coastal shipping from 6 % to 12 % by 2047.

Q39. With reference to the '**Infrastructure Risk Guarantee Fund' (IRGF)** introduced in Budget 2026-27, consider the following statements:

1. It provides a 100% sovereign guarantee to all lenders of infrastructure projects.
2. The fund specifically targets the construction and early-development phases of projects.

Select the correct code.

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Solution: b

Explanation:

Statement 1 is incorrect because the IRGF offers **partial**, not 100%, credit guarantees to maintain accountability.

34. **To strengthen the confidence of private developers regarding risks during infrastructure development and construction phase**, I propose to set up an **Infrastructure Risk Guarantee Fund** to provide prudently calibrated partial credit guarantees to lenders.

Solution: C

Explanation:

33. Public capex has increased manifold from ₹2 lakh crore in FY2014-15 to an allocation of ₹11.2 lakh crore in BE 2025-26. In FY2026-27, I propose to increase it to ₹12.2 lakh crore to continue the momentum.

Crucially, the **Capex-to- revenue expenditure (RevEx) ratio** has reached a record **29.6%**, signalling a structural shift toward productive, asset-creating spending over pure consumption.

Q40. With reference to Public Capital Expenditure (Capex) in the Union Budget 2026-27, consider the following statements:

1. The total capex outlay has crossed ₹12 lakh crore for the first time.
2. The Capex-to-Revenue Expenditure ratio has reached a new high of nearly 30% in the 2026-27 Budget Estimates.

Select the correct code.

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Solution: C

Explanation:

33. Public capex has increased manifold from ₹2 lakh crore in FY2014-15 to an allocation of ₹11.2 lakh crore in BE 2025-26. In FY2026-27, I propose to increase it to ₹12.2 lakh crore to continue the momentum.

Crucially, the Capex-to- revenue expenditure (RevEx) ratio has reached a record 29.6%, signalling a structural shift toward productive, asset-creating spending over pure consumption.

Q41. With reference to the '**SME Growth Fund**' announced in the Union Budget 2026-27, consider the following statements:

1. It is a dedicated fund with a corpus of ₹10,000 crore aimed at providing equity support to MSMEs.
2. The fund is primarily designed to provide emergency credit liquidity to firms hit by global supply chain disruptions.

Select the correct code.

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Solution: A

Explanation:

Statement 2 is incorrect; the budget describes this as a **growth fund** for scaling high-potential firms, not an emergency liquidity facility (which is usually addressed through credit guarantee schemes).

Creating “Champion SMEs” and supporting micro enterprises:

27. Recognising MSMEs as a vital engine of growth, I propose a three-pronged approach to help them grow as ‘Champions’:

Equity Support

28. I propose to introduce a dedicated ₹10,000 crore SME Growth Fund, to create future Champions, incentivizing enterprises based on select criteria.

29. I also propose to top up the Self-Reliant India Fund set up in 2021, with ₹2,000 crore to continue support to micro enterprises and maintain their access to risk capital.

Q42. In the context of the 2026-27 Budget, what is the role of 'Corporate Mitras'?

- They are government officials appointed to oversee the merger of small industries.
- They are para-professionals trained to provide affordable compliance and regulatory help to MSMEs.
- They are digital bots launched on the GeM portal to automate government procurement.
- They are specialized bankers who provide collateral-free loans to the textile sector.

Solution: b

Explanation:

Corporate Mitras are a new cadre of trained professionals (developed with ICAI, ICSI, etc.) meant to help MSMEs in smaller towns manage their regulatory requirements like GST and Udyam at low costs.

31. Government will facilitate Professional Institutions such as ICAI, ICSI, ICMAI to design short-term, modular courses and practical tools to develop a cadre of 'Corporate Mitras', especially in Tier-II and Tier-III towns. These accredited para-professionals will help MSMEs meet compliance requirements at affordable costs.

Q43. Which of the following measures were proposed in Budget 2026-27 to enhance MSME liquidity through the TReDS platform?

- Making TReDS mandatory for all MSME purchases by Central Public Sector Enterprises (CPSEs).
- Introducing a credit guarantee mechanism through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), for invoice discounting on TReDS.
- Allowing the securitization of TReDS receivables to create a secondary market for liquidity.

Select the correct answer using the code given below:

- a. 1 and 2 only
- b. 2 and 3 only
- c. 1 and 3 only
- d. 1, 2, and 3

Solution: d

Explanation:

All three measures were explicitly proposed in the 2026-27 Budget to maximize the potential of the Trade Receivables Discounting System (TReDS).

30. ~~With TReDS, more than ₹7 lakh crore has been made available to MSMEs. To leverage its full potential, I propose 4 measures: (i) mandate TReDS as the transaction settlement platform for all purchases from MSMEs by CPSEs, serving as a benchmark for other corporates; (ii) introduce a credit guarantee support mechanism through CGTMSE for invoice discounting on TReDS platform; (iii) link GeM with TReDS for sharing information with financiers about government purchases from MSMEs, encouraging cheaper and quicker financing; (iv) introduce TReDS receivables as asset-backed securities, helping develop a secondary market, enhancing liquidity and settlement of transactions.~~

Q44. In the context of “**Rejuvenation of Legacy Industrial Clusters**”, what is the specific target set by the government?

- a. To provide direct interest subvention to MSMEs operating in identified legacy industrial clusters.
- b. To revive 200 legacy industrial clusters through infrastructure strengthening and technology upgradation.
- c. To establish new greenfield industrial clusters exclusively in aspirational districts.
- d. To merge legacy industrial clusters with existing industrial corridors under a single regulatory framework.

Solution: b

Explanation:

Read:

Rejuvenation of Legacy Industrial Clusters

26. I propose to introduce a Scheme to revive 200 legacy industrial clusters to improve their cost competitiveness and efficiency through infrastructure and technology upgradation.

Q45. Which of the following is a key feature of the 'Textile Expansion and Employment Scheme' mentioned in the context of legacy clusters?

- a. Providing a monthly salary directly to all textile workers from the central treasury.
- b. Capital support for machinery and technology upgradation in traditional textile hubs.
- c. Banning the import of all synthetic fibres to protect the natural fibre industry.
- d. Mandating that 100% of all textiles produced in India must be exported.

Solution: b

Explanation:

This scheme is a specific component of the Integrated Textile Programme designed to modernize traditional clusters through capital support for better machinery and common testing centers.

22. For the labour-intensive Textile Sector, I propose an Integrated Programme with 5 sub-parts:

- (a) The National Fibre Scheme for self-reliance in natural fibres such as silk, wool and jute, man-made fibres, and new-age fibres;
- (b) Textile Expansion and Employment Scheme to modernise traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres;
- (c) A National Handloom and Handicraft programme to integrate and strengthen existing schemes and ensure targeted support for weavers and artisans;
- (d) Tex-Eco Initiative to promote globally competitive and sustainable textiles and apparels;

Q46. With reference to the 'dedicated Chemical Parks' proposed in the Union Budget 2026-27, consider the following statements:

- 1. They will be developed through a challenge-based route on a cluster-based plug-and-play model.
- 2. This is the first time dedicated budgetary support has been provided for chemical park infrastructure in India.

Select the correct code.

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Solution: C

Explanation:

The selection is through a **challenge-based route** where states must compete.

20. To enhance domestic chemical production and reduce import-dependency, we will launch a Scheme to support States in establishing 3 dedicated Chemical Parks, through challenge route, on a cluster-based plug-and-play model.

Plug-and-play infrastructure allows manufacturers to bypass the time-consuming process of setting up basic utilities and common facilities, enabling them to scale production quickly and efficiently.

It provides ready-to-use infrastructure, reducing project gestation periods and capital costs.

Q47. The Union Budget 2026-27 has allocated ₹20,000 crore for **Carbon Capture, Utilization, and Storage (CCUS) technologies**. Which of the following 'hard-to-abate' sectors are targeted for this support?

1. Chemicals
2. Power
3. Steel
4. Cement
5. Refineries

Select the correct answer using the code given below:

- a. 1, 3, and 5 only
- b. 2, 4, and 5 only
- c. 1, 2, and 3 only
- d. 1, 2, 3, 4, and 5

Solution: d

Explanation:

The Budget identifies these five specific sectors (Chemicals, Power, Steel, Cement, and Refineries) for CCUS financial support to help them transition toward cleaner production.

Carbon Capture Utilization and Storage (CCUS)

38. Aligning with the roadmap launched in December 2025, CCUS technologies at scale will achieve higher readiness levels in end-use applications across five industrial sectors, including, power, steel, cement, refineries and chemicals. An outlay of ₹20,000 crore is proposed over the next 5 years.

Q48. "Rare Earth Corridors" will be established in:

1. Odisha
2. Kerala
3. Tamil Nadu
4. Chhattisgarh

Select the correct code.

- a. 1, 2 and 3 only

- b. 2, 3 and 4 only
- c. 1, 3 and 4 only
- d. 1, 2, 3 and 4

Solution: a

Explanation:

Read:

19. A Scheme for Rare Earth Permanent Magnets was launched in November 2025. We now propose to support the mineral-rich States of Odisha, Kerala, Andhra Pradesh and Tamil Nadu to establish dedicated **Rare Earth Corridors** to promote mining, processing, research and manufacturing.

Q49. In the context of Biopharma SHAKTI, 'Biosimilars' are best defined as:

- a. Exact chemical copies of patented synthetic drugs.
- b. Highly similar versions of an original biological medicine with no clinically meaningful differences in safety or potency.
- c. Plant-based traditional medicines validated through modern clinical trials.
- d. Synthetic vaccines developed using artificial intelligence.

Solution: b

Explanation:

Read:

16. **Biopharma SHAKTI (Strategy for Healthcare Advancement through Knowledge, Technology and Innovation)** – India's disease burden is observed to be shifting towards non-communicable diseases, like diabetes, cancer and autoimmune disorders. Biologic medicines are key to longevity and quality of life at affordable costs. To develop India as a global Biopharma manufacturing hub, I propose the **Biopharma SHAKTI** with an outlay of ₹ 10,000 crores over the next 5 years. This will build the ecosystem for domestic production of biologics and biosimilars. The Strategy will include a Biopharma-focused network with 3 new National Institutes of Pharmaceutical Education and Research (NIPER) and upgrading 7 existing ones. It will also create a network of over 1000 accredited India Clinical Trials sites. We propose to strengthen the Central Drugs Standard Control Organisation to meet global standards and approval timeframes through a dedicated scientific review cadre and specialists.

Q50. Which of the following best describes the “**Three Kartavyas**” (**Duties**) outlined in the Budget 2026–27 as the guiding philosophy for governance?

- a. Fiscal Discipline, Monetary Stability, and Trade Liberalization.
- b. Economic Growth, Youth Aspirations, and Social/Regional Inclusion.
- c. Privatization, Deregulation, and Global Integration.
- d. Infrastructure, Defense Modernization, and Cultural Renaissance.

Solution: b

Explanation:

Read:



Q51. Which of the following documents is NOT mandated to be presented along with the Budget under the FRBM Act, 2003?

- a. Fiscal Policy Strategy Statement
- b. Economic Survey
- c. Medium-Term Fiscal Policy Statement
- d. Macro-economic Framework Statement

Solution: b

Explanation

The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 provides a statutory framework for ensuring fiscal discipline and transparency.

Under the FRBM Act, the Government is mandated to present three statements along with the Union Budget:

- a. Medium-Term Fiscal Policy Statement: Specifies rolling targets for fiscal indicators such as fiscal deficit, revenue deficit, and debt.
- b. Fiscal Policy Strategy Statement: Explains the Government's fiscal stance regarding taxation, expenditure, borrowings, and subsidies.
- c. Macro-economic Framework Statement: Presents the macroeconomic assumptions (growth, inflation, external sector) underlying the Budget estimates.

The Economic Survey, on the other hand: Is an analytical review of the economy, and Is presented separately before the Budget, Not mandated under the FRBM Act, 2003.

Therefore, the correct answer is Option B.