

# UPSC PRELIMS TEST SERIES 2026- Budget

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**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

**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?**

- a. Corporation Tax > Taxes on Income > GST > Union Excise Duties
- b. Taxes on Income > Corporation Tax > GST > Union Excise Duties
- c. GST > Taxes on Income > Corporation Tax > Customs
- d. Taxes on Income > GST > Corporation Tax > Customs

**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

**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

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

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

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

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

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

1. In 2026-27, the total expenditure on subsidies is estimated to 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

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.

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

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

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

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

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

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.

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

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  $50 \pm 1$  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

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

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

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.

Q18. Consider the following pairs.

- Divyang Sahara Yojana: Granting universal basic income to all families with a disabled member
- ‘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

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

- It is a multilingual AI tool designed to integrate AgriStack with ICAR's agricultural practices.
- It aims to provide real-time advisory services to farmers, including weather forecasts and pest management.
- 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?

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

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

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

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.

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

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

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.

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

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

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?

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

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

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

Select the correct codes.

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

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

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

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

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

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

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

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

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

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

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

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

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

Select the correct code.

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

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

- Hyderabad–Bengaluru
- Varanasi–Siliguri
- Delhi–Mumbai
- Chennai–Bengaluru

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

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

Select the correct code.

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

Q38. Consider the following statements.

- Nation waterways- 1 connects the coal-rich Talcher region with the ports of Paradip and Dhamra.
- 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.

- 1 only

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

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

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

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

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

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

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

1. Making TReDS mandatory for all MSME purchases by Central Public Sector Enterprises (CPSEs).
2. Introducing a credit guarantee mechanism through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), for invoice discounting on TReDS.
3. 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

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.

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.

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

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

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

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.

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.

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