

# 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 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

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