

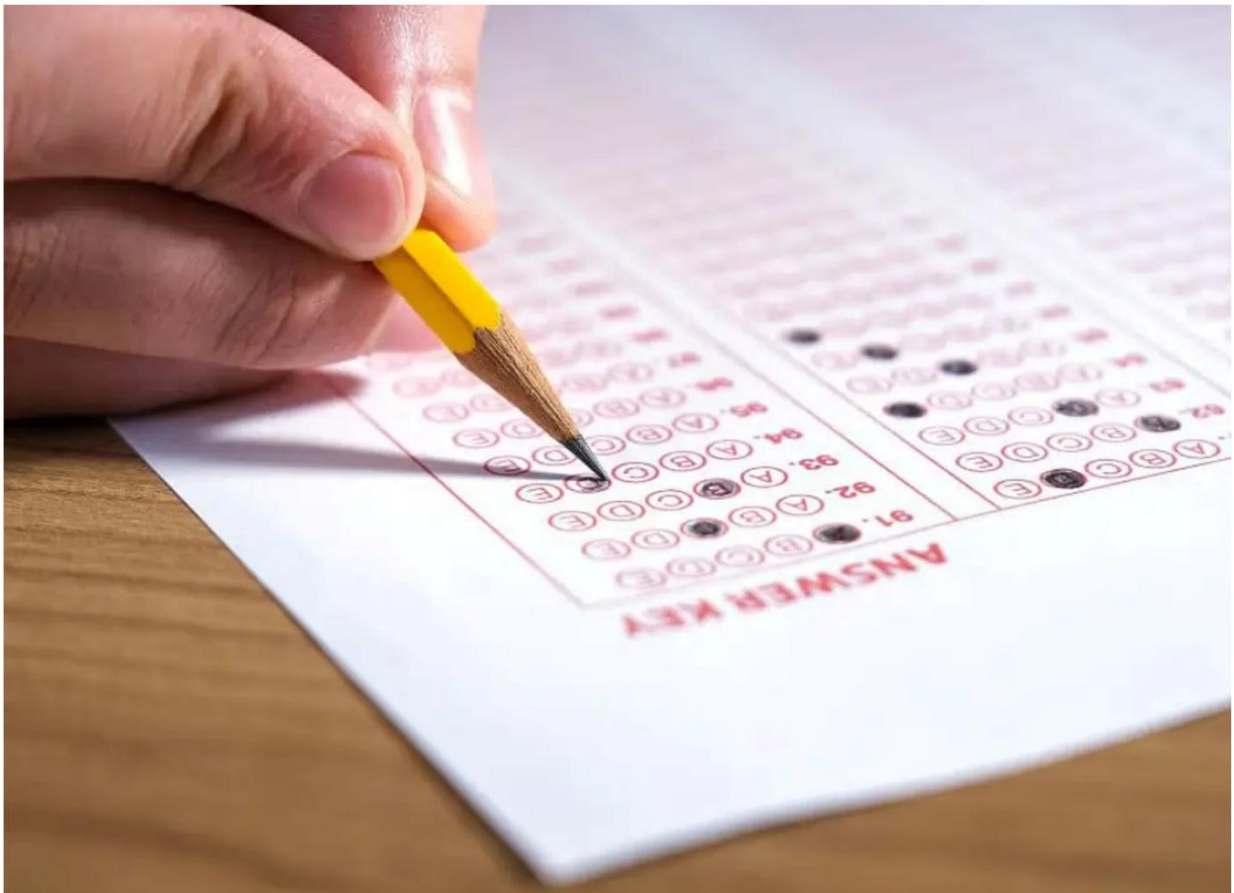


INSIGHTSIAS
SIMPLIFYING IAS EXAM PREPARATION

INSTA 75 DAYS REVISION PLAN FOR UPSC CSE PRELIMS 2026

INSTA TEST: DAY- 05

SUBJECT : ECONOMY (QUESTION PAPER)



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Q1. Consider the following statements:

1. Both Gross Domestic Product (GDP) and Gross Value Added (GVA) are measures used to estimate national income.
2. If the government collects more taxes than the subsidies it provides, the value of GVA will be higher than GDP.

Which of the statements given above is/are correct?

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

Q2. With reference to "Cut Motions," consider the following statements:

1. A Policy Cut Motion is a demand that the amount of the grant be reduced to ₹1.
2. An Economy Cut Motion asks for a reduction by a specific amount.
3. A Token Cut Motion reduces the grant by ₹100 to express a specific grievance.

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

Q3. Consider the following statements:

1. An Interim Budget includes both receipts and expenditure, whereas a Vote on Account deals only with expenditure.
2. An Interim Budget is presented by a government just before elections, while a Vote on Account can be used in any year.

Which of the statements given above is/are correct?

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

Q4. Consider the following Funds:

1. Micro Irrigation Fund (MIF)
2. Dairy Processing and Infrastructure Development Fund (DIDF)
3. Food Processing Fund (FPF)
4. Fisheries and Aquaculture Infrastructure Development Fund (FIDF)

How many of the above Funds are managed by the National Bank for Agriculture and Rural Development (NABARD)?

- (a) Only two
- (b) Only three
- (c) All four
- (d) None

Q5. Consider the following statements regarding "Priority Sector Lending" (PSL) for Agri-Credit:

1. Commercial banks are mandated to lend 18% of their Adjusted Net Bank Credit (ANBC) to the agriculture sector.
2. Within the 18% target, a sub-target of 10% is prescribed for Small and Marginal Farmers (SMFs).
3. If a bank fails to meet its PSL target, the shortfall amount is usually deposited in the RIDF managed by NABARD.

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

Q6. With reference to sectors in India where Foreign Direct Investment (FDI) is prohibited, consider the following:

1. Lottery business and gambling
2. Atomic energy
3. Real estate business
4. Manufacturing of cigars and cigarettes

Which of the above are included in the FDI prohibited list?

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

Q7. Consider the following entities associated with the Initial Public Offering (IPO) process:

1. Merchant Bankers
2. Registrar to the Issue
3. Syndicate Members (Brokers)
4. Bankers to the Issue

How many of the above are recognized as intermediaries in the IPO process?

- (a) Only two
- (b) Only three
- (c) All four
- (d) None

Q8. Consider the following statements:

Statement I: The "Fiscal Multiplier" is generally lower in an economy experiencing high "Financial Crowding Out."

Statement II: When government borrowing pushes up interest rates, the resulting decline in private investment offsets the positive impact of increased public spending on the Aggregate Demand.

Statement III: The "Balanced Budget Multiplier" suggests that an equal increase in both government spending and taxes will lead to a net increase in National Income by exactly the same amount.

Which one of the following is correct in respect of the above statements?

- (a) Both Statement II and Statement III are correct and both of them explain Statement I

- (b) Both Statement II and Statement III are correct but only one of them explains Statement I
- (c) Only one of the Statements II and III is correct and that explains Statement I
- (d) Neither Statement II nor Statement III is correct

Q9. The Brahmananda–Vakil Wage-Good Model was an alternative strategy proposed during the Second Five-Year Plan period that emphasized:

- (a) Expansion of heavy industries through large-scale public sector investment and centralized industrial planning.
- (b) Greater investment in agriculture and wage-goods industries to address inflationary pressures and unemployment.
- (c) Rapid privatization of banking and financial institutions to increase efficiency in industrial financing.
- (d) Development of strategic sectors such as nuclear energy and space technology to accelerate long-term growth.

Q10. Consider the following statements regarding the Modified Interest Subvention Scheme (MISS):

1. The scheme is implemented by the Ministry of Finance as a Centrally Sponsored Scheme through cooperative and private banks.
2. It seeks to lower the cost of short-term crop loans for farmers and promote timely repayment through interest subvention and repayment incentives.

Which of the statements given above is/are correct?

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

Q11. A thief is spotted by a policeman from a distance of 250 metres. When the policeman starts chasing him, the thief also begins to run. If the speed of the thief is 10 km/h and the speed of the policeman is 12 km/h, how many metres will the thief have run before he is caught?

- A. 1000 metres
- B. 1250 metres
- C. 1500 metres
- D. 1750 metres

Q12. Excluding stoppages, the speed of a bus is 54 km/h, and including stoppages it is 45 km/h. For how many minutes does the bus stop per hour?

- A. 9 minutes
- B. 10 minutes
- C. 12 minutes
- D. 15 minutes

Q13. Consider the following statements regarding a boat moving in a river:

1. If the speed of a boat in still water is u and the speed of the stream is v , the average speed of the boat for a to-and-fro journey is always less than u .
2. If the speed of the stream increases, the time taken for a complete round trip between two fixed points increases.
3. If the speed of the boat in still water is equal to the speed of the stream, the boat can never complete a round trip.

How many of the above statements are correct?

- A. Only one
- B. Only two
- C. All three
- D. None

Q14. A man rows to a place 48 km away and comes back in 14 hours. He finds that he can row 4 km downstream in the same time as 3 km upstream. What is the speed of the stream?

- A. 1 km/h
- B. 1.5 km/h
- C. 2 km/h
- D. 2.5 km/h

Q15. Read the following passage and answer the question that follows.

Economic growth often hides the gradual loss of natural resources. Conventional measures like GDP do not account for depletion of forests, soil degradation, or environmental damage. As a result, a country may appear to grow economically while its ecological foundations weaken. Sustainable development therefore requires the adoption of "green accounting," where environmental resources are treated as valuable economic assets.

Question:

Which of the following best describes the paradox mentioned in the passage?

- A. Economic growth always leads to environmental destruction.
- B. Economic indicators may show prosperity even while natural resources are being depleted.
- C. Developing countries should ignore environmental concerns until they become rich.
- D. Environmental resources are more important than economic growth.