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VIDHVATH IAS KAS ACADEMY & STUDY CENTRE

DAILY MCQ'S

FOR UPSC CIVIL SERVICE EXAMINATION

DATE: 03/11/2026 (TUESDAY)

- **Static mcq's**
- **Current Affairs mcq's**
- **Mains Practice Questions**



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DAILY PRACTICE QUESTIONS FROM STATIC PART

Q1. With reference to the concept of "Real Effective Exchange Rate (REER)" in the Indian economy, consider the following statements:

1. An appreciation in REER necessarily implies that the domestic currency has appreciated in nominal terms against all major trading partners.
2. A persistent REER appreciation, without commensurate productivity gains, may reduce export competitiveness even if the nominal exchange rate remains stable.

How many of the above statements are correct?

(a) Only one
(b) Both
(c) None
(d) Neither, because REER is not used for policy assessment

Answer: (a) Only one

Explanation:
Statement 1 is incorrect. REER is a weighted average of bilateral real exchange rates adjusted for inflation differentials. It may appreciate even if the nominal exchange rate remains stable or even depreciates against some currencies, provided domestic inflation is higher than that of trading partners. Therefore, REER appreciation does not necessarily imply nominal appreciation against all major trading partners.

Statement 2 is correct. REER appreciation indicates that domestic goods become relatively more expensive compared to foreign goods. If productivity gains do not offset this, export competitiveness may decline despite nominal stability. UPSC often tests the distinction between nominal and real variables and inflation-adjusted measures.

Q2. Which one of the following best explains the phenomenon of "crowding out" in a developing economy with a shallow bond market?

(a) Government borrowing reduces private investment by raising interest rates due to limited supply of loanable funds.
(b) Government expenditure always substitutes private consumption in a mixed economy.
(c) Public debt monetisation invariably leads to hyperinflation.
(d) Private investment automatically increases when fiscal deficit widens.

Answer: (a)

Explanation:
Crowding out refers to a situation where increased government borrowing leads to higher interest rates, thereby reducing private investment. In a developing economy with a shallow bond market, the pool of loanable funds is limited. Large government borrowing absorbs available funds, pushing up yields and discouraging private capital formation.

Option (b) confuses consumption substitution with investment crowding out.
Option (c) is extreme and incorrect; monetisation may cause inflation but not necessarily hyperinflation.
Option (d) is contrary to economic theory.

Q3. With reference to the Monetary Policy Framework in India, consider the following statements:

1. The inflation target under the flexible inflation targeting framework is defined in terms of Wholesale Price Index (WPI).
2. The Monetary Policy Committee (MPC) is required to explain to the Government if inflation remains outside the tolerance band for three consecutive quarters.
3. The inflation target is periodically reviewed by the Government of India in consultation with the Reserve Bank of India.

How many of the above statements are correct?

(a) Only one
(b) Only two
(c) All three
(d) None

Answer: (b) Only two

Explanation:
Statement 1 is incorrect. The inflation target is defined in terms of Consumer Price Index (CPI) combined, not WPI.

Statement 2 is correct. If inflation remains outside the tolerance band (currently 4% ± 2%) for three consecutive quarters, the MPC must submit a report explaining the reasons, remedial actions, and expected time frame to return inflation to target.

Statement 3 is correct. The inflation target is notified by the Government in consultation with the RBI and is subject to periodic review (typically every five years).

This question tests institutional design and technical compliance provisions under the monetary framework.

Q4. With reference to India's external sector dynamics, consider the following statements:

1. A rise in crude oil prices, ceteris paribus, widens the Current Account Deficit (CAD) of India.
2. Capital Account convertibility implies free convertibility of the domestic currency for both residents and non-residents without regulatory restrictions.
3. Depreciation of the domestic currency always improves the trade balance in the short run.
4. External Commercial Borrowings (ECBs) are part of the Capital Account of the Balance of Payments.

How many of the above statements are correct?

(a) Only one
(b) Only two
(c) Only three
(d) All four

Answer: (c) Only three

Explanation:
Statement 1 is correct. India is a major crude oil importer; higher oil prices increase import bill, worsening CAD.

Statement 2 is correct in principle. Full capital account convertibility implies freedom to convert local financial assets into foreign assets and vice versa without restrictions for both residents and non-residents.

Statement 3 is incorrect. Due to the J-curve effect, depreciation may initially worsen trade balance before improving it, depending on elasticity conditions. Therefore, it does not *always* improve trade balance in the short run.

Statement 4 is correct. ECBs represent capital inflows and are recorded under the Capital Account.

Thus, three statements (1, 2, and 4) are correct.

Q5. Assertion – Reason type -
Assertion (A): An increase in the Cash Reserve Ratio (CRR) can reduce inflationary pressures in the economy.

Reason (R1): An increase in CRR reduces the lendable resources of commercial banks.

Reason (R2): A higher CRR automatically increases the fiscal deficit of the Government.

Select the correct answer using the code given below:

(a) A is correct, R1 is correct, R2 is incorrect
(b) A is incorrect, R1 is correct, R2 is incorrect
(c) A is correct, R1 is incorrect, R2 is correct
(d) A is correct, both R1 and R2 are correct

Answer: (a)

Explanation:
The Assertion is correct. Raising CRR compels banks to keep a larger proportion of deposits with the central bank, reducing liquidity and curbing inflationary pressures.

R1 is correct and directly explains the Assertion. Higher CRR reduces lendable funds, contracting money supply and credit expansion.

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R2 is incorrect. CRR is a monetary policy instrument and does not automatically increase the fiscal deficit. Fiscal deficit is determined by government expenditure and revenue dynamics, not reserve requirements.

DAILY PRACTICE QUESTIONS FROM CURRENT AFFAIRS

Q1. With reference to the Long-Range Anti-Ship Hypersonic Glide Missile (LRAShM), consider the following statements:

1. It is designed to travel at hypersonic speeds and employs a glide vehicle that can manoeuvre unpredictably during the terminal phase.
2. Unlike conventional cruise missiles, such systems typically follow a depressed ballistic trajectory and separate into a glide vehicle before striking the target.

How many of the above statements are correct?

(a) Only one
(b) Both
(c) None
(d) Neither, because hypersonic glide missiles are purely subsonic in nature

Answer: (b) Both

Explanation:
Statement 1 is correct. Hypersonic glide missiles are capable of speeds above Mach 5 and use a glide vehicle that can manoeuvre, making interception difficult. Their ability to alter trajectory in the terminal phase distinguishes them from traditional ballistic missiles.

Statement 2 is also correct. Such missiles are generally boosted to high altitudes and then release a glide vehicle that travels along a depressed, manoeuvrable trajectory rather than a predictable parabolic path. This enhances survivability against missile defence systems.

Q2. Operation Megaburu, recently seen in news, is best associated with:

(a) A joint maritime surveillance exercise in the Indo-Pacific.
(b) A counter-insurgency and anti-Maoist operation in forested regions of eastern India.
(c) A cyber-security drill conducted by Quad countries.
(d) A humanitarian evacuation mission in the Mediterranean Sea.

Answer: (b)

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Explanation:
Operation Megaburu is linked to security operations against Left Wing Extremism in forested regions, particularly involving coordinated action by central and state security forces. It reflects intensified anti-Maoist operations in difficult terrain.

Options (a), (c), and (d) are distractors reflecting maritime, cyber, and overseas humanitarian contexts respectively, which are unrelated to the operation.

Q3. With reference to the Atal Pension Yojana (APY), consider the following statements:

1. It is open only to unorganised sector workers and excludes income taxpayers.
2. The guaranteed minimum pension under the scheme ranges between ₹1,000 and ₹5,000 per month, depending on contribution and age of entry.

3. The scheme is regulated and administered by the Pension Fund Regulatory and Development Authority (PFRDA).

How many of the above statements are correct?

(a) Only one
(b) Only two
(c) All three
(d) None

Answer: (b) Only two

Explanation:
Statement 1 is incorrect. While APY is primarily targeted at workers in the unorganised sector, it is not legally restricted only to them. However, income taxpayers are not eligible to join the scheme currently. Hence, the absolute phrasing makes the statement incorrect.

Statement 2 is correct. APY guarantees a fixed minimum pension between ₹1,000 and ₹5,000 per month after attaining 60 years, depending on contribution.

Statement 3 is correct. The scheme is administered by PFRDA, which regulates pension sector schemes in India.

The twist lies in the absolute wording "only" in Statement 1.

Q4. With reference to the Small Industries Development Bank of India (SIDBI), consider the following statements:

1. SIDBI was established under an Act of Parliament and functions as the principal financial institution for promotion and financing of MSMEs.
2. It operates under the administrative control of the Ministry of Micro, Small and Medium Enterprises.
3. SIDBI can extend refinance facilities to banks and non-banking financial companies (NBFCs) for on-lending to MSMEs.

How many of the above statements are correct?

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(a) Only one
(b) Only two
(c) All three
(d) None

Answer: (b) Only two

Explanation:
Statement 1 is correct. SIDBI was established in 1990 under an Act of Parliament and serves as the principal financial institution for MSME promotion and financing.

Statement 2 is incorrect. SIDBI functions under the administrative control of the Department of Financial Services, Ministry of Finance — not the Ministry of MSME.

Statement 3 is correct. SIDBI provides refinance and other financial assistance to banks, NBFCs, and other financial institutions for onward lending to MSMEs.

UPSC often tests ministerial control and institutional hierarchy.

Q5. With reference to Spain joining the Indo-Pacific Oceans Initiative (IPOI), consider the following statements:

1. The Indo-Pacific Oceans Initiative was announced by India to promote rule-based maritime order and sustainable use of marine resources.
2. IPOI is a treaty-based military alliance aimed at countering specific countries in the Indo-Pacific region.
3. Countries joining IPOI can lead specific thematic pillars such as maritime security, disaster risk reduction, or marine ecology.
4. Spain's participation signifies increasing European engagement in Indo-Pacific maritime governance frameworks.

How many of the above statements are correct?

(a) Only one
(b) Only two
(c) Only three
(d) All four

Answer: (c) Only three

Explanation:
Statement 1 is correct. IPOI was announced by India to promote cooperation in maritime security, sustainable development, and rule-based order.

Statement 2 is incorrect. IPOI is not a treaty-based military alliance; it is a voluntary, consultative framework without binding military commitments.

Statement 3 is correct. IPOI consists of thematic pillars and participating countries may coordinate or lead specific pillars.

Statement 4 is correct. Spain's participation reflects broader European strategic engagement in the Indo-Pacific.

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Thus, three statements (1, 3, and 4) are correct.

Q6. With reference to Similipal National Park, consider the following statements:

1. It is located in the state of Odisha and forms part of the Mayurbhanj Elephant Reserve.
2. It is recognised as a UNESCO Biosphere Reserve.
3. The park lies in the Eastern Ghats mountain range.

How many of the above statements are correct?

(a) Only one
(b) Only two

(c) All three
(d) None

Answer: (b) Only two

Explanation:
Statement 1 is correct. Similipal National Park is located in Odisha and is part of the Mayurbhanj Elephant Reserve.

Statement 2 is correct. Similipal is designated as a UNESCO Biosphere Reserve under the Man and Biosphere Programme.

Statement 3 is incorrect. The park lies in the northern part of the Eastern Highlands, associated with the Chotanagpur Plateau extension, not the Eastern Ghats proper.

DAILY PRACTICE QUESTIONS FOR MAINS ANSWER WRITING PRACTICE

Q1. (GS–1: Indian Society)

"Despite constitutional guarantees of equality, caste-based discrimination continues to shape social and economic outcomes in India." Examine the structural factors sustaining caste hierarchies and suggest multidimensional reforms.

Sample Answer

Caste, as a deeply entrenched social institution, continues to influence access to resources, dignity, and opportunities in India despite constitutional safeguards such as **Article 14 (Equality before Law)** and **Article 17 (Abolition of Untouchability)**.

Structural Factors Sustaining Caste Hierarchies

1. **Endogamy and Social Closure:** Caste is sustained through marriage patterns, occupational heredity, and kinship networks. Social capital often circulates within caste boundaries, reinforcing exclusion.
2. **Economic Stratification:** Historical deprivation has translated into lower asset ownership, educational attainment, and landholding among Scheduled Castes (SCs). This creates intergenerational poverty traps.
3. **Spatial Segregation:** Rural settlements often exhibit segregated habitation patterns, reinforcing social distance and discrimination.



4. **Institutional Bias and Violence:** Atrocities and subtle discrimination in education, employment, and housing indicate that formal equality has not fully translated into substantive equality.
5. **Cultural Legitimisation:** Norms and narratives that normalise hierarchy continue to shape attitudes, sometimes even within urban spaces.

Multidimensional Reforms

- **Educational Inclusion:** Strengthening scholarships, hostels, and mentorship for SC/ST students to reduce dropout rates.
- **Land and Asset Redistribution:** Effective implementation of land reform and livelihood schemes.
- **Urban Integration Policies:** Mixed housing schemes to reduce spatial segregation.
- **Strict Enforcement of Laws:** Effective implementation of the SC/ST (Prevention of Atrocities) Act.
- **Social Reform Movements:** Inspired by leaders like B. R. Ambedkar, promoting fraternity as envisaged in the Constitution.

Thus, dismantling caste hierarchies requires legal enforcement, economic justice, social reform, and attitudinal transformation.

(GS–2: Polity & Governance)

Q2. Judicial review is the cornerstone of Indian democracy, yet it often generates tensions between the judiciary and the legislature. Critically examine.

Sample Answer

Judicial review empowers courts to examine the constitutionality of legislative and executive actions. In India, it is rooted in Articles 13, 32, and 226 of the Constitution.

Importance



- **Protection of Fundamental Rights**
- **Maintenance of Constitutional Supremacy**
- **Basic Structure Doctrine** evolved in Kesavananda Bharati v. State of Kerala

Sources of Tension

1. **Judicial Activism vs. Overreach:** Expansive interpretations in areas like environmental regulation or policy directions may be viewed as encroachment.
2. **Appointments and Collegium System:** Disagreements between the judiciary and executive regarding judicial appointments.
3. **Striking Down Amendments:** Courts invalidating constitutional amendments can create friction.

Need for Balance

- Respect for **separation of powers**
- Institutional dialogue rather than confrontation

- Strengthening internal accountability mechanisms within judiciary

Judicial review remains indispensable, but constitutional morality demands cooperative federalism and institutional restraint from all organs.

(GS–3: Economy & Internal Security)

Q3. Discuss the strategic and economic significance of India's push towards defence indigenisation in the context of emerging security challenges.

Sample Answer





India faces complex security challenges including border tensions and maritime competition. Historically dependent on arms imports, India has now prioritised defence indigenisation under the Atmanirbhar Bharat initiative.

Strategic Significance

1. **Reduced Dependence:** Limits vulnerability to supply chain disruptions and geopolitical pressures.
2. **Operational Sovereignty:** Control over technology ensures adaptability and secrecy.
3. **Rapid Modernisation:** Domestic R&D enables context-specific innovation.

Economic Significance

- Employment generation
- Technology spillovers into civilian sectors
- Export potential

Institutions like Defence Research and Development Organisation play a crucial role in indigenous innovation.

Challenges

- Limited private sector participation
- Technology gaps
- High capital requirements

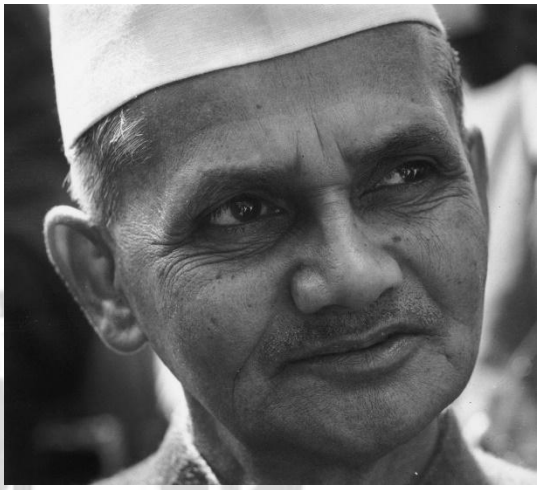
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Thus, defence indigenisation strengthens both national security and economic resilience, though sustained reforms in procurement and R&D are essential.

(GS–4: Ethics, Integrity & Aptitude)

Q4. "Public service is not merely about efficiency but about ethical responsibility." Discuss with suitable examples.

Sample Answer



Public service requires adherence to constitutional values, integrity, and empathy. Efficiency without ethics may produce outcomes that are technically sound but morally flawed.

Ethical Dimensions

1. **Integrity:** Avoidance of corruption and conflict of interest.
2. **Compassion:** Sensitivity towards vulnerable sections.
3. **Accountability:** Transparency in decision-making.

For example, Lal Bahadur Shastri exemplified personal integrity and simplicity in public life.

Balancing Efficiency and Ethics

- Quick decision-making must not compromise fairness.
- Rule of law must guide administrative discretion.
- Whistleblower protection strengthens ethical climate.

Ultimately, ethical responsibility sustains trust between state and citizens, which is foundational for democratic governance.

Current Affairs -

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Q5. Evaluate the significance of the UGC's new regulations to curb caste discrimination in higher educational institutions.

Sample Answer

The University Grants Commission has recently introduced new regulations to prevent caste-based discrimination in higher educational institutions (HEIs).

ज्ञान-विज्ञान विमुक्तये

University Grants Commission

Key Features

- Establishment of Equal Opportunity Cells
- Mandatory grievance redressal mechanisms
- Strict action against discriminatory practices

Significance

1. **Ensuring Dignity and Inclusion:** Addresses systemic biases in academia.
2. **Reducing Dropout Rates:** Marginalised students often face hostility and exclusion.
3. **Institutional Accountability:** Makes universities responsible for preventive and corrective action.

Challenges

- Implementation gaps
- Underreporting due to fear
- Need for sensitisation among faculty

Way Forward

- Periodic social audits
- Diversity training
- Data transparency on complaints

By reinforcing constitutional values of equality and fraternity, these rules aim to transform higher education into a truly inclusive space.

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