

Daily Reading Comprehension & Critical Reasoning

Rotated-genre RC passages and real-argument Critical Reasoning — CLAT-2026 grade. Read each passage and answer from the passage only.
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SECTION — READING COMPREHENSION

READING COMPREHENSION — ECONOMICS · INDIA'S CURRENT ACCOUNT AND THE CAPITAL FLOW PARADOX (Q1-Q5)

India's current account deficit has long been a source of macroeconomic anxiety, yet the country has navigated repeated episodes of external pressure with a resilience that confounds simple deficit-centric narratives. The conventional view holds that a persistent CAD signals an economy consuming more than it produces, leaving it vulnerable to sudden stops in foreign capital. India's experience, however, complicates this picture considerably. Two structural buffers — software service exports and inward remittances — have, in most years, financed a substantial share of the merchandise trade deficit, muting the transmission from a wide deficit to a currency crisis.

Yet this resilience is not without its own tensions. India's capital account has been progressively liberalised, with portfolio and foreign direct investment flows now constituting the primary counterpart to CAD financing. This creates an uncomfortable dependence on flows that are, by nature, volatile. When risk sentiment shifts in global markets — as it did during the taper tantrum of 2013 or the pandemic shock of 2020 — portfolio capital exits rapidly, putting downward pressure on the rupee regardless of the underlying trade position. The RBI thus faces a structural dilemma: a more open capital account enables growth-supporting inflows in benign times but amplifies exchange-rate volatility during global risk-off episodes.

The RBI's response has been to manage this tension through a calibrated accumulation of foreign exchange reserves, which crossed six hundred billion dollars at their peak, providing a buffer against speculative attack. Critics argue, however, that this reserve accumulation carries a sterilisation cost — the central bank must issue domestic securities to mop up the liquidity created by reserve purchases, raising questions about the quasi-fiscal burden imposed on the government. Proponents counter that the option value of a large reserve chest — the ability to intervene credibly without exhausting ammunition — justifies the cost.

What emerges from India's experience is not a vindication of either orthodox openness or managed closure, but rather an argument for policy flexibility. The CAD is neither inherently dangerous nor inherently benign; its consequences depend critically on the composition of financing and the institutional capacity to manage volatility. The challenge for Indian policymakers is to sustain the software and remittance buffers, deepen the domestic bond market to attract stable long-term capital, and maintain reserve adequacy — all without sacrificing the exchange-rate competitiveness that underpins merchandise export growth.

1. Which of the following best captures the primary purpose of this passage?

- ☐ A. A To argue that India's current account deficit is not inherently destabilising and that its management requires policy
- ☐ B. B To demonstrate that software exports and remittances have fully eliminated India's vulnerability to exchange-rate crises in all
- ☐ C. C To critique the RBI for accumulating excessive foreign exchange reserves at an unacceptable quasi-fiscal cost to the
- ☐ D. D To propose a specific legislative framework for restricting portfolio capital flows in order to reduce exchange-rate volatility

2. Based on the passage, which of the following can be most reasonably inferred about the RBI's central policy dilemma?

- ☐ A. A The RBI has consistently prioritised exchange-rate stability over domestic liquidity management throughout all recent decades,
- ☐ B. B The RBI must balance the growth-enabling benefits of capital account openness against the exchange-rate volatility that
- ☐ C. C The RBI's reserve accumulation strategy has been universally praised by economists as the definitive solution to current
- ☐ D. D The RBI has formally advocated for full capital account convertibility as a means of permanently insulating the rupee from

3. The author's tone toward capital account liberalisation can best be described as:

- ☐ A. A Unequivocally supportive, viewing liberalisation as the singular primary driver of India's macroeconomic resilience and
- ☐ B. B Dismissive, treating capital account openness as a fundamentally flawed experiment that should be reversed in favour of
- ☐ C. C Cautiously ambivalent — acknowledging both the growth-enabling inflows that openness facilitates and the amplified volatility
- ☐ D. D Alarmist and polemical, warning that capital account openness has made India structurally more fragile than peer economies with

4. Which of the following assumptions embedded in the passage's argument is most vulnerable to critical challenge?

- ☐ A. A That India's software exports and remittances constitute a genuinely structural feature of the balance of payments rather than
- ☐ B. B That foreign exchange reserves above a certain threshold provide a credible intervention capacity that deters speculative
- ☐ C. C That portfolio capital flows are more volatile than foreign direct investment flows during global risk-off episodes
- ☐ D. D That the sterilisation of reserve accumulation through domestic security issuance imposes a quasi-fiscal cost on the government

5. As used in the passage, the phrase 'sudden stops' (first paragraph) most nearly refers to:

- ☐ A. A An abrupt interruption of foreign capital inflows into a deficit economy, which can trigger a balance-of-payments crisis when
- ☐ B. B A deliberate central bank policy of halting reserve accumulation in order to avoid the sterilisation costs and quasi-fiscal
- ☐ C. C The RBI's administrative practice of pausing portfolio capital liberalisation during periods of acute global financial stress
- ☐ D. D A technical term from trade economics referring to the physical interruption of merchandise export flows during periods of

READING COMPREHENSION — LAW & SOCIETY · ACCESS TO JUSTICE AND THE ECONOMIC BARRIERS TO LEGAL REPRESENTATION (Q6-Q10)

The promise of equal justice before the law finds one of its most concrete expressions in Article 39A of the Indian Constitution, which directs the state to ensure that the operation of the legal system promotes justice on the basis of equal opportunity. Operationalised through the Legal Services Authorities Act of 1987, this provision established a network of state and district legal services a charged with providing free legal assistance to persons who cannot afford representation. On paper, the framework is comp in practice, the distance between formal entitlement and meaningful access remains wide and poorly mapped.



The economic barriers to effective legal aid operate at multiple levels that go beyond the absence of lawyer fees. A litigant granted legal aid still faces substantial non-fee costs: travel to district courthouses that may be several hours distant, loss of daily wages across numerous adjournments, the expense of procuring certified copies of documents, and the informal payments that grease the wheels of lower court processes. These costs, invisible to the formal architecture of legal aid, routinely deter claimants from pursuing legitimate grievances. Even where claimants persevere, the incentive structure of legal aid lawyers — typically compensated at rates far below market — creates adverse selection, with the most capable advocates least likely to populate legal aid panels for any sustained period.

The digitisation of court processes, accelerated dramatically after the pandemic, was initially celebrated as a democratising intervention. Online filing, virtual hearings, and digital case-tracking ostensibly reduce travel costs and improve transparency. Yet the evidence on distributional effects is at best mixed. Low-income litigants — disproportionately elderly, female, rural, and without reliable internet access — report that digital interfaces have introduced new barriers rather than reducing old ones. The intermediary class of document writers, legal clerks, and informal facilitators, on whom marginalised litigants have historically relied, has been disrupted without replacement, leaving many unable to navigate digital portals that were designed by and for legally literate users.

What the Indian experience illustrates is that access to justice is not solved by the creation of formal entitlements or the digitalisation of procedures; it requires sustained attention to the everyday economic and practical friction that prevents rights from being exercised. Reform efforts that measure success by enrolment in legal aid schemes, rather than by outcomes achieved for enrolled clients, are likely to reproduce the gap between promise and reality that has characterised the framework since its inception.

6. According to the passage, which of the following does the author identify as a significant barrier to the effectiveness of legal aid that persists even after a litigant is formally enrolled?

- ☐ A. A The complete absence of any constitutional provision directing the state to fund or facilitate legal representation for
- ☐ B. B The non-fee costs of litigation — including travel, wage loss across adjournments, and document procurement — that the formal
- ☐ C. C The explicit statutory prohibition under the Legal Services Authorities Act against legal aid lawyers accepting cases in civil
- ☐ D. D The Supreme Court's consistent judicial refusal to recognise formally enrolled legally aided litigants as a protected category

7. What does the passage most strongly imply about the relationship between court digitisation and access to justice for low-income litigants?

- ☐ A. A Digitisation has unambiguously and comprehensively expanded access for all litigants by eliminating the travel costs that
- ☐ B. B The Supreme Court's e-courts programme has been unanimously endorsed by all stakeholders, including civil society legal aid
- ☐ C. C Digitisation has created new barriers for low-income litigants by disrupting the informal intermediary networks they relied
- ☐ D. D The passage deliberately takes no position on digitisation whatsoever, treating it as a wholly neutral technological change

8. The author's implicit position on legal aid reform can most accurately be characterised as holding that:

- ☐ A. A The Legal Services Authorities Act should be repealed and replaced with a market-based system in which private lawyers are
- ☐ B. B Legal aid reform is fundamentally a constitutional matter requiring an amendment to Article 39A to make its directive
- ☐ C. C True reform requires a shift in measurement from formal enrolment metrics to outcomes achieved — a change that demands
- ☐ D. D The digitisation of court processes should be reversed as an unqualified failure, and all court business returned to in-person,

9. Based on the passage's analysis, which of the following scenarios would the author most likely consider a genuine success case for the legal aid framework?

- ☐ A. A A district legal services authority that reports the highest number of formal legal aid enrolments in the state but whose
- ☐ B. B A legal aid programme in a remote district that provides door-step paralegal services, transport reimbursement for court dates,
- ☐ C. C A private technology company that creates an AI-powered legal chatbot providing general legal information and explanations to
- ☐ D. D A state government that doubles its entire legal aid budget allocation while continuing to measure overall programme success

10. What is the primary rhetorical function of introducing Article 39A and the Legal Services Authorities Act at the opening of the passage?

- ☐ A. A To argue that India's formal constitutional provisions on legal aid are demonstrably superior to the equivalent entitlements
- ☐ B. B To establish a contrast between the formal completeness and apparent comprehensiveness of India's legal aid architecture and
- ☐ C. C To demonstrate that India's legal aid legislation was enacted primarily as a compliance measure to satisfy international human
- ☐ D. D To introduce a detailed historical narrative explaining the political bargains and constitutional compromises that resulted in

SECTION — CRITICAL REASONING

CRITICAL REASONING — SOCIETY & CULTURE · ALGORITHMIC CURATION AND CULTURAL HOMOGENISATION (Q11-Q15)

The architecture of contemporary social media platforms is built on a single optimisation objective: maximise user engagement. Engagement — measured in clicks, shares, watch-time, and reactions — is not a neutral metric. It systematically favours content that provokes the strongest emotional responses from the widest possible audience. Because globally popular trends, universal comedic formats, and mainstream musical idioms generate higher engagement signals than regional folk music, oral poetry, or vernacular storytelling, the algorithm surfaces the former and buries the latter. The result is not a neutral aggregation of user preferences; it is a structural suppression of cultural diversity masquerading as personalisation.

The scale of this suppression distinguishes it from earlier mechanisms of cultural homogenisation. State censorship operates through visible prohibitions that can be contested; colonial cultural policies were explicit and therefore resistible. Algorithmic curation operates invisibly, through the aggregated choices of billions of individuals, none of whom intends to diminish Gondi folk songs or Mithila painting. Each individual act of preference — clicking on a Bollywood reel rather than a Bhojpuri performance — is innocuous; the aggregate is culturally catastrophic. This is precisely what makes it more insidious than state censorship: the harm is produced by the architecture, not by the intention, and no individual actor is accountable for the outcome.

Proponents of platform self-regulation argue that if users genuinely valued local cultural content, market mechanisms would surface it. This argument mistakes revealed engagement for authentic preference. Users are not choosing between equally discoverable content; they are choosing within an option set that the algorithm has already curated. A Garo folk singer and a trending pop star are not presented on equal terms. The discoverability asymmetry precedes and shapes the choice. To treat the resulting engagement differential as authentic user preference is to confuse a constrained choice with a free one.

The conclusion follows: because algorithmic curation produces cultural homogenisation through a structural mechanism the correction cannot remedy — since the market is itself the instrument of harm — public-interest regulation of content c



necessary. Self-regulatory codes and voluntary diversity pledges have proven insufficient. Legislative intervention, requiring platforms to demonstrate measurable promotion of regional-language and minority cultural content, is the only mechanism commensurate with the scale and invisibility of the harm.

11. Which of the following most accurately states the main conclusion of this argument?

- ☐ A. A Social media platforms should be comprehensively prohibited from using engagement metrics altogether and legally required to
- ☐ B. B Individual users who repeatedly and knowingly choose mainstream content over available regional cultural content bear direct
- ☐ C. C Because algorithmic curation structurally suppresses cultural diversity in a way that market self-correction cannot fix,
- ☐ D. D The aggregate harm caused by algorithmic homogenisation is significantly overstated by critics, since individual users retain

12. Which of the following is a necessary assumption for the argument's claim that self-regulation is insufficient to address algorithmic homogenisation?

- ☐ A. A All major social media platforms are currently operating in deliberate bad faith and have knowingly chosen not to promote
- ☐ B. B Cultural diversity is an intrinsic social good that merits state protection even when its preservation conflicts with the
- ☐ C. C Platform self-regulatory codes and voluntary diversity pledges, if properly drafted and rigorously enforced by independent
- ☐ D. D The engagement differential between globally popular and locally specific content is a permanent, irreversible, and

13. Which of the following, if true, would most significantly weaken the argument?

- ☐ A. A Several major platform algorithms have already been voluntarily redesigned with explicit diversity-weighting mechanisms, and
- ☐ B. B State censorship regimes throughout recorded history have in practice been far more systematically effective and comprehensive
- ☐ C. C Some individual regional cultural artists have successfully and independently leveraged social media platforms to achieve
- ☐ D. D The economic model of major social media platforms depends heavily and primarily on advertising revenue, and recent market

14. Which of the following, if true, would most directly strengthen the argument's central claim about structural suppression?

- ☐ A. A Regional-language content creators consistently report lower advertising revenue per view than equivalent creators producing
- ☐ B. B Several governments in South Asia have already attempted to regulate platform content through national security legislation,
- ☐ C. C Academic research into the psychology of content preference confirms that most users genuinely prefer globally mainstream
- ☐ D. D Social media platforms have invested substantially in machine translation tools that make content originally produced in

15. The argument's reasoning is most analogous to which of the following structures?

- ☐ A. A Because individuals freely and rationally choose to drive private cars rather than use available public transport, aggregate
- ☐ B. B Because pharmaceutical companies in several countries voluntarily adopted comprehensive antibiotic stewardship protocols, the
- ☐ C. C Because the cumulative effect of individually rational private choices produces environmental harm at a systemic scale that
- ☐ D. D Because government-imposed state censorship of political speech reliably causes serious and measurable social harm by

CRITICAL REASONING — HEALTH POLICY · UNIVERSAL HEALTH COVERAGE, MORAL HAZARD AND THE PREMIUM SUBSIDY DEBATE (Q16-Q20)

India's state-funded health insurance schemes, of which Ayushman Bharat is the most ambitious, proceed from the correct premise that financial catastrophe caused by hospitalisation is a leading cause of household poverty. The scheme's design — covering hospitalisation costs up to five lakh rupees for eligible beneficiaries — eliminates the catastrophic expenditure risk at the point of acute illness. This is a genuine and measurable welfare gain. The argument advanced here, however, is that the design creates a secondary pathology that will, if unaddressed, ultimately undermine the scheme's own objectives.

Moral hazard in health insurance refers to the tendency of insured individuals to consume healthcare more intensively than they would if they bore the cost themselves. In the context of Ayushman Bharat, this manifests most acutely as demand-induced hospitalisation: patients and providers together have incentives to convert conditions that could be managed at an outpatient level — minor respiratory infections, controlled diabetes, manageable hypertension — into inpatient admissions, because hospitalisation triggers coverage while outpatient care does not. The structural result is that the scheme crowds its own budget toward the highest-cost care setting, leaving primary and preventive care chronically underfunded, even though investment in primary care would prevent the incidence of the very acute episodes the scheme was designed to insure against.

The macroeconomic consequence compounds the clinical one. Hospitalisation-heavy utilisation drives up aggregate healthcare expenditure, consuming a rising share of the health ministry's budget and crowding out spending on sanitation, nutrition, immunisation, and the rural health infrastructure that determines population-level health outcomes far more decisively than secondary-care coverage. The paradox is that a scheme designed to protect the poor from health-driven poverty may, through this crowding-out dynamic, reduce the state's capacity to deliver the preventive investments that would reduce the incidence of illness among the poor in the first place.

The policy correction is not to abolish Ayushman Bharat but to restructure the subsidy design. Incentivising primary-care utilisation — through positive benefits for health check-ups, adherence to chronic disease management protocols, and vaccination — alongside maintaining catastrophic coverage would reduce moral-hazard-driven hospitalisation while expanding genuine preventive health access. The net fiscal effect would be a more efficient allocation of the same budget, delivering better health outcomes at the same or lower aggregate cost.

16. Which of the following best identifies the main conclusion of this argument?

- ☐ A. A Ayushman Bharat should be completely abolished and replaced, because its hospitalisation-focused design creates severe moral
- ☐ B. B India's health ministry should substantially increase its overall budget allocation to allow the simultaneous and independent
- ☐ C. C The moral hazard effects created by Ayushman Bharat's design are significantly overstated by critics who systematically fail to
- ☐ D. D Ayushman Bharat's subsidy design should be restructured to incentivise primary-care utilisation alongside catastrophic

17. Which assumption is most critical for the argument's claim that restructuring subsidies would improve health outcomes at the same or lower aggregate cost?

- ☐ A. A Reduced demand-induced hospitalisation, achieved by shifting incentives toward primary and preventive care, would result in net
- ☐ B. B The phenomenon of moral hazard in health insurance is entirely unique to developing-country social policy contexts
- ☐ C. C The majority of Ayushman Bharat beneficiaries who seek hospitalisation are primarily or predominantly motivated by
- ☐ D. D The Indian central and state governments currently have absolutely no available fiscal capacity whatsoever to expand



18. The argument primarily reaches its conclusion through which method of reasoning?

- ☐ A. A It draws comprehensively on comparative international evidence from multiple high- and middle-income countries that have
- ☐ B. B It identifies a structural incentive misalignment in the scheme's design that generates a predictable secondary consequence —
- ☐ C. C It appeals to a broadly stated expert medical consensus firmly establishing that outpatient care is clinically superior to
- ☐ D. D It relies primarily on detailed quantitative statistical projections of Ayushman Bharat's forward-looking fiscal trajectory,

19. Which of the following, if true, would most seriously weaken the argument that Ayushman Bharat creates moral-hazard-driven demand for unnecessary hospitalisation?

- ☐ A. A Independent clinical audits of Ayushman Bharat hospitalisations show that the overwhelming majority of inpatient admissions
- ☐ B. B The scheme's per-bed reimbursement rates are set below market rates in most empanelled hospitals, creating a financial
- ☐ C. C Primary care infrastructure in rural India is insufficiently developed to absorb additional demand even if beneficiary
- ☐ D. D Both A and C — if hospitalisation rates reflect genuine clinical need and primary care cannot absorb redirected demand, the

20. A critic of the argument contends: 'Even if moral hazard raises hospitalisation rates, this is a second-order problem. The first-order benefit — protecting millions of households from poverty caused by medical bills — is so large that any efficiency loss is justified.' How does the argument, as written, best respond to this objection?

- ☐ A. A The argument concedes the objection entirely and withdraws its recommendation, acknowledging that the poverty-protection
- ☐ B. B The argument ignores this objection entirely, having not anticipated that anyone would defend the scheme on welfare grounds
- ☐ C. C The argument suggests that primary care-incentivised reform would enhance, not diminish, poverty protection by reducing the
- ☐ D. D The argument claims that the poverty-protection framing is empirically mistaken — that Ayushman Bharat has in fact failed to

