BLOGS

Logical Reasoning Questions for CLAT UG 2026- PART III

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PASSAGE

Universal Basic Income (UBI) has emerged as a contentious policy idea in economic circles. UBI proposes that every citizen receives a fixed, unconditional sum of money from the government regularly, regardless of employment status or income level. Proponents argue that it can alleviate poverty, reduce inequality, and provide a safety net in the face of automation-driven job losses. By giving individuals the freedom to pursue education, caregiving, or creative endeavors without the pressure of economic survival, UBI is seen as a means of enhancing individual autonomy and social stability.

Critics, however, caution against the economic feasibility of UBI. They argue that the vast fiscal resources required to fund such a program could result in higher taxes or reallocation from essential services like healthcare or education. Additionally, some contend that unconditional transfers may reduce the incentive to work, leading to reduced productivity and slower economic growth.

Empirical trials in countries like Finland and Kenya have shown mixed results—while recipients report improved mental health and financial security, effects on labor market participation have been minimal. Moreover, questions remain about the scalability and long-term sustainability of such programs in larger, more complex economies.

The UBI debate ultimately revolves around competing values: economic efficiency versus social equity, and the role of the state in redistributing wealth in a rapidly changing economic landscape.

1. What is the primary rationale behind the proposal for Universal Basic Income as per the passage?

A. To incentivize early retirement among the aging population
B. To redistribute wealth from the rich to the poor through taxation

C. To provide financial stability in an economy affected by automation

D. To increase government control over citizens' spending behavior

Correct Answer: C

Explanation: The passage highlights automation-driven job loss as a key reason for implementing UBI to ensure financial stability.

2. Which of the following, if true, would most strengthen the critics' argument against UBI?

A. Most UBI recipients use the money for luxury consumption

B. UBI recipients become more entrepreneurial and independent

C. A country with UBI reports a decline in workforce participation and GDP

D. UBI implementation reduces bureaucratic inefficiencies in welfare programs

Correct Answer: C

Explanation: A drop in workforce participation and GDP would directly support concerns about reduced productivity and growth.

3. The passage mentions trials in Finland and Kenya. What logical purpose do these examples serve in the author's argument?

A. To prove that UBI is successful globally

B. To illustrate how cultural context changes UBI outcomes

C. To show that real-world experiments provide mixed evidence

D. To question the legitimacy of theoretical economic models

Correct Answer: C

Explanation: The examples demonstrate mixed results, supporting the idea that empirical outcomes of UBI are inconclusive.

4. Which of the following assumptions is most likely made by proponents of UBI in the passage?

A. All citizens will stop working once given free money

B. Economic inequality is primarily caused by taxation systems

C. Individuals are capable of making wise financial decisions when given freedom

D. Automation will have negligible effects on employment levels

Correct Answer: C

Explanation: Supporters believe that unconditional income will empower people to use their time and resources productively.

5. What is the central tension highlighted in the passage regarding the UBI policy debate?

A. The conflict between domestic and international economic policies

B. The challenge of funding UBI through foreign investments

C. The trade-off between economic efficiency and social equity

D. The difficulty of measuring poverty in automated economies

Correct Answer: C

Explanation: The passage repeatedly contrasts economic feasibility with social justice, illustrating the core tension.

6. Which of the following best captures the position of UBI critics as presented in the passage?

A. UBI is the only viable welfare solution for the future economy

B. UBI will increase inequality in the long run

C. UBI might undermine essential public services and economic productivity

D. UBI reduces government expenses in the long term

Correct Answer: C

Explanation: Critics warn about the strain on public finances and the risk of reduced productivity from unconditional income.

7. If future large-scale studies reveal that UBI consistently increases entrepreneurship, how would that affect the current debate?

A. It would weaken the case for any form of direct income support

B. It would support proponents' view that UBI promotes autonomy and economic innovation

C. It would support critics' claim that UBI reduces labor participation

D. It would confirm that UBI eliminates the need for education

Correct Answer: B

Explanation: An increase in entrepreneurship supports the claim that UBI fosters independence and meaningful engagement.

8. Which of the following policy alternatives would a critic of UBI most likely support instead?

A. Unconditional cash transfers to all citizens

B. Targeted welfare programs focused on vulnerable groups

C. Government-run universal savings accounts

D. A state-run employment-for-all guarantee

Correct Answer: B

Explanation: Critics of UBI often favor targeted assistance that uses resources more efficiently and avoids universal disbursement.

9. What inference can be drawn about the scalability of UBI programs?

A. UBI has been conclusively proven to work in all economic contexts

B. UBI is scalable only in technologically advanced countries

C. The long-term sustainability of UBI in complex economies remains uncertain

D. UBI cannot be implemented in any democratic system

Correct Answer: C

Explanation: The passage notes that while small-scale trials show promise, broader scalability is still in question.

10. Based on the passage, which of the following is most likely to be agreed upon by both proponents and critics of UBI?

A. UBI leads to widespread unemployment

B. UBI has no place in future economic models

C. UBI requires thorough and context-specific evaluation before adoption

D. UBI is a failed policy idea with no empirical support

Correct Answer: C

Explanation: The passage presents both sides as recognizing the importance of empirical testing and thoughtful implementation.