GMAT 2027 Verbal Sample Paper 1 – Questions

Critical Reasoning

Directions: For each question, select the best of the answer choices given.

Question 1

City planners claim that building a new light-rail line will reduce traffic congestion because many commuters will switch from cars to the train. Which of the following, if true, most seriously weakens the planners' claim?

(A) The new line will be built along a corridor that currently has the heaviest car traffic.
(B) Surveys show that most current drivers say they would never use public transit.
(C) Similar light-rail projects in other cities have reduced downtown parking demand.
(D) The construction period will last only 18 months.
(E) Ticket prices will be set lower than the cost of downtown parking.

Question 2

A company that manufactures kitchen appliances has seen a decline in sales of its traditional blenders. The marketing team proposes launching a high-powered "professional" model at a higher price point. Which of the following would be most useful to know in evaluating the likely success of this proposal?

(A) Whether the company's other product lines are also declining
(B) The percentage of current blender owners who consider themselves serious home cooks
(C) The cost of raw materials for the new model
(D) How many competitors already sell high-powered blenders
(E) The average age of the company's current customers

Reading Comprehension

Directions: The questions are based on the content of the passage. Select the best answer.

Many economists have long assumed that individuals make financial decisions by carefully weighing costs and benefits. Behavioral research, however, has shown that people frequently rely on mental shortcuts, or heuristics, that can lead to systematic errors. One well-documented bias is loss aversion: the tendency to feel the pain of a loss more strongly than the pleasure of an equivalent gain. As a result, investors often hold losing stocks too long, hoping to avoid realizing a loss, while selling winning stocks too quickly to lock in gains. Another bias is present bias, in which people place disproportionate weight on immediate rewards relative to future ones. This helps explain why individuals under-save for retirement even when they intellectually understand the long-term benefits of saving. Policy makers have begun to design "choice architecture" that gently steers people toward better decisions without restricting freedom—for example, by making enrollment in retirement plans the default option. Critics argue that such interventions can be paternalistic, yet supporters point to measurable improvements in savings rates where the approach has been adopted.

Question 3

The primary purpose of the passage is to:

(A) Argue that traditional economic models are completely useless
(B) Describe certain behavioral biases and a policy response to them
(C) Prove that loss aversion is stronger than present bias
(D) Criticize all forms of government intervention in personal finance
(E) Explain how stock markets determine prices

Question 4

According to the passage, loss aversion leads investors to:

(A) Buy more stocks than they can afford
(B) Hold losing stocks too long and sell winning stocks too quickly
(C) Ignore all professional advice
(D) Prefer bonds over equities exclusively
(E) Trade only on days when the market is rising

Question 5

The author's attitude toward "choice architecture" is best described as:

(A) Strongly opposed
(B) Cautiously supportive, noting both criticism and evidence of benefit
(C) Entirely neutral
(D) Enthusiastic without reservation
(E) Dismissive of the supporting evidence

Question 6

Which of the following is an example of present bias as described in the passage?

(A) An investor who refuses to sell a stock that has fallen 30%
(B) A worker who spends a bonus immediately rather than depositing it in a retirement account
(C) A company that sets retirement enrollment as the default
(D) An economist who rejects all behavioral research
(E) A policy maker who bans certain financial products