BLOOM

Bloom Economics Olympiad
Sample Paper

Maximum Time : 60 Minutes   **Maximum Marks : 60**

INSTRUCTIONS

1. There are 50 Multiple Choice Questions in this paper divided into two sections :

   Section A   40 MCQs; 1 Mark each
   Section B   10 MCQs; 2 Marks each

2. Each question has Four Options out of which **ONLY ONE** is correct.

3. All questions are compulsory.

4. There is no negative marking.

5. No electric device capable of storing and displaying visual information such as calculator and mobile is allowed during the course of the exam.

Roll No.

Student's Name

Section-A (1 Mark each)

1. Which of the following precautions should be taken while estimating national income by value added method?
   (a) Own account production of goods should be included
   (b) Value of self-consumed services should not be included
   (c) Inputed rent on the owner occupied house should be included
   (d) All of the above

2. Which of the following is not a component of 'Income from Property and Entrepreneurship'?
   (a) Rent   (b) Interest
   (c) Mixed income of self-employed   (d) Profit

3. The M_1 definition of money is ....
   (a) currency outside banks and checking deposits
   (b) currency outside banks, checking deposits and travellers checks
   (c) currency outstanding and checking deposits
   (d) currency outstanding, checking deposits and money market deposit accounts

4. Which among the following measures increase liquidity in the economic system?
   (a) Reduction in the cash reserve ratio
   (b) Increase in the repo rate
   (c) Increase in the statutory liquidity ratio maintained by the banks
   (d) Increase in reverse repo rate

5. Under a managed floating exchange rate system, the nation's monetary authorities intervene in foreign exchange markets to ....
   (a) smooth out short-run fluctuations in exchange rates
   (b) smooth out long-run fluctuations in exchange rates
   (c) smooth out short-run and long-run fluctuations in exchange rates
   (d) keep exchange rates fixed among a group of nations

6. Low productivity for agriculture in India is attributed to which of the following?
   (a) Poor irrigation facilities   (b) Heavy dependence on monsoon
   (c) Absence of new technology   (d) All of these

7. Demographic transition means
   (a) shift from the condition of low birth and high death rates to high birth and high death rates
   (b) shift from the condition of high birth and high death rates to low birth and low death rates
   (c) shift from the condition of high death and low birth rates to high death and high birth rates
   (d) None of the above

8. Members of the World Trade Organisation are required to ....
   (a) eliminate all tariffs
   (b) allocate quotas on a first come first basis
   (c) prevent their firms from dumping
   (d) enforce patent rights for patent holders from other countries

9. Increase in agricultural production and productivity is a pre-condition ....
   (a) to raise the share of agriculture in GDP
   (b) to ensure national food security
   (c) to provide livelihood and nutritional security
   (d) All of the above

10. .... are voluntary organisations of workers formed to promote and protect the interests of workers through collective action.
    (a) Labour unions   (b) Trade unions
    (c) Cooperative organisation   (d) None of these

11. Thermal power plants emit large amount of carbon dioxide and also produces a component called as .... which can cause pollution to water bodies.
    (a) nitrous oxide   (b) fly ash
    (c) carbon monoxide   (d) methane

12. What can be the preventive measure for climate change?
    (a) Using cycle instead of cars and bikes
    (b) Afforestation
    (c) Using organic products and reduce plastic usage
    (d) All of the above

13. .... can convert organic matter into compost faster than the normal composting process.
    (a) Spoonworms   (b) Fertile soil
    (c) Silkworms   (d) Earthworms

14. It is .... that intersectoral flows refer to the flow of goods and services as well as flow of money among different sectors of the economy and it is also .... that intersectoral interdependences are satisfied through a system of mutual exchanges and mutual exchanges lead to intersectoral flows of money as well as goods and services.
    (a) true, true   (b) true, false   (c) false, true   (d) false, false

15. It is .... that in an economy where planned spending is greater than the planned output existing stocks of the producers will be sold out and it is also .... that in such a case producers decide to expand production which will increase the level of AS.
    (a) false, false   (b) false, true   (c) true, false   (d) true, true

16. It is .... that poverty ratio is higher in rural areas than in urban areas, and it is also .... that wage policy in India is based on productivity.

(a) false, true   (b) true, true   (c) false, false   (d) true, false

17. It is .... that there are more number of regular salaried employees found in urban areas than in rural areas and it is also .... that COVID-19 has aggravated the problem of casualisation of workforce in the Indian economy.

(a) true, false   (b) false, true   (c) false, false   (d) true, true

18. Which of the following statements is/are true concerning the Bretton-Woods system?

(a) Set-up a code of rules for nations to follow their conduct of international trade

(b) Set-up borrowing facilities for nation's temporary Balance of Payments problems

(c) Evolved over the years in several important ways

(d) All of the above

19. Which of the following statements is incorrect?

(a) Energy shortage adversely affects transport sector, industries sector and agriculture production

(b) Main reason for the losses of state electricity boards was providing electricity to farmers

(c) At present, nuclear energy accounts for only 2%

(d) None of the above

20. Which of the following statements is incorrect?

(a) Infrastructure provides supporting services which includes roads, railways, ports, airports, dams, power stations, oil and gas pipelines

(b) Some divide infrastructure into two categories. i.e. legal and environmental

(c) In recent times, agriculture also depends on insurance and banking facilities

(d) Improvements in water supply and sanitation have a large impact by reducing morbidity

21. Which of the following provides an incorrect distinction between China and India in terms of demographic indicators?

(a) The sex-ratio is higher in China than India

(b) India has higher annual growth of population than China

(c) The fertility rate is higher in China than India which makes China the most populated country

(d) The degree of urbanisation is higher in China than India

22. Calculate Net National Product at Market Price from the following data

S.No.	Contents	₹ (in crore)
(i)	Net Factor Income from Abroad	(–) 5
(ii)	Private Final Consumption Expenditure	100
(iii)	Personal Tax	20
(iv)	Gross National Disposable Income	170
(v)	Government Final Consumption Expenditure	20

S.No.	Contents	₹ (in crore)
(vi)	Corporation Tax	15
(vii)	Gross Domestic Capital Formation	30
(viii)	Personal Disposable Income	70
(ix)	Net Exports	(−)10
(x)	Savings of Private Corporate Sector	5
(xi)	Net National Disposable Income	145

(a) ₹ 140 crore   (b) ₹ 130 crore   (c) ₹ 120 crore   (d) ₹ 110 crore

23. Calculate Net Domestic Product at Factor Cost.

S.No.	Contents	₹ (In lakhs)
(i)	Interest	700
(ii)	Compensation of Employees	3,000
(iii)	Net Indirect Taxes	500
(iv)	Rent and Profit	700
(v)	Transfer Payments by Government	10

(a) ₹ 4,300 crore   (b) ₹ 4,400 crore   (c) ₹ 4,500 crore   (d) ₹ 4,600 crore

24. In an economy, everytime income rises, 20% of rise in income is saved. Now, suppose in the same economy, investment rises by ₹ 200 crore. Calculate change in income.

(a) ₹ 1,000 crore   (b) ₹ 800 crore   (c) ₹ 1,500 crore   (d) ₹ 1,200 crore

25. From the following data about a government budget, calculate primary deficit

S. No.	Contents	₹ (in arab)
(i)	Revenue Deficit	40
(ii)	Non-debt Creating Capital Receipts	190
(iii)	Tax Revenue	125
(iv)	Capital Expenditure	220
(v)	Interest Payments	20

(a) ₹ 50 arab   (b) ₹ 60 arab   (c) ₹ 80 arab   (d) ₹ 30 arab

26. Occasional intervention by central bank to influence price of foreign exchange is known as ....

(a) dirty floating   (b) hedging   (c) appreciation   (d) depreciation

27. **Statement I** Money received from the sale of second hand car will be considered while estimating national income.

Statement II Their value is already included and it does not contribute to the current flow of goods and services.

Codes
(a) Statement I is true, but Statement II is false
(b) Statement I is false, but Statement II is true
(c) Both statements are true
(d) Both statements are false

28. Statement I Government raises money through sale of treasury bills and other securities.

Statement II Treasury bills are considered as risk free and the return so achieved are referred to as risk free rate of return.

Codes
(a) Statement I is true, but Statement II is false
(b) Statement I is false, but statement II is true
(c) Both statements are true
(d) Both statements are false

29. Statement I Revenue deficit is the difference between revenue receipts and revenue expenditure.

Statement II Disinvestment, external grants and dividends are examples of non-tax revenue receipts.

Codes
(a) Statement I is true, but Statement II is false
(b) Statement I is false, but Statement II is true
(c) Both statements are true
(d) Both statements are false

30. Statement I Industrialisation strategy advocates trade and development to overcome market failures through government policy.

Statement II It encourages technology transfer and exports of progressively more advanced products.

Codes
(a) Statement I is true, but Statement II is false
(b) Statement I is false, but Statement II is true
(c) Both Statements are true
(d) Both Statements are false

31. Which of the following statements is/are correct?

Statement I MSME sector suffered to a large extent in COVID-19 pandemic due to liquidity crunch.

Statement II Under operation flood, farmers are assured of the fair price and income from the supply of milk to urban markets.

Codes
(a) Statement I is true, but Statement II is false
(b) Statement I is false, but Statement II is true
(c) Both statements are true
(d) Both statements are false

32. Which of the following statements is/are correct?

Statement I In the last five decades, the growth of agriculture sector, which employs the largest proportion of workforce has declined across China, India, and Pakistan.

Statement II During the period 1980-90, China's growth is contributed by the manufacturing and service sectors and India's growth by the service sector and Pakistan has shown deceleration in all three sectors.

Codes
(a) Statement I is true, but Statement II is false
(b) Statement I is false, but Statement II is true
(c) Both statements are true
(d) Both statements are false

33. The cost of holding money by individuals equals to ....
   I. Loss of real value of money due to deflation
  II. Foregone interest from savings
  III. Utility foregone by not buying goods and services
  IV. Returns foregone by not holding other assets

Codes
(a) II, III and IV   (b) I, II and III   (c) I, II and IV   (d) I, III and IV

34. India's current account deficit in Balance of Trade is mainly due to ....
   I. Increasing imports of oil and petroleum
  II. Increasing imports of gold and silver
  III. Increasing imports of foodgrains
  IV. Increasing imports of iron and steel

Codes
(a) I, II and III   (b) I and III   (c) I and II   (d) I and IV

35. Gross fiscal deficit of the State Governments is financed through which mode?
   I. Market Borrowings   II. Printing of Currency
  III. Loans from the Central Government IV. External Borrowings

Codes
(a) I, II and III   (b) II, III and IV   (c) I and III   (d) II and IV

36. Why does the share of agriculture in developing economies decline when national economy is growing rapidly?
   I. Food becomes like inferior commodity.
  II. Growth of agriculture cannot be very fast.
  III. Industrial sector grows faster.
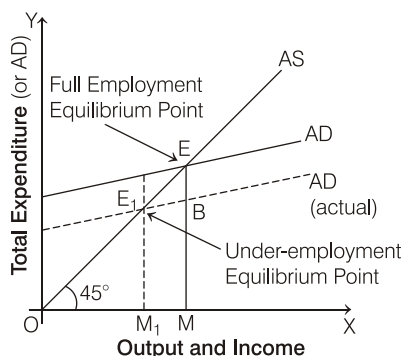 IV. Public spending on the farm factor is not enough.

37. Which of the following are true of disguised unemployment?

   I. It represents potential savings.

  II. The marginal productivity of labour is zero or extremely low.

 III. It is due to the existence of joint family system.

 IV. It is confined to the rural areas.

Codes

(a) II and IV   (b) III and IV   (c) I, II and III   (d) I, II, III and IV

38. In order to correct the gap presented in the given diagram, and bring economy back to equilibrium, which of the following measures can be adopted?

(a) Decreasing bank rate

(b) Purchasing government securities by the central bank

(c) Decreasing statutory lquidity qatio

(d) All of the above

39. The slogan Beti Bachao, Beti Padhao translates to 'Save the girl child, educate the girl child'. The scheme aims to educate citizens against gender bias and improve efficacy of welfare services for girls.

What is the importance of increased investment in education?

(a) It is similar to investment in intermediate goods by companies

(b) It is similar to investment in CSR activities by companies

(c) It is similar to investment in capital goods by companies

(d) None of the above

40. Despite the fact that social security programmes in India are not responses to structural adjustment but have a long history of their own, social expenditure in India is nevertheless particularly vulnerable to budget cuts. The social sector is a major spending area of the government, comprising poverty reduction interventions, health, education, nutrition, social assistance and social welfare. Most departments of government are in some way responsible for spending under this broad head.

The government spending on poverty reduction programmes suffers from

(a) high demand from prospective beneficiaries

(b) too many divisible allocations

(c) down-sized expenditure in real terms

(d) several social welfare programmes competing for funds

Section-B (2 Marks each)

41. Match the following

	Column I		Column II
A.	Recession	(i)	Low
B.	Boom	(ii)	Positive
C.	Recovery	(iii)	Highest level
D.	Depression	(iv)	Negative

Codes

	A	B	C	D			A	B	C	D
(a)	(iii)	(iv)	(i)	(ii)		(b)	(i)	(iii)	(ii)	(iv)
(c)	(iv)	(iii)	(ii)	(i)		(d)	(i)	(ii)	(iii)	(iv)

42. Choose the correct combination between the following columns

	Column I		Column II
A	Longevity of Life	(i)	Percentage of students enrolled at primary, secondary and tertiary level
B	Adult Literacy Rate	(ii)	Percentage of people aged 15 and above
C	Gross Enrolment Ratio	(iii)	Life expectancy at birth

Codes

	A	B	C			A	B	C
(a)	(iii)	(ii)	(i)		(b)	(ii)	(iii)	(i)
(c)	(i)	(ii)	(iii)		(d)	(iii)	(i)	(ii)

Direction *(Q. No. 43 to 46) There are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the appropriate option from the options given below*

Alternatives

(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)

(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)

(c) Assertion (A) is true, but Reason (R) is false

(d) Assertion (A) and Reason (R) both are false

43. Assertion (A) There exits inverse relationship between interest rates and bond prices.

Reason (R) A bond price represents the present discounted value of the payments agreed upon at the time when the bond was issued.

44. Assertion (A) During periods of economic downturn, central bank raises cash reserve ratio as a monetary policy tool to stablise the economy.

Reason (R) This in turn will increase the credit creation power of the commercial banks and thus reduces the level of AD in an economy.

45. Assertion (A) Primary sector is an important source of labour supply to the secondary and tertiary sectors of the economy.

Reason (R) When productivity rises in agriculture (owing to the use of innovative technology), less labour is needed to produce a given level of output.

46. Assertion (A) The crude oil reserves are going down for the entire world and the countries need to find substitute fuel for crude oil.

Reason (R) A country that is dependent on import for crude oil will demand more crude oil in future.

Direction *Read the following case study and answer the Q. No. 47 to 50 on the basis of the same*

Along with being a basic human need, water is also a basic constituent for the survival of eco-systems of which people and their cultures are important components. The water resources distribution in India, predominantly an agrarian economy, is highly asymmetric and has been accompanied by severe decline in per capita water availability during the past 50 years, with agriculture being the maximum water user, leading to over-exploitation of ground water and steadily depleting water tables along with a heavy energy bill.

Gujarat State falls in a water stressed zone of the country and is also the victim of intra-state asymmetric water availability leading to an unwanted socio-economic disparity, with the following results

A poor literacy rate in water-deficit districts; concentration of industry and housing in regions with better water resources endowment; and demographic change, e.g. the shift of the prime workforce from drought-prone districts to water-surplus districts. This in turn denies the right to life, development, health, food, education and work for these migrant communities.

To ensure a balanced development when there is less than one acre per capita of cultivable landholding and over 14,000 villages out of 18,563 are suffering from water scarcity, there is no other alternative but to transfer water from surplus to scarce areas of the state.

47. Which of the following is/are not an objective(s) of sustainable development?
  (a) Control over growth rate of population
  (b) Maintain ecological balance
  (c) Maintain a dynamic balance of water resources by reducing water consumption
  (d) To bring about a gradual and sometimes, catastrophic transformation of environment

48. Which of the following is not included in the strategies of sustainable development?
(a) Maintain carrying capacity of environment
(b) Maintain inter and intra-generation equity
(c) Bring gender disparity and diversity
(d) None of the above

49. The .... commission emphasises on protecting the future generation.
(a) Brundtland   (b) Mundell   (c) Indian   (d) French

50. Water is an important resource for all biotic components. Over use of water has posed a serious threat on the future generations. Which of the following measures can be taken to improve availability of water across generations?
(a) Encouraging rain water harvesting
(b) Check on overuse of ground water level
(c) Spreading awareness about water conservation
(d) All of the above

OMR SHEET

1	ⓐ	ⓑ	ⓒ	ⓓ	**2**	ⓐ	ⓑ	ⓒ	ⓓ	**3**	ⓐ	ⓑ	ⓒ	ⓓ	**4**	ⓐ	ⓑ	ⓒ	ⓓ
5	ⓐ	ⓑ	ⓒ	ⓓ	**6**	ⓐ	ⓑ	ⓒ	ⓓ	**7**	ⓐ	ⓑ	ⓒ	ⓓ	**8**	ⓐ	ⓑ	ⓒ	ⓓ
9	ⓐ	ⓑ	ⓒ	ⓓ	**10**	ⓐ	ⓑ	ⓒ	ⓓ	**11**	ⓐ	ⓑ	ⓒ	ⓓ	**12**	ⓐ	ⓑ	ⓒ	ⓓ
13	ⓐ	ⓑ	ⓒ	ⓓ	**14**	ⓐ	ⓑ	ⓒ	ⓓ	**15**	ⓐ	ⓑ	ⓒ	ⓓ	**16**	ⓐ	ⓑ	ⓒ	ⓓ
17	ⓐ	ⓑ	ⓒ	ⓓ	**18**	ⓐ	ⓑ	ⓒ	ⓓ	**19**	ⓐ	ⓑ	ⓒ	ⓓ	**20**	ⓐ	ⓑ	ⓒ	ⓓ
21	ⓐ	ⓑ	ⓒ	ⓓ	**22**	ⓐ	ⓑ	ⓒ	ⓓ	**23**	ⓐ	ⓑ	ⓒ	ⓓ	**24**	ⓐ	ⓑ	ⓒ	ⓓ
25	ⓐ	ⓑ	ⓒ	ⓓ	**26**	ⓐ	ⓑ	ⓒ	ⓓ	**27**	ⓐ	ⓑ	ⓒ	ⓓ	**28**	ⓐ	ⓑ	ⓒ	ⓓ
29	ⓐ	ⓑ	ⓒ	ⓓ	**30**	ⓐ	ⓑ	ⓒ	ⓓ	**31**	ⓐ	ⓑ	ⓒ	ⓓ	**32**	ⓐ	ⓑ	ⓒ	ⓓ
33	ⓐ	ⓑ	ⓒ	ⓓ	**34**	ⓐ	ⓑ	ⓒ	ⓓ	**35**	ⓐ	ⓑ	ⓒ	ⓓ	**36**	ⓐ	ⓑ	ⓒ	ⓓ
37	ⓐ	ⓑ	ⓒ	ⓓ	**38**	ⓐ	ⓑ	ⓒ	ⓓ	**39**	ⓐ	ⓑ	ⓒ	ⓓ	**40**	ⓐ	ⓑ	ⓒ	ⓓ
41	ⓐ	ⓑ	ⓒ	ⓓ	**42**	ⓐ	ⓑ	ⓒ	ⓓ	**43**	ⓐ	ⓑ	ⓒ	ⓓ	**44**	ⓐ	ⓑ	ⓒ	ⓓ
45	ⓐ	ⓑ	ⓒ	ⓓ	**46**	ⓐ	ⓑ	ⓒ	ⓓ	**47**	ⓐ	ⓑ	ⓒ	ⓓ	**48**	ⓐ	ⓑ	ⓒ	ⓓ
49	ⓐ	ⓑ	ⓒ	ⓓ	**50**	ⓐ	ⓑ	ⓒ	ⓓ										

Hints and Answers

1. (d) All of the above
2. (c) Mixed income of self-employed
3. (b) currency outside banks, checking deposits and travellers checks
4. (a) Reduction in the cash reserve ratio
5. (a) smooth out short-run fluctuations in exchange rates
6. (d) All of these
7. (b) shift from the condition of high birth and high death rates to low birth and low death rates
8. (d) enforce patent rights for patent holders from other countries
9. (d) All of the above
10. (b) Trade unions
11. (b) fly ash
12. (d) All of the above
13. (d) Earthworms
14. (a) true, true
15. (d) true, true
16. (d) true, false
17. (d) true, true
18. (d) All of the above
19. (c) At present, nuclear energy accounts for only 2%
20. (b) Some divide infrastructure into two categories. i.e. legal and environmental
21. (c) The fertility rate is higher in China than India which makes China the most populated country
22. (d) Here,

    NNP_{MP} = Private Final Consumption Expenditure + Government Final Consumption Expenditure + Gross Domestic Capital Formation + Net Export − *Depreciation + NFIA

    $= 100 + 20 + 30 + (-10) - 25 + (-5) = ₹\ 110$ crore

    *Depreciation = Gross National Disposable Income − Net National Disposable Income

    $= 170 - 145 = ₹\ 25$ crore

23. (b) Net Domestic Product at Factor Cost (NDP_{FC})

    = Compensation of Employees + Interest + Rent and Profit

    $= 3,000 + 700 + 700 = ₹\ 4,400$ crore

24. (a) Here, MPS = 0.2, $\Delta I = ₹\ 200$ crore

    So, $\quad K = \dfrac{1}{MPS} \quad or \quad K = \dfrac{1}{0.2} = 5$

    Now, $\quad K = \dfrac{\Delta Y}{\Delta I} \quad or \quad 5 = \dfrac{\Delta Y}{200}$

    Hence, $\Delta Y = 5 \times 200 = ₹\ 1,000$ crore

25. (a) Fiscal Deficit = Revenue Deficit + Capital Expenditure − Non-debt Creating Receipts

    $= 40 + 220 - 190 = ₹\ 70$ arab

    Therefore, Primary Deficit = Fiscal Deficit − Interest payments

    $= 70 - 20 = ₹\ 50$ arab

26. (a) dirty floating **27.** (b) Statement I is false, but Statement II is true

28. (c) Both statements are true **29.** (c) Both statements are true

30. (c) Both statements are true **31.** (c) Both statements are true

32. (c) Both statements are true **33.** (a) II, III and IV

34. (c) I and II **35.** (c) I and III

36. (a) I, II, III and IV **37.** (d) I, II, III and IV

38. (d) All of the above

39. (c) It is similar to investment in capital goods by companies

40. (a) high demand from prospective beneficiaries

41. (b) (i) (iii) (ii) (iv) **42.** (a) (iii) (ii) (i)

43. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)

44. (d) During periods of recession, government lowers down CRR which in turn increases the credit creation power of the commercial banks and thus increases the level of AD in an economy.

45. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)

46. (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)

47. (d) To bring about a gradual and sometimes, catastrophic transformation of environment

48. (d) None of the above **49.** (a) Brundtland **50.** (d) All of the above