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Candidate Name

Class

Section

BLOOM Economics
Olympiad (BEO)
Question Paper 2024-25

Class
12

Total Questions: **50 + 5** (Tie-Breaking Section)


Total Time Allotted :
60 minutes

Total Marks
60

Instructions

1. There are **50 Multiple Choice Questions** in this booklet having 4 options out of which **ONLY ONE** is correct.
2. There are two sections in the Question Paper; **Section A** having 40 Questions carrying 1 Mark each & **Section B** having 10 Higher Difficulty Order Questions carrying 2 Marks each.
3. All questions are compulsory. There is **NO negative** marking for incorrect answers.
4. Total time allotted to complete the paper is 60 minutes.
5. Please fill in your details in the space provided on this page before attempting the paper.

OMR Sheet Instructions

1. Before starting the paper, fill in all the details in the OMR Sheet.
2. Additional 10 minutes will be provided to fill up the OMR sheet, before the start of the exam.
3. Use HB Pencil to darken the circle of the correct Option in OMR sheet. The correct way to darken the circle in OMR sheet is shown below.

4. Use black or blue ball point pen/HB pencil to fill the information in the OMR sheet. Partially filled OMR sheet will not be checked.
5. Return the OMR sheet to the invigilator after the exam.

CODE #207

EC12



Section A (1 Mark)

- Which of the following is most likely to occur automatically with an increase in national income?
 - Decrease in income tax revenue
 - Decrease in corporation tax revenue
 - Decrease in interest rates
 - Decrease in the budget deficit
- In a situation where the Reserve Bank of India (RBI) decides to implement a contractionary monetary policy, which of the following combinations of actions would most likely achieve this objective?
 - Increase in the statutory liquidity ratio.
 - Reduction in the repo rate.
 - Open market sale of government securities.
 - Decrease in the Marginal Standing Facility (MSF) rate.

Choose the correct answer from the options given below

(a) A and B	(b) B and D
(c) A and C	(d) C and D
- Which of the following accurately describes the term "License Raj"?
 - The regulatory scheme for Foreign Direct Investment (FDI) in India
 - The regulatory framework specifically governing international trade licensing
 - The permit system exclusively for export-related activities
 - The comprehensive system of licensing and regulatory control imposed on businesses in India
- Which of the following serves as an instance of "fiduciary money," where its value relies on the trust and confidence placed in the issuer rather than intrinsic value?
 - A negotiable instrument authorising the transfer of a specific amount
 - A commodity with intrinsic value traditionally used as currency
 - A plastic card that facilitates access to borrowed funds

(d) A debt security issued by the government with a promise of future repayment

- Arrange the following events in the correct sequence for the path of development of China.
 - Encourage students and professionals to gain professional expertise.
 - Encourage the establishment of industries in their backyards.
 - Establishment of Special Economic Zones (SEZs).
 - Withdrawal of the commune system of farming.

Alternatives

- | | |
|----------------|----------------|
| (a) A, B, C, D | (b) A, C, D, B |
| (c) B, A, D, C | (d) C, A, B, D |

- In a remote village named Shikshanpur, the residents faced a lack of access to quality education and healthcare for decades. However, with the government's initiative to build schools, provide mid-day meals and launch health schemes, the literacy rate improved and infant mortality rates declined significantly. As a result, the villagers started participating more actively in the local economy, leading to improved standards of living.

Based on the above scenario, which concept related to human capital formation is demonstrated?

- The effect of educational and health investments on human capital development
 - The role of government intervention in reducing economic inequalities
 - The link between improved economic productivity and economic growth
 - The impact of enhanced educational outcomes on economic participation
- Which marketing strategy enables a group of farmers to join forces in selling their produce, thereby leveraging collective bargaining power to negotiate better prices, while also often involving shared resources and joint decision-making?
 - Direct selling
 - Cooperative marketing
 - Contract farming
 - Retail marketing

8. If the investment multiplier is 2.5 and there is a decrease in investment of \$50 million, what will be the decrease in national income?
 (a) \$100 million (b) \$125 million
 (c) \$150 million (d) \$200 million
9. Which of the following are likely results when the government focuses on expanding vocational training and job creation programmes?
 A. Increase in youth unemployment.
 B. Improvement in the match between skills and job requirements.
 C. Rise in informal sector employment.
 D. Reduction in structural unemployment.
 Choose the correct answer from the options given below
 (a) A and B (b) B and C
 (c) A and C (d) B and D
10. Why commercial banks are considered “creators of money”?
 (a) They print currency notes and coins
 (b) They hold the majority of the nation’s gold reserves
 (c) They provide loans, which create deposits and increase the money supply
 (d) They collect taxes on behalf of the government
11. Consider an economy experiencing both high inflation and high unemployment, a situation known as stagflation.
 Which of the following policy mixes would be most appropriate to address both issues simultaneously?
 (a) Increase interest rates and decrease government spending
 (b) Increase government spending and decrease interest rates
 (c) Implement structural reforms to enhance productivity and apply targeted fiscal measures to support employment
 (d) Decrease taxes and increase money supply
12. Which of the following statements is true regarding the calculation of national income?
 (a) Transfer payments are included in the national income
 (b) Capital gains from the sale of assets are included in national income
 (c) National income includes the value of services rendered by housewives
 (d) Imputed rent of owner-occupied houses is included in national income
13. Given that the government is grappling with a significant trade deficit and is exploring solutions in collaboration with the central bank, which of the following strategies would effectively address this issue?
 (a) Reducing the prime interest rates to encourage borrowing and spending
 (b) Offering tax incentives to firms engaged in exporting, to boost foreign sales
 (c) Purchasing government bonds to inject liquidity into the economy
 (d) Implementing all the above-mentioned strategies
14. Which combination of policies is likely to reduce a government’s budget deficit?
 (a) Increasing government expenditure and reducing taxes
 (b) Reducing government expenditure and increasing taxes
 (c) Increasing government borrowing and decreasing taxes
 (d) Increasing government expenditure and increasing public debt
15. It is that Gross National Product (GNP) includes net factor income from abroad, while it is that GNP is always greater than GDP.
 (a) true, true (b) false, true
 (c) true, false (d) false, false
16. Statement by CNBCTV18, July 2024: Better than Expected Fiscal Performance in FY24
 “India’s fiscal deficit for FY24 was 5.6% of GDP, improved from an earlier estimate of 5.8%, attributed to strong revenue collections and controlled expenditures.”
 Which of the following measures could the government have likely implemented to achieve a fiscal deficit of 5.6% of GDP, down from 5.8%?
 (a) Implementing new tax exemptions
 (b) Increasing capital expenditures on infrastructure
 (c) Enhancing tax compliance and efficiency
 (d) Raising the fiscal deficit limit

17. Which of the following outcomes is least expected as a result of the growth of the informal sector?
- Increased income instability for workers
 - Decline in government tax revenues
 - Weakened regulatory enforcement
 - Strengthened legal protections for informal sector workers
18. Evolution of Rural Credit Systems : Place the following events related to the evolution of rural credit systems in India in chronological order, starting from the earliest
- Formation of NABARD (National Bank for Agriculture and Rural Development).
 - Establishment of Regional Rural Banks (RRBs).
 - Introduction of the Kisan Credit Card (KCC) Scheme.
 - Launch of SHG-Bank Linkage Programme.
- Alternatives**
- $A > B > C > D$
 - $B > A > C > D$
 - $A > B > D > C$
 - $B > A > D > C$
19. "Disguised unemployment is a situation where people appear to be employed, but their marginal productivity is zero or negligible." Which of the following sectors typically exhibits disguised unemployment as mentioned in the statement?
- Industrial sector
 - Agricultural sector
 - Service sector
 - IT sector
20. In which of the following scenarios would a country likely see an increase in its official reserve assets in the balance of payments?
- A country sells domestic currency to buy foreign currency in the foreign exchange market
 - A country receives foreign aid for disaster relief
 - A country exports machinery and receives payment in foreign currency
 - A country repays a foreign loan with domestic currency
21. If Economy A is facing an inflationary gap and the government increases spending, the immediate outcome will most likely be
- The inflationary gap will widen due to higher inflation
 - Aggregate demand will decrease, reducing the inflationary gap
 - The long-run aggregate supply will shift right, stabilising prices
 - Higher spending will reduce interest rates, closing the inflationary gap
22. Which of the subsequent statements represents a characteristic that does not pertain to the constraints of employing GDP as an indicator of economic well-being?
- GDP overlooks the disparities in income distribution
 - GDP omits the value of transactions occurring outside the market framework
 - GDP aggregates the worth of all produced goods and services, regardless of their societal or environmental impact
 - GDP incorporates modifications for the effects of environmental deterioration
23. It is that human capital can depreciate over time, while it is that physical capital cannot depreciate.
- true, true
 - false, true
 - true, false
 - false, false
24. Which of the following statements about Reserve Bank of India (RBI) is incorrect?
- The RBI was established on 1st April, 1935 under the Reserve Bank of India Act, 1934
 - The RBI directly regulates the interest rates on fixed deposits offered by all commercial banks
 - The RBI acts as the lender of last resort for commercial banks in India
 - None of the above
25. Post-1991, which sector was the first to receive a significant increase in Foreign Direct Investment (FDI)?
- Retail
 - Banking
 - Information technology
 - Manufacturing
26. It is that the green revolution in India primarily focused on increasing agricultural productivity through technological advancements, while it is that this revolution led to equitable growth in rural areas.
- true, false
 - false, true
 - true, true
 - false, false

27. Which of the following statements is true regarding the 1991 economic reforms?
- The reforms immediately eradicated poverty in India
 - The reforms included a significant devaluation of the Indian rupee
 - The reforms led to the nationalisation of major private banks
 - The reforms were primarily focused on the agricultural sector

28. I. According to Keynesian theory, equilibrium level is always achieved at full employment level.
II. At full employment equilibrium, there is no involuntary unemployment.

Alternatives

- Statement I is true and Statement II is false
 - Statement I is false and Statement II is true
 - Both statements are true
 - Both statements are false
29. I. Net demand deposits (and not gross demand deposits) of commercial banks are included in money supply.
II. Inter-bank deposits are the deposits held by banks on behalf of other banks and do not belong to the public.

Alternatives

- Statement I is true and Statement II is false
 - Statement I is false and Statement II is true
 - Both statements are true
 - Both statements are false
30. I. Personal income tax and corporation tax are indirect taxes.
II. The liability to pay and burden of an indirect tax lie on different persons/ entities.

Alternatives

- Statement I is true and Statement II is false
 - Statement I is false and Statement II is true
 - Both statements are true
 - Both statements are false
31. A country has a Gross National Income (GNI) of ₹ 1,800 billion, with net exports of ₹ 150 billion and net factor income from abroad of ₹ (70 billion).

What is the Gross Domestic Product (GDP)?

- ₹ 1,750 billion
- ₹ 1,870 billion
- ₹ 1,920 billion
- ₹ 1,800 billion

32. In the context of circular flow of income, which of the following flows is not considered part of the domestic economy?

- Factor payments to households
- Government transfer payments
- Income of residents working abroad
- Investment by domestic firms

33. According to the NCERT statement, “consumers will not voluntarily pay for what they can get for free and for which there is no exclusive title to the property being enjoyed.” Which of the following best describes this concept?

- Free rider problem
- Non-excludability
- Public goods
- Collective consumption

34. Choose the correct statement about economic development.

- Share of labour devoted to agriculture generally declines as countries get richer
- With the Industrial Revolution, the dominating sector of most economies moved from agriculture to services
- Either (a) or (b)
- None of the above

35. Which statement most accurately reflects the concept of ‘carrying capacity’?

- The number of species an environment can support without depleting resources
- The highest level of resource use an environment can sustain without long-term harm
- The number of people an environment can support before resources are insufficient
- None of the above

36. According to Economic Times August 2024, “India’s unemployment rate shows a marginal decline: The unemployment rate slightly decreased from 6.7% to 6.6% in Q1 FY24-25, with urban male unemployment at 5.8% and female at 9%.”

Why might the unemployment rate differ between urban males and urban females?

- A. Differences in education levels
- B. Variations in industry-specific job availability
- C. Varied levels of participation and representation in different sectors
- D. Gender discrimination in the workplace

Alternatives

- (a) A, C and D (b) A, B and C
- (b) B, C and D (d) A, B and D

- 37.** It is that regional cooperation organisations like SAARC aim to improve economic and cultural ties among South Asian countries, while it is that these organisations have been completely successful in eliminating all regional disputes.

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

- 38.** In what way does dairying most significantly contribute to the economic stability of rural households?

- (a) By diminishing the need for crop diversification
- (b) By ensuring regular and predictable income
- (c) By increasing the reliance on seasonal labour
- (d) By improving soil fertility through livestock manure

- 39.** In the context of the foreign exchange market, the concept of “dirty float” refers to

- (a) the implementation of fixed exchange rate systems
- (b) the occurrence of frequent speculative attacks on a currency
- (c) the practice of governments intervening in the foreign exchange market to stabilise their currency
- (d) None of the above

- 40.** Which of the following strategies is least likely to contribute to achieving sustainable development?

- (a) Implementing carbon taxes on industrial emissions
- (b) Expanding deforestation for agricultural purposes
- (c) Investing in renewable energy technologies
- (d) Promoting energy-efficient practices in households

Section B (2 Marks)

41. Match List-I with List-II

List-I	List-II
A. Revenue deficit	(i) Difference between revenue expenditure and revenue receipts
B. Primary deficit	(ii) Excess of total expenditure over total receipts excluding borrowings
C. Fiscal deficit	(iii) Difference between total expenditure and total receipts
D. Budget deficit	(iv) Difference between fiscal deficit and interest payments

Codes

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

42. Match List-I with List-II

List-I	List-II
A. National Skill Development Mission	(i) Training and certification programmes for youth
B. Right to Education Act (2009)	(ii) Ensuring free and compulsory education for children
C. Skill Development Schemes	(iii) Focus on higher education and technical skills
D. Indian Institutes of Technology (IITs)	(iv) Enhancing employability through vocational training

Codes

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

Direction (Q. No. 43 to 46) There are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the appropriate answer 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) is false, but Reason (R) is true

- 43. Assertion (A)** The 1991 economic reforms in India led to a significant increase in fiscal deficit and inflation rates.

Reason (R) The introduction of Structural Adjustment Programmes (SAPs) by the IMF and World Bank was a primary reason for India's economic recovery post 1991.

- 44. Assertion (A)** The Air (Prevention and Control of Pollution) Act, 1981 was amended in 1987 to include noise as an air pollutant.

Reason (R) The 1987 amendment to the Air Act was in response to growing public concern over vehicular emissions.

- 45. Assertion (A)** India's development strategy has placed significant emphasis on decentralised planning, which has been instrumental in addressing regional disparities.

Reasoning (R) In contrast, many of India's neighbours, such as Pakistan, have followed a more centralised approach to development, which has often led to unequal growth across regions.

- 46. Assertion (A)** A depreciating currency generally boosts a country's exports by making them cheaper on the global market.

Reason (R) A weaker currency increases the purchasing power of domestic consumers for foreign goods.

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

Exchange Rate Impact on Country X's Economy

Country X, a major exporter of agricultural products and importer of machinery, recently faced significant fluctuations in its exchange rate against the Euro. In the past year, Country X's currency depreciated by 12% against the Euro.

This depreciation made its agricultural products more competitive in European markets, leading to a 20% increase in exports. However, the higher cost of importing machinery due to the weaker currency resulted in increased production costs and a decrease in industrial output.

In response to these economic challenges, the government of Country X adjusted its monetary policy by raising interest rates to attract foreign investment and stabilise the currency. These measures aimed to reduce the volatility and help balance the trade-offs between export competitiveness and import costs.

- 47.** What was the primary effect of the higher cost of importing machinery on Country X's industrial output?

- (a) Increase in industrial output due to cheaper machinery
- (b) Increase in industrial output due to higher efficiency
- (c) No impact on industrial output as machinery costs remained constant
- (d) Decrease in industrial output due to higher production costs

- 48.** Which of the following is best suitable currency exchange for country X to manage the increasing production costs?

- (a) Adopting the pegged exchange rate system
- (b) Adopting the floating exchange rate system
- (c) Adopting managed floating exchange rate system
- (d) None of the above

- 49.** How increasing interest rates stabilises the currency?

- (a) By bringing in more foreign investment
- (b) By increasing demand for domestic currency
- (c) By decreasing value of domestic currency
- (d) None of the above

- 50.** What is a potential downside of the currency depreciation on Country X's overall economic health?

- (a) Decreased export revenue due to lower demand for agricultural products
- (b) Increased inflation due to higher import costs
- (c) Improved balance of trade due to reduced import costs
- (d) Increased industrial production due to lower machinery costs

Tie-Breaking Section

Instructions

1. This section consists of 5 Questions.
 2. The score achieved in this section will not be included in the total marks.
 3. If overall marks of two or more students are same, winner will be decided based on the score in this section.
 4. Participation in this section is optional and students may choose to attempt it or not.
-
1. Raj is a builder. He bought 10 houses in a neighbourhood for ₹ 2.5 crore each and hired a contractor to raze all the houses. On the same plot of land, he constructed a lavish bungalow which he sold to a rich businessman for ₹ 100 crore. In the process of construction, he paid ₹ 5 crore to the workers and bought material worth ₹ 15 crore. What amount should be included while calculating national income?
(a) ₹ 100 crore (b) ₹ 120 crore
(c) ₹ 125 crore (d) ₹ 145 crore
 2. For Eurozone countries, the primary reason for the downward slope of the aggregate demand curve is most likely
(a) the wealth effect
(b) the exchange rate effect
(c) the fiscal effect
(d) the interest rate effect
 3. Given that a country experienced a trade deficit in a particular year and had no net inflows or outflows from invisibles, which of the following must be incorrect?
(a) The current account deficit will exactly match the trade deficit
(b) The country's total autonomous payments will surpass its total autonomous receipts
(c) The capital account must have faced a shortfall during this period
(d) The capital account is likely to show a net surplus
 4. A bank has total deposits of ₹ 50,000 and maintains a reserve requirement ratio of 20%. If the bank decides to hold excess reserves of ₹ 5,000, what will be the maximum amount of new loans, the bank can make?
(a) ₹ 5,000 (b) ₹ 10,000
(c) ₹ 35,000 (d) ₹ 40,000
 5. Consider the following statements about involuntary unemployment. Which of the statements is correct?
(a) Legal frameworks in many nations prohibit involuntary unemployment as a matter of policy
(b) When an employee is terminated involuntarily but secures a new position instantaneously, the occurrence of involuntary unemployment is likely to increase
(c) The presence of efficiency wages, which are set above the market-clearing level, ensures the complete eradication of involuntary unemployment
(d) The imposition of a minimum wage rate exceeding the equilibrium wage level leads a rise in involuntary unemployment