

SECTION A: (40 MARKS)

Answer *ALL* questions. Figures in brackets [] indicate full marks.

Question 1

[15 marks]

Directions: Read the following questions carefully. For each question there are four responses A, B, C and D. Choose the correct response and write it in the space provided in the question booklet.

(i) The factor that affects the demand for labour is

- A working environment.
- B productivity of labour.
- C better housing.
- D fringe benefit.

Answer:.....

(ii) A country which looks to the world economy for the sale of her goods and services is called

- A importer.
- B exporter.
- C export promoter.
- D import substitutor.

Answer:.....

(iii) More number of population between the age of 30-45 years means

- A labour force has decreased.
- B dependency ratio has increased.
- C working population has decreased.
- D working population has increased.

Answer:.....

(iv) When the MRP is equal to marginal cost, the employment of the additional labour will lead a firm to

- A neither make profit nor incur loss.
- B make profit as well as incur loss.
- C make profit.
- D incur loss.

Answer:.....

(v) All the following are unearned income **EXCEPT**

- A dividends.
- B commission.
- C superannuation.
- D ownership of capital goods.

Answer:.....

(vi) Which of the following is recurrent expenditure?

- I Construction of Tala Hydro power corporation
- II Personal emoluments
- III Interest payments
- IV Transfer grants

Choose the correct answer

- A I, II & III
- B I, III & IV
- C II, III & IV
- D I, II & IV

Answer:.....

(vii) The activity that falls under tertiary sector is

- A producing electricity.
- B manufacturing.
- C gas production.
- D real estate.

Answer:.....

(viii) Treatment of patient by a doctor is an example of

- A skilled labour.
- B unskilled labour.
- C economic activity.
- D semi-skilled labour.

Answer:.....

(ix) If the total budget is Nu.32, 465 million and the amount of grant is Nu.13,859 million, the percentage of the grant will be;

- A 39.69 %.
- B 40.69%.
- C 41.69%.
- D 42.69%.

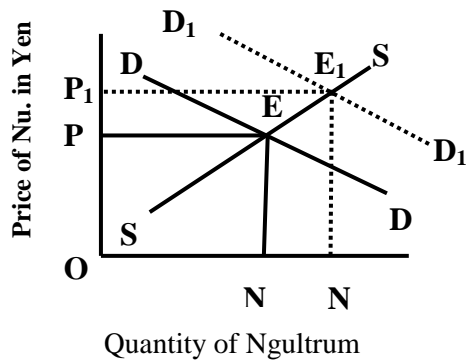
Answer:.....

(x) Resource gap can be filled up by _____

- A borrowing.
- B reducing expenditure.
- C increasing expenditure.
- D limiting developmental activities.

Answer:.....

(xi)

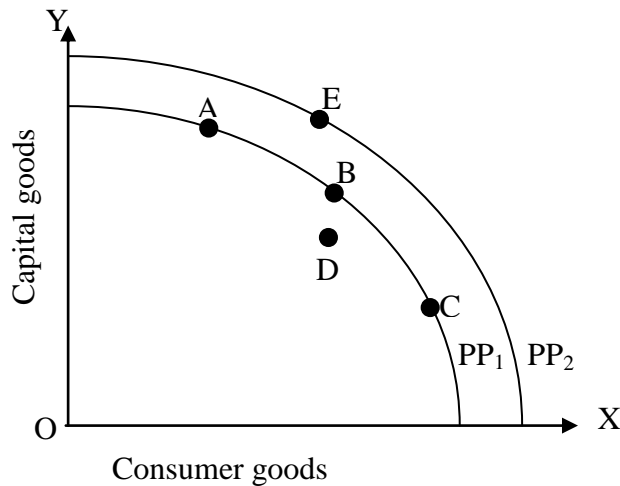


The shift in the demand curve from DD to D₁D₁ in the above diagram represents

- A increase in the supply of ngultrum.
- B decrease in the supply of ngultrum.
- C increase in the demand for ngultrum.
- D decrease in the demand for ngultrum.

Answer:.....

(xii)



In the above diagram, the movement of production of capital goods and consumer goods from D to A and from A to E represents

- A unattainable combination.
- B economic growth.
- C over growth.
- D best points.

Answer:.....

(xiii) The payments made by the firms to the households are

- I Income for the firms
- II Expenditure for the firms
- III Income for the household
- IV Expenditure for the house hold

Which one of the given combinations is correct?

- A I & II
- B I & III
- C II & III
- D III & IV

Answer:.....

(xiv) Which of the following points is the difference between internal trade and international trade?

- A Extent of the market
- B Specialization
- C Profit
- D Cost

Answer:.....

(xv) Deficit balance of payment can be corrected by _____

- A increasing imports
- B decreasing exports.
- C decreasing imports.
- D increasing consumption expenditure.

Answer:.....

Question 2

(a) Using the information provided in the table below, calculate the relative productivity ratio of producing oranges in Bhutan and Bangladesh

[2]

| Country | Oranges | Mangoes |
|------------|---------|---------|
| Bhutan | 32 | 24 |
| Bangladesh | 40 | 40 |

(b) Analyze the effects of the rate of exchange of Ngultrums on the Bhutanese Economy.

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(c) “Hydro electricity contributes to economic growth in Bhutan”. Explain. [1]

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Question 3

(a) Why do you think interest is charged for lending money? Give **THREE** reasons. [3]

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(b) Do you think Bhutan should join WTO? Justify giving **TWO** reasons. [2]

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(c)

| Year | Total Revenue (Nu in millions) | Total Expenditure (Nu in millions) |
|-----------|-----------------------------------|---------------------------------------|
| 2009 - 10 | 30,990.7 | 29,889.9 |
| 2010 - 11 | 30,549.7 | 35,073.1 |
| 2011 - 12 | 32,546.0 | 38,020.2 |

Using the information provided in the above table, draw a paired bar graph for the given years.

[3]

(d) Suggest **TWO** measures to curb the rural-urban migration.

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(d) Explain **THREE** basic principles of SAPTA

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SECTION B: (40 MARKS)

*Attempt any **FOUR** questions from this section. The intended marks are given in brackets [].*

Question 5

(a) List down **TWO** types of industry according to the amount of capital invested. [2]

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(b) Explain with the help of a diagram, how wage rate affects the demand for labour. [3]

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(c) How can capital investment in human resources development promote development in Bhutan?

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(d) Can an ordinary citizen be able to help government solve the problem of rupee shortage in Bhutan?

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Question 6

(a) How is visible trade different from invisible trade? Give **ONE** example each.

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(b) Discuss **ONE** positive and **ONE** negative impact of population growth on the economy.

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(c) Briefly explain the **THREE** types of income.

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(d) Suppose the government increases the public expenditure by Nu 100 million, in which **TWO** sectors mentioned below would you suggest this amount to be spent and why?

[2]

- i. Agriculture
- ii. Transport and communication.
- iii. Health and education.
- iv. Environment.

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Question 7

- (a) There is a common concern about the local farmers not being able to sell their products in the market due to substitute available from outside. In such a situation, what trade strategy would you suggest for the Bhutanese?

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- (b) Rupee crunch in Bhutan in a way is considered a blessing in disguise. How do you think Bhutan would benefit from rupee crunch?

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- (c) Can poverty be alleviated in Bhutan completely? Justify your answer with **THREE** reasons.

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(d) There are so many problems related to old age in our society.
Suggest **TWO** ways to help aged people in our country in the future. [2]

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Question 8

(a) Construct a graph showing determination of wage rate and explain it briefly. [3]

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(b) Suppose the banks increases the rate of interest from 12% to 14% on borrowing. Write **TWO** consequences of this on:

- i. investment
- ii. economy

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(c) Globalization is inevitable. Discuss **THREE** possible benefits Bhutan would reap from globalization.

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(d) Study the table below:

| Items imported | 2009 |
|----------------|------------------------------|
| | Values of import in millions |
| Copper wire | 593.1 |
| Rice | 721.8 |

Illustrate the above figures in a pie diagram.

[2]

Question 9

(a) What do you mean by balance of payment? [1]

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(b) Explain economic growth with the help a production possibility frontier. [3]

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(c) Mention at least **THREE** factors that lead to housing problems in urban areas and suggest **THREE** measures to solve the housing problems.

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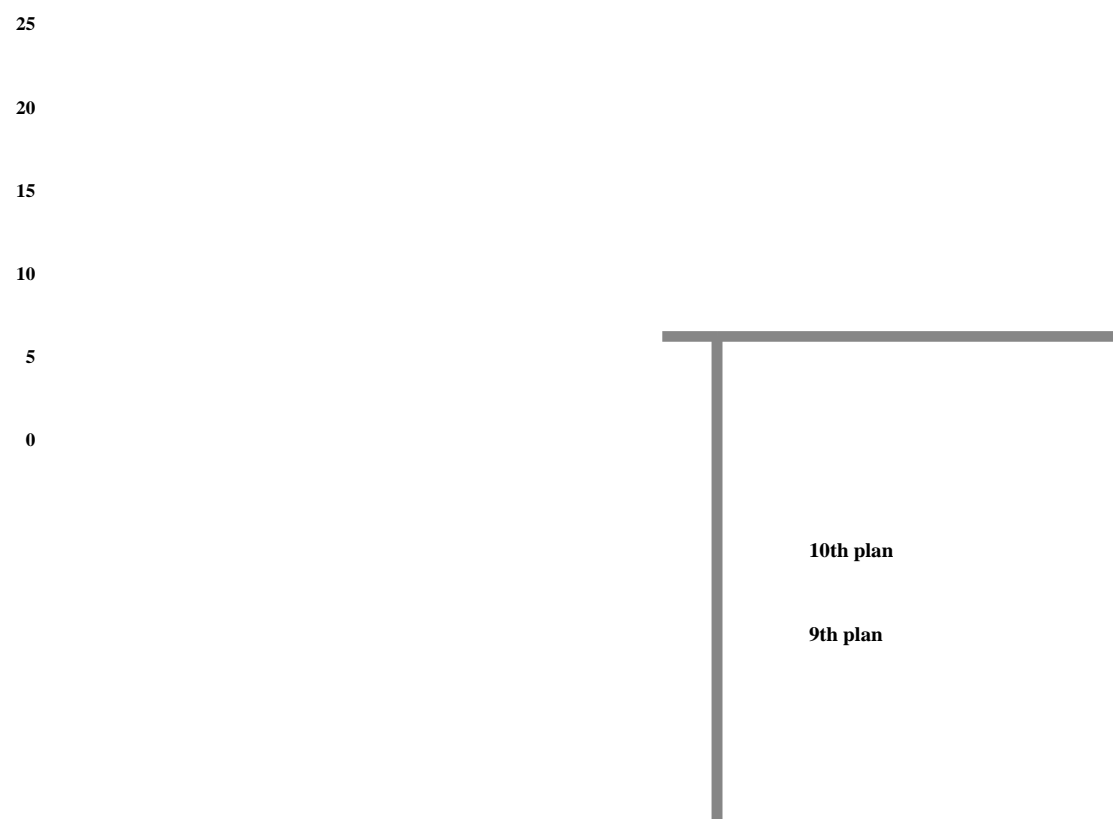
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(d) Study the Sector-wise Public Expenditure (in % of Total Expenditure) given below:



Which is the largest area of the public expenditure for the 10th Five Year Plan?
Why is huge expenditure in this area?

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(e) State **TWO** factors of population growth. [1]

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Question 10

(a) List down **TWO** similarities between internal and external trade. [1]

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(b) Positive balance of payments is due to loans and aids Bhutan receives from other countries. Is it good to have positive balance of payments arising from aids? [3]

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