

Alternative No:

Index No:

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Supervising Examiner's/Invigilator's initial:

Economics

Writing Time: 2 Hours

Total Marks: 80

READ THE FOLLOWING DIRECTIONS CAREFULLY:

1. Do **not** write during the first **fifteen minutes**. This time is to be spent on reading the questions. After having read the questions, you will be given **two hours** to answer all questions.
2. Write your **index number** in the space provided on the **top right hand corner of this cover page only**. The **first five digits** have already been printed for you.
3. Attempt **all** questions from Section A and **ANY FOUR** questions from Section B.
4. The intended marks for questions or parts of questions, are given in brackets [].
5. Read the directions to each question carefully and write **all** your answers in the space provided in the **question booklet** itself.
6. Remember to write **quickly** but **neatly**.
7. **Do not** remove or tear off any page from the booklet.
8. **Do not** draw lines or pictures **in** the booklet to beautify it.
9. **Do not** leave the examination hall before you have **made sure** that you have answered all the questions.

For Chief Marker's and Markers' Use only

Section	A				B						Total	
Question Number	1	2	3	4	5	6	7	8	9	10		Chief Marker's Signature↓
Award												
Markers' Initial →												

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.

i) The following factors influence the growth of population in a country **EXCEPT**

- A number of births for a particular period.
- B number of deaths in that period.
- C immigration and emigration.
- D rural – urban migration.

Answer:

ii) Rent refers to the price paid for the use of

- A land.
- B services of labour.
- C factors which are elastic in supply.
- D a factor which is inelastic in supply in the short term.

Answer:

iii) Example of an indirect tax is

- A sales tax.
- B property tax.
- C motor vehicle tax.
- D personal income tax.

Answer:

iv) Export promoters refer to those countries which

- A impose high tariffs and strict quotas on imported goods and services.
- B substitute their imports with home produced goods and services.
- C promote home made products in the international market.
- D protect their home industries.

Answer:

- v) The following activities are not sustainable in the long run **EXCEPT**
- A mining.
 - B logging.
 - C farming.
 - D construction.

Answer:

- vi) Sangay paid Nu. 1000/- for 50 kgs of apples from an orchard owner. She sold all the apples @ Nu.30 per kilogram. Calculate Sangay's net profit.
- A Nu.150.
 - B Nu. 500.
 - C Nu. 1500.
 - D Nu. 5000.

Answer:

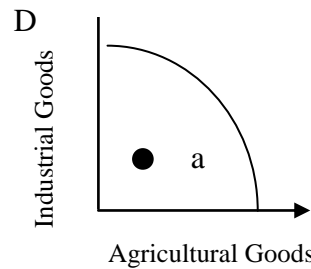
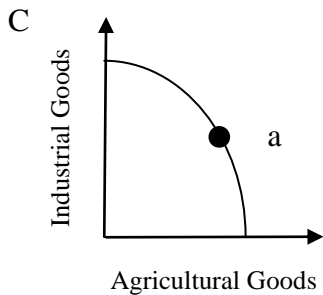
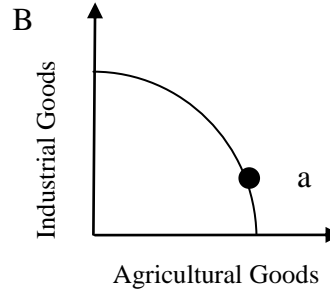
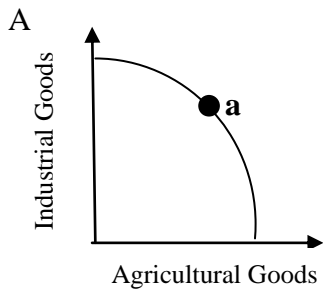
- vii) If there is a fund for capital expenditure, which area would you allocate it to?
- A Extension of Jigme Dorji Wangchuk National Referral Hospital
 - B Travel allowance and daily allowance given to the civil servants
 - C Supply of stationery to the Government organizations
 - D Maintenance and operation of machinery

Answer:

- viii) Program grants and project-tied grants for the financial year 2005-06 is Nu.1,894 million and Nu.3,584 million respectively. What is the percentage share of the project tied grants for the financial year 2005-06?
- A 34.57%.
 - B 34.58%.
 - C 65.43%.
 - D 65.53%.

Answer:

ix) Which of the following diagrams represents an inefficient use of resources?



Answer:

x) Mrs. Choki bought a brand new Hilux from STCBL for Nu. 19, 00,000/-. Calculate the amount she paid in US Dollars.

(1 US \$ = Nu.60.35)

- A US \$ 31,483
- B US \$ 31,843
- C US \$ 11,46,56,000
- D US \$ 11,46,65,000

Answer:

xi) Dorji is 14 years old studying in class VIII. He has two younger brothers and a mother (house wife). Father is a civil servant. What is the dependency ratio for Dorji's family?

- A 1:4.
- B 1:5.
- C 4:1.
- D 5:1.

Answer:

xii) In the information given below, what is the population growth rate?

Sl. No.	Indicator	Year-2005
1.	Crude birth rate (per 1000)	20 (per 1000)
2.	Crude Death Rate (per 1000)	7 (per 1000)

- A 1.3%.
- B 2.9%.
- C 3.1%.
- D 13%.

Answer:

xiii) If commodities are demanded for direct consumption, then the demand for labour is

- A for itself.
- B for employment.
- C to produce goods and services.
- D to produce those goods and services that the consumer wants.

Answer:

xiv) Which of the following is **NOT** an indicator of economic growth?

- A Increase in population
- B Increase in financial services
- C Increase in the production of capital goods
- D Increase in the production of consumer goods

Answer:

xv) The Royal Government of Bhutan has increased the salary of civil servants by 70%. What effect would this decision have on the employment of Non-Bhutanese employees in Bhutan?

- A Increase in the demand for Non-Bhutanese employees in Bhutan
- B Increases in the supply of Non-Bhutanese employees in Bhutan
- C Decrease in the supply of Non-Bhutanese employees in Bhutan
- D Remains the same

Answer:

Question 2.

- a) Why does a decreased recurrent expenditure result in a more capital expenditure in the future?

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- b) Study the table given below and answer the questions that follow:

No. of weavers	Total output per month	Extra output per month	Marginal Revenue Product
1	10		
2	18		
3	25		
4	30		
5	33		

- i) Find out the extra output per weaver. [2]

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- ii) Calculate the Marginal Revenue Product of each weaver, if the price per output is Nu. 1500. [2]

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Question 3.

a) How does dependency ratio affect the standard of living? Give **TWO** effects.

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b) Write **ONE** difference between earned and unearned income. Give **ONE** example each.

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c) The tariffs on the tourists should be lowered. Do you agree? Justify with **THREE** reasons.

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c) Mention **ONE** distinction between direct and indirect taxes. [2]

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d) 'Bhutan needs to diversify its exports to include more of manufactured goods if it is to develop fast'. Justify the statement with **THREE** reasons. [3]

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Section B: 40 marks

Attempt any FOUR questions from this section .Intended marks are indicated in brackets [].

Question 5.

a) Explain 'derived demand' with an example. [2]

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b) Give **TWO** reasons for paying interest on the borrowed money.

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c)

Cost of production	Bhutan	Bangladesh
1 Woolen carpet	Nu. 2500	Nu. 3500
1 Jute carpet	Nu. 1500	Nu. 1700

From the above table find out which country has the comparative advantage in the production of woolen carpets?

[2]

d) Why is demand for labour related to its Marginal Revenue Product directly?
Give **TWO** reasons.

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e) Suggest **TWO** measures to overcome shortage of housing in urban centers. [2]

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Question 6.

a) List **TWO** reasons for population growth. [2]

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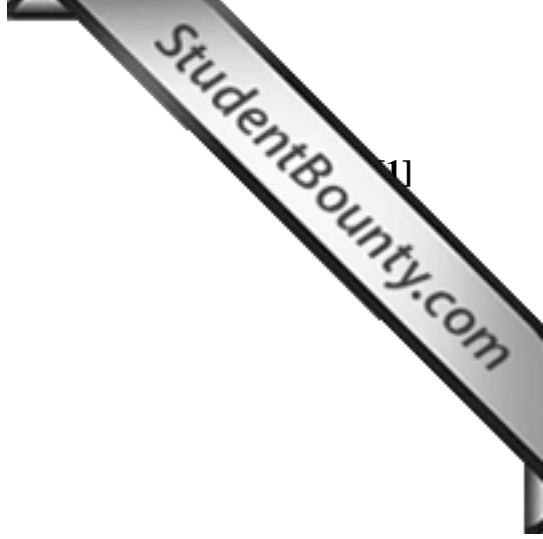
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b) Aum Peday grows asparagus in Paro. Initially, she spends Nu.12,000 for the purchase of asparagus shoots for one season. She spends Nu.1000 on manure and another Nu.1000 for the services of labour. At the end of the year, she harvests 150 kilograms of asparagus which she sells for Nu.120 per kg.

i) Calculate the total cost incurred in growing asparagus. [1]



ii) Calculate the total income. [1]

iii) Calculate the total profits or losses made by Aum Peday. [1]

c) Explain Economic Growth with the help of a production possibility curve. [3]

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c) Distinguish between consumer goods and capital goods with **ONE** example each. [3]

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d) Suggest **TWO** measures to remove deficit in the balance of payment. [2]

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Question 8.

a) Explain seasonal unemployment with a suitable example. [2]

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b) Why does public expenditure increase with development of a country?
Give **THREE** reasons. [3]

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Question 9.

a) What is investment?

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b) The exchange rate for Ngultrums against Singaporean dollar on July 22nd 2013 was Nu. 47.75 for 1 Singaporean dollar. Assume that there is a considerable rise in the supply of Ngultrums because of the increase in Bhutanese import from Singapore. Using a diagram explain what would happen to the exchange rate.

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Question 10.

a) What is Gross Domestic Product?

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b) With the help of a diagram, explain an increase in demand for labour caused by factors other than the wage rate.

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c) Tandin is a businessman, who owns different properties. He has an apple orchard which provides a net income of Nu.40,000 annually. He owns a building from which he earns a rent of Nu.10,000 every month. He too runs a hotel and earns Nu.30,000 per month. He deposits Nu.60,000 in his fixed deposit account which brings him an interest of Nu.6000 every year. He has leased out his Gypsum mine for Nu.20,000 per year.

Read the above case study and categorize the earnings as rent, interest and profit.

[3]

Rent:.....

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Interest:.....

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Profit:.....

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d) Why do you think the objective of sustainability is always stressed while pursuing economic development goals? Mention **THREE** reasons.

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