

SECTION A: (40 MARKS)

Answer ALL questions

Directions: Read the following questions carefully. Each question has four possible responses A, B, C and D. Choose the correct response and write it in the space provided.

Question 1.

[15 marks]

(i) The provision of goods such as free education and free health care are termed as

- A perishable goods.
- B private goods.
- C public goods.
- D merit goods.

Answer:.....

(ii) Multi-lateral trade is trading among

- A big countries.
- B two countries.
- C many countries.
- D developed countries.

Answer:.....

(iii) Bhutan has the optimum capacity to harness hydro-electricity up to

- A 40,000 MW.
- B 30,000 MW.
- C 20,000 MW.
- D 10,000 MW.

Answer:.....

(iv) Which of the following is wrongly matched?

	Classification	Types of labour
A	Physical labour	Farmer ploughing field
B	Skilled labour	Doctor treating a patient
C	Administrative labour	Weaver weaving a Gho
D	Productive labour	News reported by a reporter

Answer.....

(v) Following are the examples of capital expenditure **EXCEPT**

- A construction of bridges.
- B salaries paid to civil servants.
- C purchase of heavy machineries.
- D construction of hydro-power plant.

Answer

(vi) Study the following information:

- I. Reduce imports from India
- II. Increase labour imports from India
- III. Increase exports to India
- IV. Increase borrowings from India
- V. Discourage Bhutanese from going to India for pilgrimage

Which of the following combinations will reduce Rupee crunch in Bhutan?

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

Answer

(vii) Number of live births per 1000 people per year is called the

- A population growth rate.
- B total fertility rate.
- C natural increase.
- D crude birth rate.

Answer

(viii) Ap Thukten borrowed Nu 100,000 from Bank of Bhutan and after one year he repays Nu 1,10,000. What is the rate of interest paid by Ap Thukten?

- A 10%
- B 15%
- C 20%
- D 25%

Answer.....

(ix) Observe the following table:

Year	Value of export US\$ (million)	Value of import US\$ (million)
2014	108	200
2015	150	250
2016	200	190

The trade scenario in 2016 shows

- A an unfavourable balance of trade.
- B a favourable balance of trade.
- C a balanced trade.
- D a resource gap.

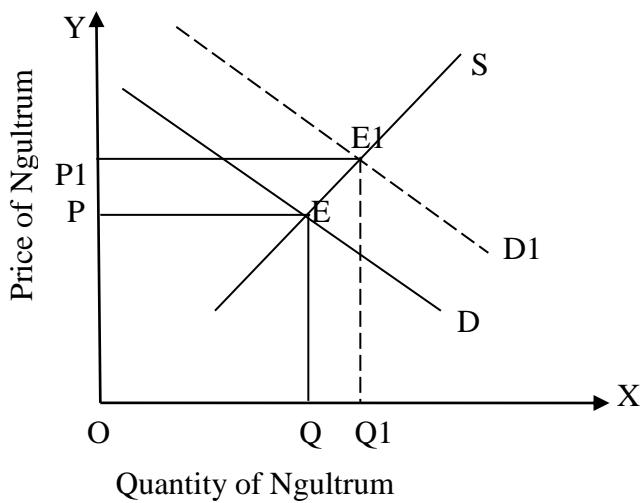
Answer

(x) An increase in the demand for Ngultrum will result in the shifting of

- A demand curve towards right.
- B supply curve towards right.
- C demand curve towards left.
- D supply curve towards left.

Answer

(xi) Study the diagram given below:



The above graph shows

- A an increase in the demand for Ngultrum.
- B a decrease in the demand for Ngultrum.
- C an increase in the supply of Ngultrum.
- D a decrease in the supply of Ngultrum.

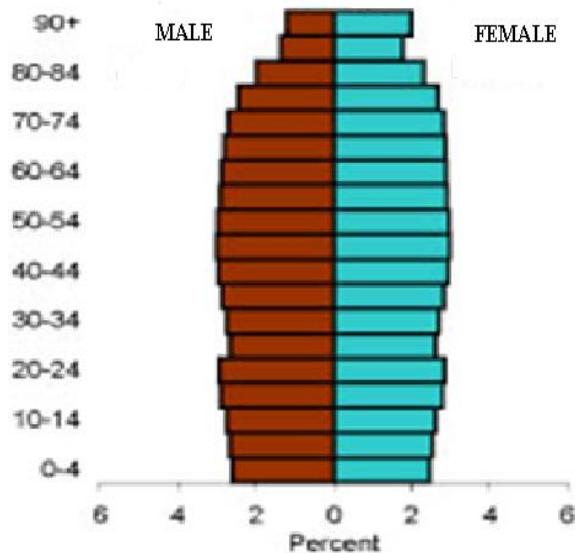
Answer

(xii) What will happen to the rate of interest when saving is equal to investment?

- A The rate of interest will increase.
- B The rate of interest will decrease.
- C The rate of interest will remain same.
- D The rate of interest will not affect the investment.

Answer

(xiii) In the following pyramid, the age distribution is equal and people survive even longer.



The above situation reflects the problem of

- A population greying.
- B population increasing.
- C decreasing population.
- D constant population growth rate.

Answer

(xiv) The statement “Nurse the baby, protect the child and free the adult” is an argument

- A in favour of protectionism.
- B in favour of free trade.
- C against protectionism.
- D against free trade.

Answer

(xv) Which of the following statements regarding the production possibility frontier is true?

- A Points on the frontier are less efficient than points inside the frontier.
- B Points outside the frontier are associated with unused resources.
- C Points outside the frontier are attainable.
- D Points inside the frontier are attainable.

Answer

Question 2.

a) Write **ONE** advantage and **ONE** disadvantage of high population growth rate in Bhutan.

[2]

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b) Study the following table and answer the question that follows:

Estimated Revenue (Nu)	Proposed Expenditure (Nu)	Resource gap
10 million	15 million	-5 million

The proposed expenditure being more than the estimated revenue indicates a resource gap. How can the government tackle this problem?

Mention **TWO** ways.

[2]

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c) Define economic growth in your own words.

[1]

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Question 3.

a) Why do people save money? Give **TWO** reasons.

[2]

b) 'Unemployment rate in Bhutan is increasing over the years'. Is it true?

Write **THREE** justifications.

[3]

c) Make a suitable interpretation of the phrase, “Beggar Thy Neighbour”. [2]

d) Differentiate between visible trade and invisible trade with an example each. [2]

e) What commodity do you think would Bhutan export maximum in the near future?

Why? Give reasons. [1]

Question 4.

a) China is a socialist country and considered as the fastest growing economy in the world. Do you agree? Give **THREE** reasons.

[3]

b) Study the table and answer the questions that follow:

Country	Production in units	
	Computer	Television
Thailand	30	30
Japan	18	14

i) Calculate the productivity ratio of producing computer and television in Japan.

[2]

ii) Explain the basis of trade between the two countries.

[1]

c) The present government has taken initiative in sending Bhutanese workers to other countries. Is it a good idea? Why?

[2]

d) List down **TWO** examples of factor services and **TWO** examples of factor earnings. [2]

Section B: 40 marks

Attempt any **FOUR** questions from this section. Figures in brackets [] indicate full marks.

Question 5.

a) How can GNH alone bring economic growth without considering the importance of GDP? Write **TWO** points. [2]

b) With the help of a diagram, explain excess demand for and excess supply of capital. [3]

c) Why do you think there are earning gaps within the same kind of occupation?

Give **THREE** reasons.

[3]

d) State **TWO** importance of public finance in the Bhutanese economy.

[2]

Question 6.

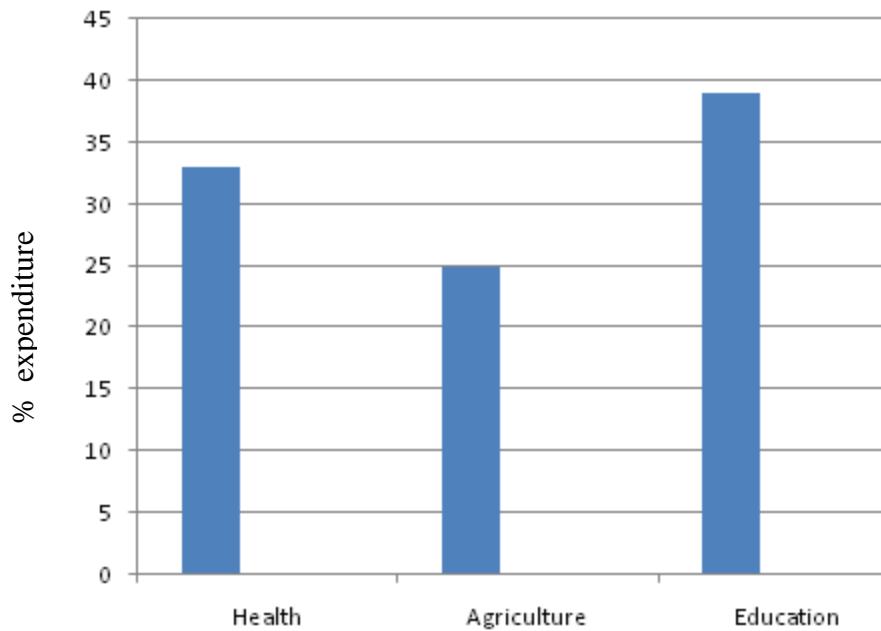
a) The table below shows the quantity of labour demanded and supplied at different wage rates.

Wage rate Nu/day	Quantity demanded	Quantity supplied
250	90	55
300	80	65
350	70	70
400	60	85
500	50	95

i) Plot the above information on a graph. [2]

ii) Calculate the excess demand of labour at the wage rate of Nu 300 per day. [1]

b) The graph below shows the expenditure incurred by the government for the year 2016 in three sectors.



Compare the expenditure made by the government in three different sectors with reasons.

[3]

c) Underdeveloped countries often consider the free trade policy as discriminating and exploitative in nature. Justify giving **TWO** reasons. [2]

d) What is meant by protectionism? Write **TWO** methods of protectionism. [2]

Question 7.

a) Can a high population growth rate be a threat to economic development of a country? Justify with **TWO** points. [2]

b) Explain the nature of Bhutanese trade in the recent years.

[2]

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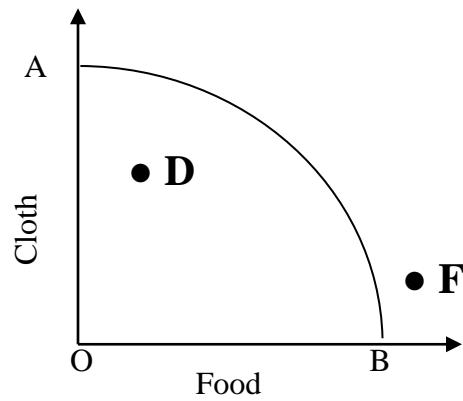
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c) Study the following diagram:



i) What do points **D** and **F** indicate?

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ii) Is it possible to achieve point **F** in future? How?

[2]

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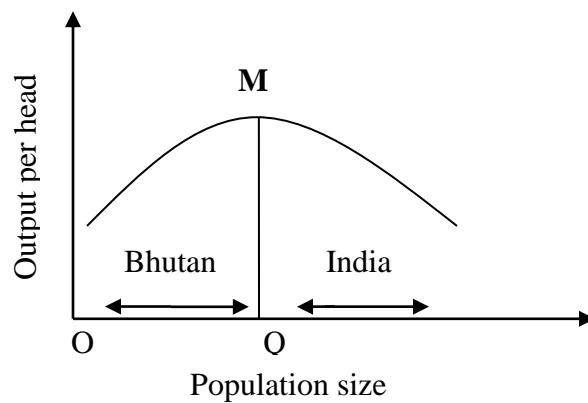
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d) Explain **ONE** similarity and **TWO** differences between internal and external trade. [3]

Question 8.

a)



i) What is point 'M' in the above graph?

[1]

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ii) How can Bhutan achieve point 'M'?

[2]

b) Average annual growth rate (in %)

Period	Primary sector
1981-1990	5.0
1991-2000	3.2
2000-2009	2.7

The trend above shows that there is decline in the growth of primary sector.

Why? Give THREE reasons.

[3]

c) What measures does Bhutan take to correct the deficit balance of payment?
Explain any **TWO** measures. [2]

d) Explain the meaning of balance of payment. [1]

e) Define the term budget. [1]

Question 9.

a) Explain **TWO** possible causes of brain drain in Bhutan.

[2]

b) State **TWO** assumptions of Malthusian theory of population.

[2]

c)

Region	Number of tourists arrival in Bhutan in 2002.
America	2,142
Europe	2,015
Asia	1,332

Illustrate the above information in the form of a pie-chart.

[3]

d) How does the low value of Ngultrum affect the following?

i) Tourism

[1]

ii) Industrial development

[1]

iii) Income level of Bhutanese

[1]

Question 10.

a) “Around 40 unemployed youth who dropped out of schools after classes X and XII from across Punakha district attended a two-day consultative meeting on Sensitization of Youth Cooperative formation at Khuruthang Technical Training Institute”.

(Courtesy: *Kuensel*, June 19, 2015)

Suggest **THREE** ways by which the government can assist the unemployed rural youth.

[3]

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b) Which place according to you is more profitable, Thimphu or Mongar, to run a business? Why? Give **THREE** reasons.

[3]

c) What is meant by globalization?

[1]

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d) What improvement can be made in the Tourism industry to accommodate the ever increasing number of tourists visiting Bhutan?

Mention **THREE** suggestions.

[3]