

**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

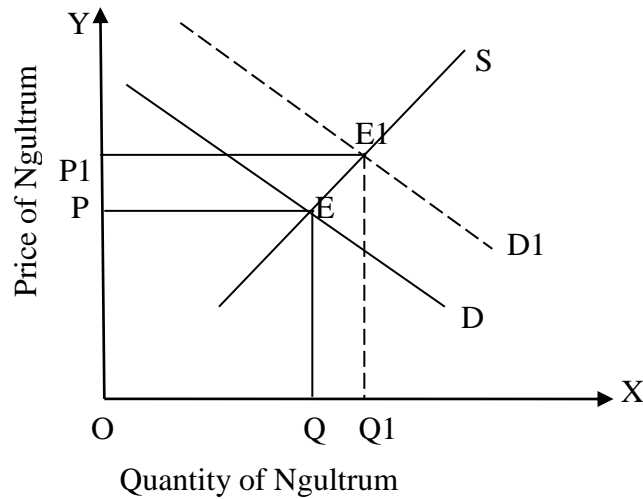
- A an unfavourable balance of trade.
- B a favourable balance of trade.
- C a balanced trade.
- D a resource gap.

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.

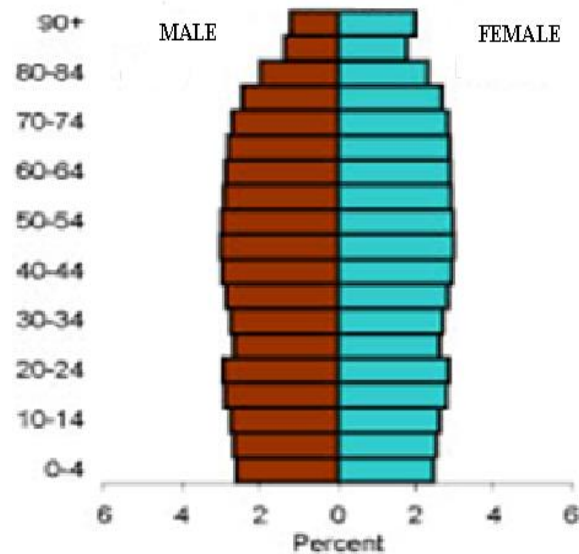
Answer .....

(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.

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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.

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- c) Define economic growth in your own words.

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### Question 3.

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

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[illegible]

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

[3]

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

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

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e) What commodity do you think would Bhutan export maximum in the near future?  
Why? Give reasons. [1]

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**Question 4.**

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

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- 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.

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ii) Explain the basis of trade between the two countries. [1]

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c) The present government has taken initiative in sending Bhutanese workers to other countries. Is it a good idea? Why? [2]

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

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**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]

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

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[2]

[illegible]

**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]

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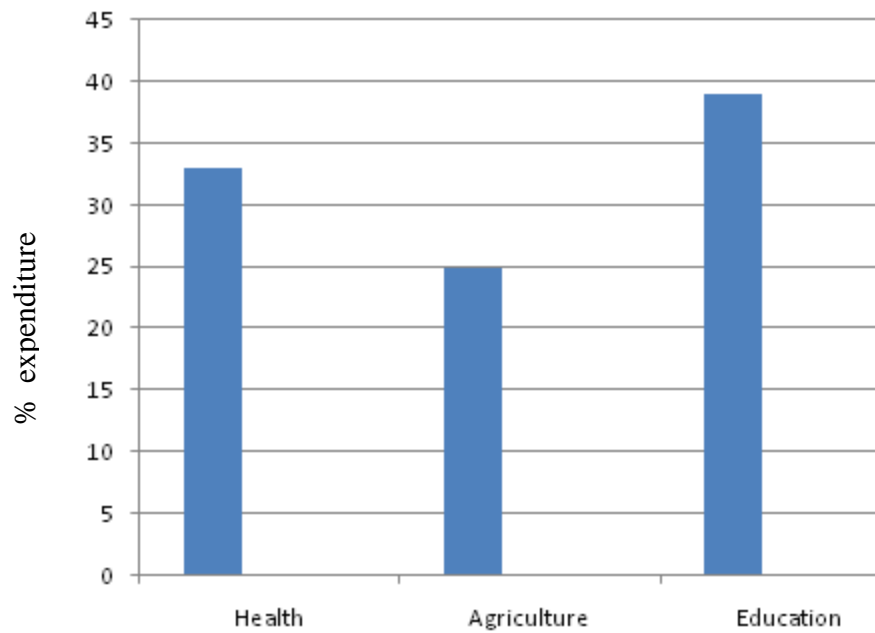
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- b) The graph below shows the expenditure incurred by the government for the year 2016 in three sectors.



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

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

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

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**Question 7.**

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

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b) Explain the nature of Bhutanese trade in the recent years. [2]

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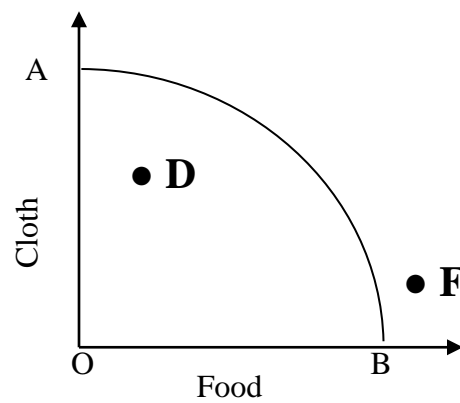
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c) Study the following diagram:



i) What do points **D** and **F** indicate? [1]

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ii) Is it possible to achieve point **F** in future? How? [2]

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

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

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- e) Define the term budget. [1]

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**Question 9.**

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

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

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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.

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[illegible]

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

i) Tourism

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[illegible]

ii) Industrial development

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iii) Income level of Bhutanese

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**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.

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c) What is meant by globalization?

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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.

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