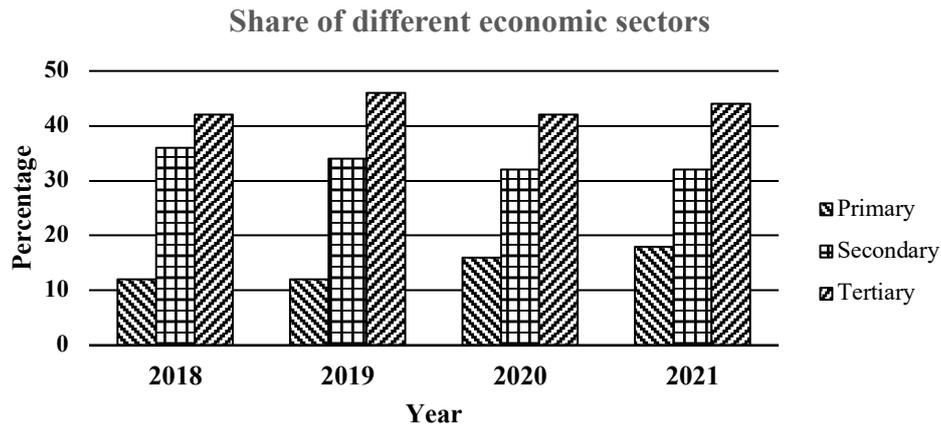


**SECTION A (50 MARKS)**  
**ANSWER ALL QUESTIONS**

- a) For each question, there are four alternatives A, B, C and D. Choose the correct alternative and circle it. Do not circle more than ONE alternative. If there are more than one circled, NO score will be awarded. **[15]**
- i. The money that is available for investment and spending after the payment of taxes and other social security schemes is called
- A earned income.
  - B national income.
  - C disposable income.
  - D per capita income.
- ii. Medical check-up, banking, housekeeping and education are some examples of
- A goods.
  - B services.
  - C public goods.
  - D private goods.
- iii. Which of the following is a characteristic of dignity of labour?
- A both workers are respectable
  - B intellectual workers are superior
  - C manual workers are not respectable
  - D intellectual workers are not respectable
- iv. All of the following are examples of direct tax **EXCEPT**
- A sales tax.
  - B personal income tax.
  - C business income tax.
  - D corporate income tax.
- v. At the point of equilibrium, the quantity demanded for labour is
- A less than quantity supplied of labour.
  - B more than quantity supplied of labour.
  - C not equal to quantity supplied of labour.
  - D equal to the quantity supplied of labour.
- vi. What is the simple interest for Nu. 32,000 at 8.5% for the period from 10th February to 10th August, 2022?
- A Nu. 1365
  - B Nu. 1360
  - C Nu. 1355
  - D Nu. 1350

- vii. Identify the factor that causes increase in demand for labour with wage rate remaining same.
- A productivity of the labour
  - B better facilities in the firm
  - C good working environment
  - D better technology in the firm
- viii. The following graph shows the share of different economic sectors in percentage.



*(Source: National Account Statistics)*

- Which sector has made the same share of contribution in 2020 and 2021?
- A Service sector
  - B Tertiary sector
  - C Primary sector
  - D Secondary sector
- ix. The productivity in an economy can be enhanced by supporting families. Which of the following is **NOT** an example of pro-family economic approach?
- A paid maternity leave
  - B equal access to training
  - C adequate income for families to save
  - D inadequate income for families to save
- x. Banks use major portion of the deposits to
- A extend loans.
  - B meet expenses.
  - C renovate infrastructure.
  - D maintain reserve balance.

xi. Study the following information.

- I High tariff
- II Quota restriction
- III Export restriction
- IV High excise duty

Which of the following combinations best describes protectionism?

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

xii. Identify the type of tax in which the burden can be shifted to another person.

- A Tourist tariff
- B Custom duty
- C Business income tax
- D Corporate income tax

xiii. As per the National Statistics Bureau report, price of goods and services rose by 5.95 percent in May 2022 compared to the same month in 2021.

*(Source: kuenselonline, July 1, 2022)*

The main cause of the high rate of inflation in the country is due to COVID-19 pandemic as well as

- A Russian-Ukraine war.
- B economic crisis in USA.
- C increase in fuel price in India.
- D high consumption expenditure.

xiv. A Bhutanese businessman invests in a foreign based company. Under which account will such transactions be recorded?

- A Fixed account
- B Current account
- C Capital account
- D Recurring account

xv. All of the following are trade barriers **EXCEPT**

- A subsidies.
- B high tariffs.
- C quota restrictions.
- D trade liberalization.

**b) Write TRUE or FALSE for the following statements in the space provided. [5]**

i.	Capital account is one of the primary components of balance of payments which gives a summary of the capital and income for a country.		
ii.	The government frames policies that hampers the growth and development of private sectors.		
iii.	One of the objectives of BIMSTEC is to harness shared and accelerated growth through mutual cooperation.		
iv.	The trade barriers such as tariffs, quota restrictions and subsidies are kept to the minimum in free trade.		
v.	Non- economic goods are those goods which have the ability to satisfy human wants and are limited in supply.		

**c) Match each item under column A with the most appropriate item in column B. Write the correct alphabet in the space provided under the 'answer' column. [5]**

Answers	Column A	Column B
	i. Principle concerning right and wrong	a. income inequality
	ii. The process of shifting an economy from a single income source towards multiple sources	b. SAPTA
	iii. The income of the government generated from different sources	c. SAFTA
	iv. The disparity in the income distribution of a nation	d. morality
	v. The trade agreement signed among the member countries of SAARC at Dhaka on April 1993	e. economic diversification
		f. public revenue
		g. income equality
		h. behaviour

**d) Fill in the blanks with appropriate word/s. [5]**

i.	A profit maximizing firm will hire workers up to the point where the marginal revenue product is equal to the _____.
ii.	Social goods such as roads, education and health in Bhutan are provided by _____ sector.
iii.	Free trade and _____ are two trade regimes widely practiced around the world.
iv.	Banks also incur some management costs. These costs are deducted from the gross interest to arrive at _____ interest, which is also known as pure interest.
v.	Human Development Index is broader and more encompassing indicator of

development than GDP as it is measured based on three key dimensions namely, longevity, _____ and GDP per capita.	
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e) **Answer the following questions briefly.**

i. What do you mean by domestic product and national product? [2]


ii. Using the given demand schedule, plot a demand curve. [2]

Wage rate (Nu)/week	Quantity of labour demanded
500	8
800	5

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iii. What are the reasons for paying tax? List any **TWO**. [2]


- iv. Can the increase in rate of saving help reduce unnecessary consumption? Support with **TWO** reasons. [2]


- v. Privatisation takes place when government transfers the ownership of property or business to the private sector. Should Bhutan privatise most of its government activities? Why? Justify with **TWO** points. [2]


- vi. Economic development is more important than economic growth. Is this true? Give **TWO** justifications. [2]


- vii. Which of the two trade strategies; *free trade or protectionism* is preferred to enhance Gross National Happiness? Give **TWO** justifications. [2]



viii. “345 teachers resign in six months.” [2]

*(Source: Kuensel, 20<sup>th</sup> August, 2022)*

Besides wage rate, what other factors could help retain teachers?


ix. People suffering from depression and stress are on the rise. Suggest **TWO** ways to reduce such health issues. [2]


x. Bhutan's trade deficit for the year was Nu 32.23 billion, the highest in the last five years. [2]

*(Source: Bhutan Trade Statistics (BTS) 2021)*

How can this be resolved? Mention any **TWO** ways.


**SECTION B (50 MARKS)**  
ANSWER ANY FIVE QUESTIONS

**Question 2**

a) What is rent? [1]


b) Study the data given below.

Year	Export	Import
2019	47,487	69,112
2020	48,255	66,637
2021	57,991	90,229
Total	153,733	225,978

*(Source: Bhutan Trade Statistics, 2021)*

i. Draw a pie diagram to show the imports for the years 2019, 2020 and 2021. [3]


ii. What conclusion can be drawn from the table regarding Bhutan's current balance of trade? Why? [1]

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**Question 3**

a) Define 'derived demand'. [2]


b) The RCSC has extended the maternity leave from three months to six months since March 1, 2016 to prioritize the health of mother and the baby. Explain how this initiative can be a pro economic agenda? Write **TWO** points. [2]


c) Foreign aids are mostly provided by the developed countries to the developing nations. Write **TWO** advantages and **ONE** disadvantage of foreign aid. [3]




b) Study the table below.

Wage rate (Nu.)	Quantity of labour supplied	Quantity of labour demanded
200	60	90
300	70	70
400	80	50

i. Represent the above information in a graph.

[2]

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ii. At the wage rate of Nu. 400, the demand for labour is less as compared to the supply of labour. How can you resolve the issue of excess supply of labour?

[1]

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c) With the introduction of De-suung skilling program, majority of the unemployed De-suups are trained in various fields such as mechanics, electrical, plumbing and cooking.

How will such programs promote the dignity of labour?

[2]

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- d) Tax is one of the most reliable sources of revenue for the government. If the government decides to increase the tax rate, which type of tax should be increased? Why? Mention **THREE** justifications. [3]


**Question 5**

- a) Explain intermediate goods and final goods. [2]


- b) ‘The social media is flooded with genuine grievances of individuals as to how they are supposed to sustain their livelihood when the exorbitant house rent eats up more than 50 percent of their wages.’ [3]

*(Source: The Bhutanese, 26<sup>th</sup> March, 2022)*

Identify the factors that affect rent.



- c) 'Two sector model of the circular flow of income can help understand the interaction between households and business sector.'  
 With the help of a diagram, explain the relationship between real flow and money flow.

[3]


- d) Why is it important for a country to solve issues related to economic cooperations?

[2]


**Question 6**

a) Define balance of payment.

[1]


b) State **THREE** reasons for saving.

[3]

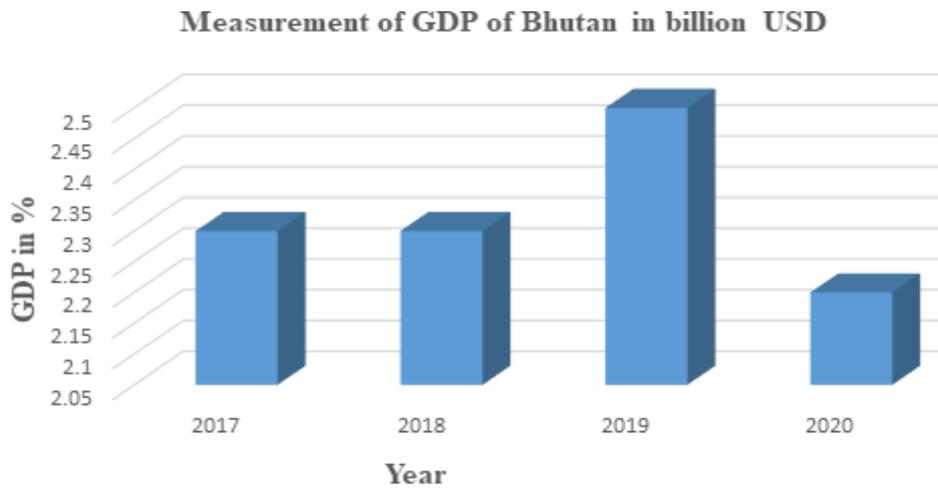

c) “Bhutan’s border to be reopened in September.”

*(Source: Kuenselonline, 30<sup>th</sup> June, 2022)*

Has the reopening of the border benefitted the Bhutanese farmers? Justify with **THREE** points.

[3]


d) Study the graph given below.



*(Source: The world bank)*

The rate of GDP has declined to 2.20% in 2020 as shown in the graph.  
Suggest **THREE** ways to boost GDP.

[3]


**Question 7**

a) List any **THREE** objectives of World Trade Organisation.

[3]



b)

Year	Saving rate (%)	Investment rate (%)
2017	29.46	52.25
2018	24.25	47.59
2019	21.38	37.99
2020	18.22	33.75

(Source: The Global Economy)

From the given data, construct a bar graph to determine the rate of saving and investment.

[2]

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c) Why is it necessary for the government to incur public expenditure? Mention **ONE** reason.

[1]


d) Bhutan has recorded an unemployment rate of 5% which is the highest since 2016.

*(Kuensel, April 3, 2021)*

Why was the unemployment rate higher as compared to previous years? List **TWO** reasons.

[2]


e) The male employment rate is 96.4% and female employment rate is 93.9%.

*(Source: Labour Force Survey Report 2021, NSB)*

What could be the reason for the low rate of female employment? Suggest **ONE** measure to increase female employment rate.

[2]

