

SECTION A [50 MARKS]
ANSWER ALL QUESTIONS

Question 1

[20]

a) For each question, there are **FOUR** responses: **A, B, C** and **D**. Choose the corresponding letter of your response and **CIRCLE** it neatly. **NO** score will be awarded if you circle more than **ONE** letter.

i. The equilibrium wage rate is the rate at which the quantity

- A demand for labour is equal to the supply of labour.
- B demand for labour is lesser than the supply of labour.
- C demand for labour is greater than the supply of labour.
- D supply of labour is greater than the demand for labour.

ii. The amount of simple interest that is paid to the bank for Nu 50,000 for two years at 5% p.a. is

- A Nu 3,000
- B Nu 4,000
- C Nu 5,000
- D Nu 6,000.

iii. The following are the features of the Bhutanese economy.

- I. Per capita income increased over time.
- II. Rate of capital formation has increased over time.
- III. The size of the population in the age group 65 and above has increased.
- IV. Sector-wise contribution to the GDP has increased over time.

From the above features, which combinations will boost the country 's economy?

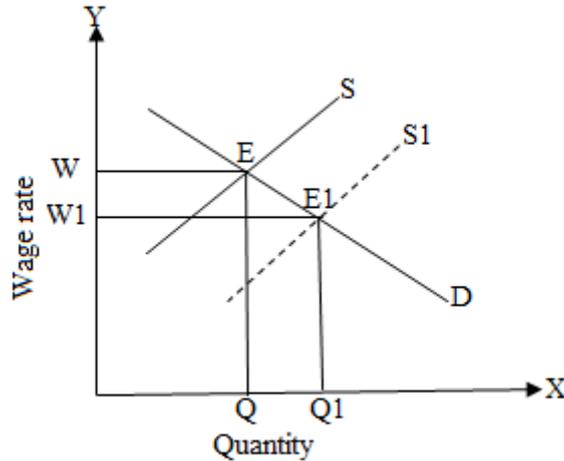
- A I, II and III
- B I, II and IV
- C I, III and IV
- D II, III, and IV.

iv. Which one of the following best describes the nature of a direct tax?

- A Lesser burden falls on the high-income group.
- B Levied on the producers but paid by the consumers.
- C More burden falls on the middle- and low-income group.
- D Levied on individuals based on their income and wealth.

- v. According to the Statistical Yearbook 2023, the contributions to GDP from the primary sector, secondary sector, and tertiary sector in 2022 were 33,422.58, 72,501.36, and 121,889.78, respectively. What was the percentage share of the tertiary sector's contribution to GDP in 2022?
- A 43.5%
 - B 53.5%
 - C 63.5%
 - D 73.5%.
- vi. The Anti-Corruption Commission and the Office of the Attorney General were established to enhance
- A good governance.
 - B environmental conservation.
 - C Preservation and promotion of culture.
 - D sustainable and equitable socio-economic development.
- vii. The depreciation of a country's currency will increase the price of goods and services because
- A import becomes cheap.
 - B export becomes cheap.
 - C import becomes expensive.
 - D export becomes expensive.
- viii. Many employees are leaving their current job to join the new restaurant that offers better benefits. How might the existing restaurant respond to this change?
- A Increase the working hours and work load.
 - B Decrease the working hours and work load.
 - C Increase the wage rate and improve facilities.
 - D Decrease the wage rate and reduce the incentives.
- ix. Our country depends heavily on the export of electricity for revenue and is now pursuing diversification to avoid reliance on a single source of income. What is one likely benefit of this strategy?
- A an immediate reduction in economic risk.
 - B an immediate increase in the unemployment rate.
 - C a rapid growth rate in all the sectors of an economy in the short run.
 - D an economic stability and better employment opportunities in long run.

x. Study the given diagram



Which one of the following factors will lead to a change in equilibrium from E to E1?

- A Provision of training and workshops.
- B Presence of better facilities in a firm.
- C Improvement in productivity of labour.
- D Higher demand for goods and services.

xi. The table below shows the quantity of mangoes sold.

Week	Quantity (Kg)
1	45
2	54
3	39

The total expenditure incurred is Nu 9,500. The mangoes were sold for Nu 120 per kg. What is total profit or loss?

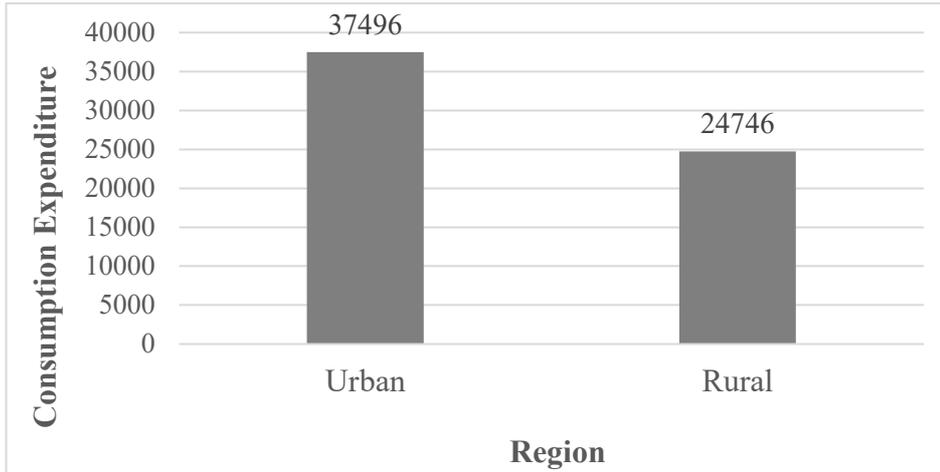
- A Nu 138
- B Nu 5,400
- C Nu 7,060
- D Nu 16, 560

xii. Bhutan receives significant grants to enhance its infrastructure and public services. The most accurate statement about the impact of these grants on the country is that it will

- A quickly transform the economy.
- B eliminate future financial needs.
- C not address all economic challenges.
- D resolve all infrastructure issues immediately.

- xiii. It is observed that there is a general increase in savings by the public due to an increase in interest rate for savings. However, investment remained constant as there was no change in the lending rate. What would be the impact on the economic activities of a country in the above situation?
- A There will be rapid economic growth.
 - B There will be a decrease in economic activities.
 - C There will be an increase in the economic activities.
 - D There will be an increase in the rate of capital formation.
- xiv. An NGO employee, attends morning yoga sessions five days a week, provides counseling services during off-hours, and volunteers on weekends at an old age care centre. The activities carried out by an employee will help in
- A enhancing living standards.
 - B enhancing community vitality.
 - C enhancing health and education services.
 - D enhancing ecological diversity and resilience.
- xv. Which one of the following is a consequence of a huge deficit in the balance of payment of a country?
- A Decrease in imports.
 - B Increase in foreign exchange reserves.
 - C Appreciation in the value of domestic currency.
 - D Depreciation in the value of domestic currency.
- xvi. With the rise of e-commerce platforms, many domestic online stores such as Medhey, Asha Passa, and DrukBees are connecting with international platforms like Flipkart, Uniqlo, Amazon, and Shein. What impact will such trade practices have on the economy?
- A Hinder economic growth rate.
 - B Increase market accessibility.
 - C Increase the volume of internal trade.
 - D Reduce the volume of international trade.
- xvii. A company owner who believes that manual labourers are inferior and treats them as less valuable compared to skilled labourers is violating the principle of
- A dignity of labour.
 - B division of labour.
 - C specialization of labour.
 - D productivity of a labour.

xviii. Given below is the graph showing monthly non-food consumption expenditure



The consumption expenditure of urban areas is greater than that of rural areas.
The main reason is

- A high salary in the urban areas.
 - B more job opportunities in urban areas.
 - C more modern amenities in urban areas.
 - D the cost of living is high in urban areas.
- xix. Movement of talented and highly skilled people from one country to another in search of advanced education and employment is called
- A brain gain
 - B brain drains
 - C intra-migration
 - D rural-urban migration.
- xx. Which one of the following is a common tool to measure the economic growth of a country?
- A The size of the country.
 - B The size of the population.
 - C The rate of saving and investment.
 - D The rate of Gross Domestic Product.

b) Fill in the blanks with appropriate word(s).

[5]

i.	Any kind of effort put in by a worker to generate income is called _____	
ii.	Researching new areas and developing appropriate measures for strong cooperation is one of the objectives of _____	
iii.	You are working as a cooperate employee, your sister runs a wholesale outlet and your mother is a doctor. The tax paid on the income earned by each of you will be categorized under _____ tax.	
iv.	Engaging in physical activities and spending money on healthy, organic food can enhance a person's health. This statement aligns with the HDI's key dimension of _____	
v.	Schemes such as Piggy Bank by BNB and Child Money back Policy by the RICBL is mainly to encourage _____ habits among the Bhutanese.	

c) Match each item in column A with the most appropriate item in column B. Write the correct letter in the space provided in the 'Answer' column.

[5]

	Column A	Column B	Answer
i.	When the rate of interest decreases, it will increase the rate of	a. Professional labour	i.
ii.	The labour provided by lawyers, accountants, and software developers.	b. Skilled labour	ii.
iii.	Policies that protects domestic industries from foreign competition through tariffs, quotas, and other trade barriers.	c. Un-skilled labour	iii.
iv.	The labour provided by the hairdressers, barbers and mechanics.	d. investment	iv.
v.	Eliminating trade barriers such as tariffs and quotas to promote international trade and economic integration.	e. Saving	v.
		f. Protectionism	
		g. Free trade	

- d) Write TRUE or FALSE for the following statements in the space provided in the 'Answer' column. [5]

Statements	Answer	
i. In Bhutan, social goods are provided by the public sector.		
ii. Budget deficits occur when a government's expenditures exceed its revenues, often requiring borrowing to cover the shortfall.		
iii. WTO does not solve trade disputes.		
iv. Tax is a compulsory payment to the government by the people		
v. Economic cooperation does not promote consumer sovereignty		

- e) Answer the following questions briefly.

- i. Do you think an increase in wage rate always leads to an increase in the supply of labour? Justify your answer with **TWO** points. [2]

- ii. Can imposing a limit on rent charged by property owners help address housing problems? Support your answer with **TWO** points. [2]

iii. The private sector is essential for enhancing efficiency, providing infrastructure, and creating jobs. Despite this, its growth rate is slow, and its contribution to GDP is low in Bhutan.

[2]

What **TWO** strategies could be adopted to promote private sector development?

iv. Borrowing is a source of revenue to fill up the resource gap.

[2]

Will borrowing reduce regional disparities? Justify with **TWO** reasons.

v. Is raising taxes a practical approach to stimulate the economy? Support your answer with **TWO** reasons.

[2]

- vi. Bhutan aims to boost its exports, but producers face various challenges in promoting their products internationally. Suggest **TWO** measures that could be implemented to enhance exports? **[2]**

- vii. A pro-family economic approach is a policy that prioritises the well-being of families. Can a substantial investment in education sector fulfill the goals of this approach? Justify your answer with **TWO** reasons. **[2]**

- viii. Differentiate between regional organisation and international organisation. **[1]**

Regional organisation	International organisation	

SECTION B [50 MARKS]
ANSWER ANY FIVE QUESTIONS

Question 2

- a) State any **TWO** factors affecting the supply of labour. **[2]**

- b) The table below shows the unemployment rate in rural and urban areas as per NSB, 2023.

Unemployment rate (%)	2020	2021	2022
Rural	2.7	2.8	3.4
Urban	10.1	8.9	10.4

- Give any **THREE** reasons, why the rate of unemployment is higher in urban areas? **[3]**

- c) How can a country achieve rapid economic growth while ensuring sustainable development and preserving the environment? Suggest **TWO** ways. **[2]**

- d) A Swiss watch worth Swiss Franc 250 was ordered. The exchange rate on the day the order was placed was Swiss Franc 1 = BTN 94.05.

- i. Calculate the amount of Ngultrum to be paid. **[2]**

- ii. After a few days, when the payment was made at the bank, the exchange rate was Swiss Franc 1 = BTN 95.3. **[1]**

What has happened to the value of the Ngultrum against the Swiss Franc?

Question 3

a) Explain any **TWO** importance of a budget. **[2]**

b) With seasonal changes, many people suffer from flu, and dieticians recommend consuming foods rich in vitamin C to prevent it. Using a diagram, explain how will this affect the equilibrium price and quantity of such foods in the market? **[3]**

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- c) International relationships involve various economic interactions among countries. Do you think these relationships always benefit a country? Provide **THREE** reasons to support your view. **[3]**

- d) How are local economic issues different from global economic issues? **[2]**

Local economic issues	Global economic issues	

Question 4

- a) Mention the names of SAARC member countries. **[2]**

b) Using the information from the given schedule, answer question i and ii.

Wage rate (Nu)	No. of labour demanded	No. of labour supplied	Market situation	Effect on wage rate
1500	10	6	Excess demand	A
1850	8	8	Equilibrium	Constant
2500	4	10	B	Decrease

i. Complete the above table with appropriate information.

[1]

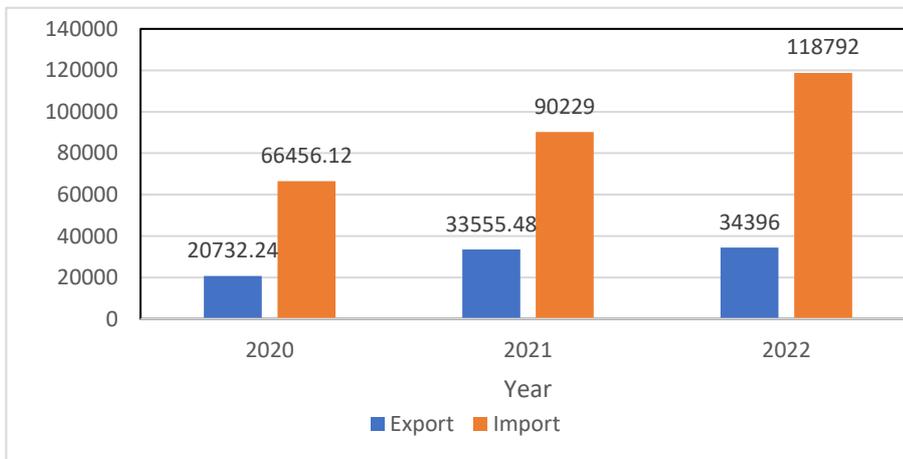
ii. Draw the demand and supply curve showing the market situations

[2]

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c) Increasing property tax can potentially reduce the income inequality in the country. Do you agree? Support your answer with **TWO** valid reasons. [2]

d) Study the graph below and answer the question.



What is the situation of the country's balance of trade? Suggest at least **TWO** measures to change the situation of the balance of trade. [3]

Question 5

a) How does the productivity of labour affect the demand for labour? **[2]**

b) If the borrowers fail to pay back the borrowed amount of the loans to the bank, what will happen to the rate of investment in the country? Write any **THREE** consequences **[3]**

c) Are the concepts of Gross National Product and Gross Domestic Product same? Provide **TWO** reasons to support your answer. **[2]**

d) The table below shows the rate of GDP per capita of Bhutan

Year	2019	2020	2021	2022
GDP per capita (Nu)	240,756	230,055	270,674	301,289

Source; *Bhutan at a Glance 2023*

i. Construct a bar graph using the information from the above data.

[2]

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ii. Calculate the change in GDP per capita in the year 2020 compared to 2019.

[1]

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Question 6

a) Write **TWO** ways to improve the status of our current account. **[2]**

b) A trade relationship is an economic interaction and exchange of goods, services and investments between or among countries. **[3]**
Suggest **THREE** ways through which trade relationships can boost the economic growth of a country.

c) How does investment in health and education lead to improved labour productivity? **[2]**

- d) As a cultural officer, you are organising a cultural exchange programme to South Korea. What specific activities would you propose to effectively promote our culture and tradition? Mention any **THREE** activities. **[3]**

Question 7

- a) Explain **TWO** ways to enhance the saving habits among the Bhutanese people. **[2]**

- b) The total revenue generated for the financial year 2021-2022 was Nu 52,626.582 million, while the total public expenditure was Nu 69,156.613 million.

(Source: Annual financial statement (AFS), MoF.

Since there is shortage of government revenue to finance its planned expenditure, which source of revenue would you recommend the government to increase? Explain any **THREE** measures. **[3]**

c) How does technological progress contribute to long term economic growth in developing countries? Support your answer with **THREE** points. **[3]**

d) When conducting business activities, should the business person be guided solely by the motive of generating profit? Justify your stand with **TWO** reasons. **[2]**
