



**SECTION A**  
**ANSWER ALL QUESTIONS (Compulsory): 15 Marks**

**Directions:** Read the following questions carefully. For each question there are four alternatives A, B, C and D. Choose the correct alternative and write it in your answer sheet. [1x15=15 marks]

**Question 1**

- (i) The factors which affect the supply of labour in a firm are the (1)
- A demand and supply of goods and services that the firm produces.
  - B facilities and working environment in a firm.
  - C productivity and efficiency of labour.
  - D skills and qualification of labour.

Answer:.....

- (ii) Working population is between (1)
- A 14 – 64 years of age.
  - B 14 – 65 years of age.
  - C 15 – 64 years of age.
  - D 15 – 65 years of age.

Answer:.....

- (iii) Any profit maximizing firm will employ a worker if the value of the output added by the worker is (1)
- I. much greater than the cost of hiring that worker.
  - II. greater than the cost of hiring that worker.
  - III. equal to the cost of hiring that worker
  - IV. less than the cost of hiring that worker.

Which of the following is **TRUE**?

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

Answer:.....

- (iv) All of the following factor services and factor earnings match **EXCEPT** (1)
- A Land – Rent
  - B Labour – Salary
  - C Capital – Profit
  - D Enterprise – Profit

Answer:.....

- (v) Tshetrim borrows Nu. 100,000/- at the beginning of the year from the bank and pays back Nu. 110,000/- at the end of the year.

The extra Nu. 10,000/- he pays is

- A rent.
- B wage.
- C profit.
- D interest.

Answer:.....

- (vi) Pema earns Nu. 15000/- per month after tax deductions. She spends Nu. 8000/-, then deposits Nu. 5000/- in her recurring deposit account and Nu. 2000/- in the saving deposit account. (1)

So the amount she saves per month is

- A Nu. 7000/-
- B Nu. 10,000/-
- C Nu. 13,000/-
- D Nu. 15,000/-

Answer:.....

- (vii) Following components constitute the public sector in Bhutan **EXCEPT** (1)

- A central government.
- B private enterprises.
- C district administration.
- D Dzongkhag Yargey Tshogchung.

Answer:.....

- (viii) Which of the following is **NOT** the reason for increase in public expenditure? (1)

- A Increase in population
- B Increase in resources
- C Increase in number of government servants
- D Increase in demand for infrastructural facilities.

Answer:.....

- (ix) Which are the examples of recurrent expenditure? (1)

- I. Construction of Tala Hydro Power Corporation
- II. Personal emoluments
- III. Interest payments
- IV. Transfer grants

Choose the right answer

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

Answer:.....

(x) The abbreviation 'SAPTA' stand for (1)

- A South Asia Pacific Trade Agreement.
- B South Asian People Trade Agreement.
- C South Asian Preferential Trade Agreement.
- D South Asian Production Trade Agreement.

Answer:.....

(xi) If Bhutan imports more goods from Japan, the current balance of payment of Bhutan would (1)

- A become positive.
- B become negative.
- C remain the same.
- D become both positive and negative.

Answer:.....

(xii) The factor which has not contributed to the economic growth in Bhutan is (1)

- A discovery of more natural resources.
- B investment in capital goods.
- C Gross National Happiness.
- D technical progress.

Answer:.....

(xiii) The \_\_\_\_\_ is an example of sustainable development. (1)

- A logging at Bumthang
- B mining of slate at Wangdue
- C establishment of PCAL at Gomtu
- D establishment of solar lighting at Phobjikha

Answer:.....

(xiv) The following are the factors which change the population of a country, **EXCEPT**

- A religion and customs.
- B rural urban migration.
- C medical and health care.
- D female employment and education.

Answer:.....

(xv) In a family, there are seven members but only two are earning and one is disabled. (1)

The dependency ratio is

- A 2:4
- B 2:5
- C 4:2
- D 5:2

Answer:.....

SECTION A: Part 2

ANSWER ALL QUESTIONS (Compulsory): 25 Marks

Question 2

- a. How is the demand for goods different from the demand for labour? [1+1]

---

---

---

---

- b. “With the increasing number of educated people and their changing life styles, people’s preferences for jobs are also changing continuously”  
Write **TWO** justifications. [1+1]

---

---

---

---

- c. Study the following sources of income and categorize them under earned and unearned income.

Wage	Gift	Interest	Salary	[8x¼=2]
Rent	Profit	Dividend	Fee	

---

---

---

---

- d. Pema lent Singye Nu. 5000/- ,when he asked back his money after 1 year, Pema wanted Nu. 5500. Why? Give **TWO** reasons.

---

---

---

---

- e. Explain **TWO** reasons why budgeting is necessary?

[1+1]

---

---

---

---

- f. Differentiate direct tax from indirect tax giving **ONE** example each.

[1½+1½]

---

---

---

---

- g. Mention any **FOUR** trading partners of Bhutan EXCLUDING India, Nepal and Bangladesh.

[4x½]

---

---

---

---

h. Differentiate between export promoters and import substitutors.

---

---

---

---

i. Sustainability is one of the main criteria in the 8<sup>th</sup> Five Year Plan for the selection of social and economic programmes and projects. Mention **FOUR** strategies to maintain sustainability while pursuing economic development programmes.

[4x½]

---

---

---

---

j. What do you mean by 'Economic Growth'? With the help of a diagram explain economic growth.

[1+½+½]

---

---

---

---

---

---



- k. Using an equation, discuss how labour force is defined in Bhutan.

---

---

---

---

- l. “The young children, students, unemployed, disabled and old are the part of the population who are not engaged in any productive economic activities.”  
Mention **FOUR** effects of the increase of this category of people on the economy. [4x½]

---

---

---

---

**SECTION B**

**ANSWER ANY FOUR QUESTIONS FROM THIS SECTION**

**[10X4=40marks]**

**Question 3.**

(a) Define supply of labour with the help of a diagram.

**[1+1]**

---

---

---

---

(b) Suggest **FOUR** strategies to encourage private sector in order to develop our country.

**[4x½]**

---

---

---

---

(c) As a measure of economic growth, how is the Gross Domestic Product different from the Gross National Happiness? Write **TWO** differences.

**[1+1]**

---

---

---

---

(d)

YEAR	2005	2004	2003	2002
Export	2000	1800	1500	1300
Import	2500	2300	2100	2000

- Using the hypothetical data given above, draw paired bar graphs to represent the trend in import and export of goods and services.

[ $\frac{1}{2}$ +1+1+ $\frac{1}{2}$ ]

- What type of trade balance do you notice in your graph? Why?

[ $\frac{1}{2}$  +  $\frac{1}{2}$ ]

---



---



---



---

#### Question 4

- “Despite government’s efforts in promoting the private sector, there is a very slow growth of it in Bhutan”. Mention **TWO** reasons for the slow growth of private sector in Bhutan.

[1+1]

---



---



---

- (b) Why is it important to study the age and sex distribution of the population in a country? Give **TWO** reasons.

[1+1]

---

---

---

---

- (c) Suggest **TWO** methods to reduce differences in earning among working people.

[1+1]

---

---

---

---

- (d) Which source of revenue contributes the least to the government's revenue? Explain giving **TWO** reasons.

[1+1]

---

---

---

---

- (e) Explain with the help of a diagram, the optimum size of a population.

[1+1]

---

---

---

### Question 5

(a) Mention **FOUR** factors which lead to increase in population of a country. [1+1]

---

---

---

---

(b) “Development does not start with goods; it starts with people and their education, organization and discipline”. [E.F Schumacher] Do you agree?  
Give **TWO** reasons. [1+1]

---

---

---

---

(c) State **TWO** merits and **TWO** demerits of International trade. [4x½]

---

---

---

---

(d) “Despite some reservations expressed by the financial organizations, His Majesty the 4<sup>th</sup> King approved the reduction of interest rate for loans and simplification of compound interest rate in 1996. Write **TWO** effects of this on the government’s revenue? [1+1]

---

---

---

- (e) Explain with the help of a diagram how increase in productivity and efficiency of labour affect the demand for labour in a firm.

---

---

---

---

### Question 6

- (a) Mention **FOUR** features of an economic growth.

[4x½]

---

---

---

---

(b) Explain how decrease in interest rate influences saving and investment.

---

---

---

---

(c) With the present rate of migration of people from rural to urban settlements, Bhutan is bound to face many problems. Briefly explain **TWO** expected problems. [1+1]

---

---

---

---

(d) Discuss **TWO** ways in which capital investment in human resource can promote development in Bhutan. [1+1]

---

---

---

---

(e)

No. of workers	Firm's total output	Extra output per worker	Value of MRP
10	50	-	-
11	60	-	-
12	65	-	-
13	68	-	-
14	70	-	-

Each product sells for Nu. 1000/-

(i) Complete the table given above.

[8x¼ = 2]

ii) How many workers would you suggest the firm to employ profitably at the wage rate

of Nu. 2000/-

[1]

-----

-----

-----

-----

**Question 7**

(a) Define rent in your own words.

[1]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



- (b) Why is there a mismatch between availability of labour and employment opportunities in the market? Give **TWO** reasons

[1/2]

---

---

---

---

- (c) The government has been encouraging more private sector firms to be set up in Bhutan. Discuss **ONE** effect of this on the

- (i) Government  
(ii) Economy

[1]

[1]

---

---

---

---

- (d) Population in towns like Thimphu, Phuntsholing, Paro, etc., is expanding very fast which created lot of problems.” Explain **FOUR** possible measures to reduce such problems.

[4x1/2]

---

---

---

---

---

- (e) Why is it important for Bhutan to include more of manufactured goods, if it is to develop effectively? Give **TWO** reasons?

---

---

---

---

- (f) Explain with the help of a diagram equilibrium interest rate.

[1+1]

---

---

---

---

### Question 8

- (a) What do you understand by the term sustainable development? Mention **TWO** of its importance.

[1+½+½]

---

---

---

---

- (b) The growth rate of population in Bhutan has decreased from 3.1% in 1994 to 1.3% in 2005. Explain **TWO** possible reasons for decrease in the population.

---

---

---

---

- (c) How can capital investment in roads, transport services and provision for better financial facilities promote development in Bhutan? Give **TWO** reasons. [1+1]

---

---

---

---

- (d) Why does Bhutan trade with other countries? Give **FOUR** reasons. [4x½]

---

---

---

---

---

- (e) (i) If a Nokia Mobile phone costs US\$25 and a Motorola mobile phone costs US \$20. Which Mobile is costly? [½]

---

---

---

---

(ii) How many Motorola mobile phones can you buy for Nu. 21000/-? [1½]  
[Exchange rate US\$ 1= Nu. 42/-]

---

---

---

---

---

---

---

---

---

---