

ECONOMICS
(Two hours and a quarter)

(The first 15 minutes of the examination are for reading the paper only. Candidate must NOT start writing during this time).

Attempt all the entire question in part A and any four questions from Part B. The intended marks for question or parts of questions are given in bracket

Parts A: Part I

Question 1

5 marks

Choose the correct answer and write in another sheet provided.

- (i) Which one of the following best describes gross National Happiness?
- GNH is incentive to social welfare of the country
 - GNH concept was propounded by the 1st Druk Gyalpo
 - GNH emphasizes on material benefits of economic growth.
 - GNH tries to balance between material and spiritual needs of people.
- (ii) If the value of price elasticity of demand is equal to one , then the demand for that commodity is
- Perfectly price elastic
 - Unitary price elastic
 - Perfectly price inelastic
 - Relativity price inelastic
- (iii) The activities that falls under the secondary is
- Hunting
 - Agriculture
 - Construction
 - Building
- (iv) The graphical representation of demand schedule is known as
- Cost Curve
 - Supply Curve
 - Indifference Curve
 - Demand Curve
- (v) Name the market situation where the firm is the only supplier of the product in the market.
- Perfect Competition
 - Perfectly competition market
 - Competition
 - Monopoly
- (vi) The extension of demand is a result of
- Increase in price
 - Decrease in population
 - Increase in income
 - Decrease in price
- (vii) Tertiary sector industries refer to the industry related to
- Raw Material
 - Construction
 - Services
 - Manufacture

- (viii) The exchange of goods and services within geographical boundary of the nation is known as
- Local Market
 - National Market
 - International Market
 - Super Market
- (ix) The Example of an economic activity is
- Doctor on duty
 - Minister visiting lhakhang
 - Mother feeding the baby
 - Father driving his son to school
- (x) The creation of goods and services which have the capacity to satisfy human needs and wants
- Production
 - Sole proprietorship
 - Joint Stock Company
 - Public Corporation
- (xi) All Production units that are owned by the government is called as
- Private Sector
 - Public sector
 - Joint Stock Company
 - Partnership
- (xii) The basic problems of an economy arise
- When wants are unlimited and resources are limited
 - When resources are unlimited and wants are limited
 - When Both wants and resources are limited
 - When Both wants and resources are unlimited
- (xiii) An increase in the quantity of a good or services supplied due to rise in its price is called
- Contraction of supply
 - Extension of supply
 - Increase in supply
 - Decrease in supply
- (xiv) Any producer or businessmen produces goods and services with an aim to earn.....
- Loss
 - Total lost
 - Profit
 - Variable cost
- (xv) If our government decides to lower profit on tourist by 50%, it would
- Strengthen the political stability
 - Promote cultural preservation
 - Promote conservation
 - Increase the governments earning

Section A-Part II [25 marks]
Compulsory-Answer the questions

Question 2

- (a). Define money [2]
(b). Distinguish between a firm and an industry [2]
(c). What is the full form of GDP? [1]

Question 3

- (a). Karma a farmer grows potatoes and ginger to sell them in the market. He expects the price of ginger to rise in the future. What would be the possible future impact of it in supply of the ginger and potatoes [3]
(b). Why is it necessary to exchange goods and services [2]
(c). Draw a diagram for each of the following situation [3]
 (i) Contraction of supply
 (ii) Increase in demand
(d). List two factors affecting economic activities in locality and explain one of them. [2]

Question 4.

- (a). Do you think monopolistic type of market is better compared to monopoly? Why? [3]
(b). Examine three difficulties of the barter system. [3]
(c). Explain the law of demand using a suitable diagram. [2]
(d). Distinguish between economic and non-economic activities giving an example each. [2]

Part B

Answer any four questions from the section

Question 5

- (a). Explain with help of a diagram how price affects the supply of commodity? [3]
(b). Suppose you are the manager of an orange squash factory. Arrange the sequencing the stage from the list given below. [3]
 (i) Putting caps on the bottles
 (ii) Packing bottles in carton boxes
 (iii) Manually carrying orange to the factory.
 (iv) Washing empty juice bottles
 (v) Plucking orange in the orchard
 (vi) Extracting juice out of orange
(c). Write the difference between individual demand schedule and market demand schedule. [2]
(d). Demand curve slopes down wards from left to left? Why? [2]

Question 6

- (a). What do you mean by price inelastic demand? [2]
(b). Explain the difference between partnership and sole proprietorship firms. [3]
(c). Define division of labour and specialization with examples. [2]
(d). Discuss any three characteristics of good money. [3]

Question 7

- (a). In Future, if you are going to start a business, will you decide to do partnership or sole proprietorship. Why? [2]
(b). Dawa, the apple supplier supplied 50 kilograms of apples at Nu 50 per kilograms . As the demand for apples increased, he supplied 100 kilograms of it at Nu 60 per kilogram. Calculate the price elasticity of supply and state whether it is price elastic or price inelastic. [4]
(c). List the type of firms. [2]
(d). Define Demand. [2]

Question 8

- (a). Copy the table below and work out the fixed and variable costs of producing orange juice in a firm [4]

Bottles of juice produced in a day	Fixed cost (Nu)	Variable cost (Nu)	Total cost (Nu)
00			400
100			750
200			800
300			960
400			1100
500			1350
600			1630
700			1980

- (b). Analyse any two factors that determine the demand for a commodity in the market [3]
 (c). How is subsistence production different from commercial production? [3]

Question 9

- (a). Differentiate between complementary and substitute goods. [2]
 (b). Explain any three functions of money [3]
 (c). Why are firms located near market? Give two reasons? [2]
 (d). Do you think enterprise is important in the factors of production? Support answer with two reasons. [2]
 (e). Define the term labour? [1]

Question 10

- (a). For each of the goods listed below, identify at least two differentiated products. [2]
 (i) Toothpaste
 (ii) Soap
 (iii) Laptops
 (iv) Noodles
 (b). With the help of diagram, distinguish between movement along the demand curve and shift in demand curve. [3]
 (c). Explain three factors that determine the location of an industry. [3]
 (d). Describe two advantages of commercial advertisement. [2]