

**MOTITHANG HIGHER SECONDARY SCHOOL**

**THIMPHU**

**MIDTERM EXAMINATION 2017**

**SUBJECT: ECONOMICS**

**WRITING TIME: 2 HOURS**

**CLASS: X**

**TOTAL MARKS: 80**

**DIRECTIONS:** Do not write for the first fifteen minutes. This time is to be spent reading the questions. Attempt all the questions from section A and any four questions from section B. The intended marks for questions or part of questions are given in brackets [ ]. **Don't forget to write your Name, Roll No, Class and Section on your answer sheet.**

**SECTION A: {40 MARKS}**

**ANSWER ALL THE QUESTIONS. FIGURES IN THE BRACKETS [ ] INDICATE FULL MARKS**

**INSTRUCTION:** Each of the following questions has FOUR alternative answers A,B,C and D. Choose the correct answer and write A or B or C or D in the answer sheet.

**QUESTION 1 [1x15=15MARKS]**

1. Sweeping a street is an example of:

- A. Productive labour
- B. Physical labour
- C. Unskilled labour
- D. Unproductive labour

2. A person who uses money in the creation of capital goods is called.....

- A. A lender
- B. An investor
- C. A saver
- D. A borrower

3. Ap Bokto buys potatoes worth Nu. 2000 for plantation and spends Nu. 1500 for manure and labour services. He produces about 1000 kgs of potatoes every season. If 1 kg of potatoes sells at Nu.8, he would make a profit of -

- A. Nu.4100
- B. Nu.4200
- C. Nu.4300
- D. Nu.4500

4. The effort of entrepreneur is rewarded in the form of:

- A. Interest
- B. Wage
- C. Profit
- D. Rent

5. Which of the following is an example of current expenditure?

- A. Opening of college at Gelposhing
- B. Buying of laboratory equipment
- C. Construction of mani dungkor
- D. Law and order

6. Which of the following is NOT an example of indirect tax?

- A. Sales tax
- B. Exercise duty
- C. Corporate tax
- D. Import tax

7. With the increase in the productivity of labour,

- A. The demand for labour decreases.
- B. The demand for labour increases.
- C. The demand for labour remains the same.
- D. The demand for labour falls.

8. When the government faces resource gap, it resorts to borrowing from within and outside the country. Such borrowing leads to –

- A. Public Revenue
- B. Public Expenditure
- C. Public Goods
- D. Public Debts

9. An increase in the general level of price of goods and services is called:

- A. Inflation
- B. Trade deficit
- C. Budget deficit
- D. Recession

10. Following are the types of saving schemes EXCEPT:

- A. Saving deposit account
- B. Current deposit account
- C. Fixed deposit account
- D. Deposit account

11. Following are the components that constitute the public sector in Bhutan EXCEPT:

- A. Central government
- B. Private enterprise
- C. District administration
- D. Public corporation

12. Which of the following risks can be minimized by saving in the banks?

- A. Sacrificing current consumption
- B. Lending money is a risky business
- C. Money loses its value over time
- D. Future investment

13. Suppose there is a sudden increase in the import of vehicles by our country, this would result in .....

- A. Employment of more number of people in automobile workshops.
- B. The increase in cost of transportation.
- C. The decline in farming population
- D. The fall in government's revenue.

14. Mr. Tobden lends Nu, 10000 at the beginning of the year to Mrs. Tashi and he gets back Nu.110000 at the end of the year.

The extra Nu.10000 received at the end of the year is.....

- A. Rent
- B. Wage
- C. Profit
- D. Interest.

15. The foreign aid to Bhutan over the years has been decreasing because of the

- A. Economy growing weaker
- B. Economy growing stronger
- C. Trade relationship with other countries.
- D. Political relationship with other countries.

### Section A Part II

(Answer all the questions)

#### QUESTION 2

[25 MARKS]

- a. How can a firm attract more workers than the other firms? Explain.[3]
- b. Distinguish between earned income and unearned income with examples.[3]
- c. List three causes of housing shortages in Bhutan.[3]
- d. Write down two importance of public finance.[2]
- e. With the help of diagram, show the effect of decrease in wage rate from Nu.3000 to Nu.2000 per month on the supply of plumbers.[3]
- f. How can you suggest our government to encourage youths to work in private sectors? Give three suggestions. [3]
- g. Write down the relationship among saving, investment and interest.[ 3]

- h. Write down the benefits of tax reduction in an economy [2].
- i. Why is investment in human capital considered crucial for the economic development? [3]

## **SECTION B**

**(ANSWER ANY FOUR QUESTIONS FROM THIS SECTION)**

**[4X10=40 MARKS]**

### **QUESTION 3**

**[10MARKS]**

- a. Explain the different types of industries as per their investment. [3]
- b. Explain the circular flow of income with a labeled diagram. [4]
- c. What do you mean by budget and write two importance of budget.[3]

### **QUESTION 4**

**[10 MARKS]**

- a. With the help of diagram, explain how equilibrium interest rate is determined by the forces of demand for and supply of capital. [3]
- b. The trend shows the greater movement of people from the primary to secondary and tertiary sector. Do you think is a positive trend? Justify.[2]
- c. Define interest. Write down three reasons why the borrower needs to pay interest to the lender. [3]
- d. Explain with the help of diagram, how the supply of labour would change with poor working conditions and facilities prevailing in a firm. [2]

### **QUESTION 5.**

**[10 MARKS]**

- a. How working environment and facilities will affect the supply of the labour in the firm. Explain with the help of diagram. [3]
- b. Define real flow and money flow. [2]

c. Study the table below and answer the questions that follow

Each chair sells for Nu. 250.

No. of carpenters	Firms total output	Extra output	Value of MRP
10	200	-	
11	215		
12	225		
13	230		
14	233		
15	234		

- i. Complete the table. [2]
- ii. How many carpenters would you suggest the firm to employ at wage rate of Nu.2500? Why? [1]
- a. How is current expenditure different from capital expenditure? Give examples. [2]

### QUESTION 6

[10 MARKS]

- a. What is indirect tax and what would be the effect of increase in indirect taxes to the people? How? [3]
- b. What determines the wage rate? Explain with the labeled diagram. [3]
- c. What will happen to the equilibrium interest rate if there is decrease in the supply without the change in demand? [3]
- d. Explain equilibrium wage rate with the help of diagram.[2]

### QUESTION 7

[10 MARKS]

- a. Mention four factors that affect the differences in the earning in the same job. [2]
- b. How would reduction in the interest rate on borrowing help in solving the unemployment problem in our country. [3]

- c. “Foreign aid is making Bhutan more dependent on other countries and it should be reduced”. Critique on the statement. [3]
- d. As an individual, how would you help your country to reduce the current expenditure. [2]

**QUESTION 8.**

**[10 MARKS]**

- a. Differentiate between the saving and hoarding money. Which of this will bring economic growth? [2]
- a. Why is demand for labour referred as derived demand? Explain. [3]
- b. Write down the sources of public revenue. [2]
- c. Why do you think people save money? Provide three reasons. [3]