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ལྷོ་ཏིག་ཐང་འབྲིང་རིམ་སློབ་ལྷན་གྲོང་ཁག་།



MOTITHANG HIGHER SECONDARY SCHOOL  
THIMPHU THROMDE  
ANNUAL EXAMINATION 2018

Sub: ECONOMICS

Class: XI

Wednesday 21<sup>st</sup> Nov. 2018

Marks: 100

Time: 3.15 Hrs

Name: ..... Class & Sec.: ..... Roll No.: .....

Invigilator's initial



For Teacher's Use Only				
	Marks	Marks Awarded	Marker's Initial	
SECTION A				
Question 1	30			
SECTION B				
Question 5	10			
Question 6	10			
Question 7	10			
Question 8	10			
Question 9	10			
Question 10	10			
Grand Total				

READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. The first 15 minutes of the examination are for **reading** the paper only. Candidates **must NOT** start writing during this time.
2. Answer **Question 1 (compulsory)** from **Part I** and **SEVEN** questions from **Part II**. Marks will not be awarded for attempting any extra questions.
3. The intended marks for questions are given in [ ]

## PART I (Compulsory)

### QUESTION 1

(2x15 = 30 marks)

Answer briefly each of the items:

- (i) State the 'scarcity' definition of Economics.
- (ii) How would you distinguish 'value' from 'price'?
- (iii) Why do economic problems arise?
- (iv) List any FOUR problems of agriculture sector in our country.
- (v) Differentiate between total utility and marginal utility?
- (vi) 'Economists believe that a mild degree of inflation is not only desirable, but is also necessary.' Why?
- (vii) How is 'cash credit' distinct from 'outright loan'?
- (viii) 'Currency notes are legal tender while this is not true of chequable bank deposit.' Comment.
- (ix) Specify any TWO short comings of barter system.
- (x) What is marginal requirement? Why do banks keep this margin?
- (xi) How deficit financing and increase in export demand influences the inflation?
- (xii) What is meant by occupational distribution? Give brief account on the trend of the occupational distribution of Bhutan.
- (xiii) Highlight the reasons for the low level technology and skills in our country.
- (xiv) 'Bhutanese Economy is an economy which combines the elements of both the capitalist and socialist economy.' Justify.
- (xv) The objective of manufacturing sector is to increase the contribution to export and GDP. Enumerate any TWO strategies formulated to achieve the mentioned objective.

## PART II

Answer any SEVEN questions

### QUESTION 2

- a) Capitalist Economic system has enjoyed a lot of goodwill and popularity in view of its merits. Explain some of its important merits. (5)
- b) Illustrate the central problems of an economy with the help of production possibility curve. (5)

### QUESTION 3

- a) Utility refers to want satisfying power of a commodity. Discuss any FIVE characteristics of utility. (5)
- b) Explain with the help of a diagram, the cost-push inflation. (5)

### QUESTION 4

- a) Discuss any FIVE facts highlighting the important functions of money. (5)
- b) Poverty is the cause of all evils in the society. In this context explain the measures which have been taken by government to eradicate poverty. (5)

### QUESTION 5

- a) Inflation results in fall in value of money. In view of this statement, how are different sections of society affected when there is fall in value? (5)
- b) Elaborate any FIVE importance of agriculture in Bhutanese economy. (5)

**QUESTION 6**

- a) Define statistics? Explain any THREE characteristics of statistical data. (4)
- b) What would be the economic impact of public sector industries in Bhutan? (6)

**QUESTION 7**

- a) What could be some possible reasons for the higher rate of rural unemployment than urban? Can you suggest some practical measures to reduce rural unemployment in our country? (5)
- b) Service sector plays an important role in the economic development of our country. How do you think service sector influences the economic development of our country? (5)

**QUESTION 8**

- a) Highlight on various incentives provided by the government to enhance the growth of industries in Bhutan. (5)
- b) What is the barter system of exchange? Explain any four difficulties, which people experienced under the barter system. (5)

**QUESTION 9**

- a) Despite the initiatives taken by the government, private sector development in Bhutan is slow and modest. Explain the challenges faced by private sectors. (5)
- b) The problem of unemployment saps not only the efficiency of people, but poses serious problems for an economy. In this light, describe the consequences of unemployment. (5)

**QUESTION 10**

- a) Using the following data, construct price index numbers for 2017 with 2016 as base, using  
 i. Laypeyre's Method  
 ii. Paasche's Method (5)

Commodity	2016		2017	
	Price (Nu.)	Quantity	Price (Nu.)	Quantity
Rice	6	50	10	56
Wheat	2	100	2	120
Pulse	4	60	6	60
Oil	10	30	12	24
Sugar	8	40	12	36

- b) RMA as an apex institution in the banking and financial structure performs a number of functions. Discuss any FIVE functions. (5)