



MINISTRY OF EDUCATION  
CHUMEY HIGHER SECONDARY  
SCHOOL  
TRIAL EXAMINATION



Subject: ECONOMICS  
Class X (Ten)

Total Marks:100  
Time: 2 ¼ Hours

Index No. \_\_\_\_\_

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**READ THE FOLLOWING DIRECTIONS CAREFULLY:**

1. Do not write for the first **fifteen minutes**. This time is to be spent on reading the questions. After having read the questions, you will be given **two hours** to answer all the questions.
2. Make sure there are **seventeen** pages (Page 1 of 17- 17 of 17).
3. Write your **index number** correctly.
4. In this paper, there are two SECTIONS: **A** and **B**. section **A** is **COMPULSORY**. You are expected to attempt **ANY FIVE** questions from section **B**.
5. The intended marks for each question are given in the **bracket []**
6. Remember to write **quickly** but **neatly**.
7. **Do not** leave the examination hall before you have made sure that you have answered all the questions.

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SECTION A: (50 MARKS)

ANSWER ALL QUESTIONS

**Question 1**

**a. Read the following questions carefully. For each question there are four alternatives: A, B, C and D. Choose the correct alternative and circle it. If there are more than one circled, No score will be awarded.**

[1\*20=20]

- i. Which of the following indicator is used to calculate Human Development Index (HDI)?
  - A. GDP per capita income.
  - B. Gross income.
  - C. Average Income.
  - D. Population Growth Rate.

- ii. Bhutan's balance of payment was unfavorable in the fiscal year 2020-2021. It is because
- A. The exports and imports are equal.
  - B. The receipts from the rest of the world are equal to its payment.
  - C. The receipts from the rest of the world are more than its payment.
  - D. The receipts from the rest of the world are less than its payment.
- iii. Free trade is a trade strategy which promotes all, EXCEPT
- A. Export of goods and services.
  - B. Import of goods and services.
  - C. Domestic industrialization.
  - D. Dumping of goods.
- iv. Which of the following is the most common tool used for measuring economic growth of a country?
- A. The size of a country.
  - B. The population of a country.
  - C. The high growth rate of GDP.
  - D. The rich biodiversity of country.
- v. With wage rate remaining constant, there are other factors that affect the supply of labour in a firm. Which of the following factors will increase the supply of labour?
- A. Decrease in the demand for goods and services.
  - B. Increase in demand for goods and services.
  - C. Presence of better facilities in a firm.
  - D. Increase in productivity.
- vi. With globalization, almost all countries in world are benefited by international trade. One benefit of international trade is
- A. High pollution rate
  - B. Hurdles to industrialisation
  - C. Greater dependence on other countries
  - D. Expanding the basket of consumer goods
- vii. Tashi, an employee of Tashi Commercial earns a monthly income of Nu 10,000. He spends Nu 5000 as rent, his tax deducted at source is Nu 800 and incurs Nu 1000 as miscellaneous expenses. What is his savings?
- A. Nu 3200      C. Nu 4200
  - B. Nu 4000      D. Nu 5000

- viii. A country will resort to borrowing when its
- A. Grants are more than the domestic revenue
  - B. Revenue is more than its expenditure
  - C. Revenue is less than its expenditure
  - D. Expenditure is equal to its revenue

viii. Different countries used different trade strategies that will benefit their country the most. Which one of the following should Bhutan adopt to enhance Gross National Happiness values?

- A. Free trade
- B. Export promotion
- C. Import substitution
- D. Trade liberalization

ix. Study the table

Sources of revenue	Amount (Nu in million)
Tax revenue	124
Non-tax revenue	76
Total	200

What is the percentage of tax revenue?

- A. 38
  - B. 76
  - C. 62
  - D. 124
- x. Sonam borrowed a sum of Nu 5, 00,000 from the Bank of Bhutan. At the end of a year, he returned a total of Nu 5, 50,000. What was his interest rate?
- A. 15%
  - B. 30%
  - C. 10%
  - D. 5%
- xi. An additional income added to the total revenue is called
- A. Total revenue.
  - B. Total product.
  - C. Marginal product.
  - D. Marginal revenue product.

xii. Study the table given below.

Wage rate per day (Nu)	Quantity of labour demand	Quantity of labour supplied	Market situation
400	150	50	Excess demand
450	100	100	Equilibrium
500	50	150	

What will be the market situation at the wage rate of Nu 500 per day?

- A. There is excess supply.
  - B. There is excess demand.
  - C. Demand and supply are equal.
  - D. Demand and supply are not equal.
- xiii. Suppose the demand for Ngultrum increases to 80 million and supply of Ngultrum decreases to 40 million, what would happen to the equilibrium exchange rate?
- A. Falls due to excess supply of Ngultrum.
  - B. Rises due to excess supply of Ngultrum.
  - C. Falls due to excess demand for Ngultrum.
  - D. Rises due to excess demand for Ngultrum.
- xiv. The following are examples of public expenditures.
- I. Maintenance of roads.
  - II. Purchase of new medical equipment.
  - III. Supply of Stationeries.
  - IV. Providing professional development workshops to teachers.
- Which of the following combination is the current expenditure of the government?
- A. I, II and III.
  - B. I, III and IV.
  - C. I and III.
  - D. II and IV.
- xv. A country reduces most of its trade barriers such as tariffs, quotas, duties and regulations to promote free exchange of goods and services between the trading partners. This is called as
- A. Free trade.
  - B. Globalization.
  - C. Modernization.
  - D. Trade liberalization.
- xvi. Bhutan receives external assistance from Japan for the construction of bridges. Some of the impacts of it on the Ngultrum and Yen are
- I. Increase in demand for Ngultrum.
  - II. Decrease in the demand for Ngultrum.
  - III. Increase in the demand for Yen.
  - IV. Decrease in the demand for Yen.
- Which of the following combinations is correct?
- A. I and II
  - B. I and III
  - C. I and IV
  - D. II and III.
- xvii. Use of flour by bakery to bake bread is an example of:
- A. Private goods.
  - B. Intermediate goods.
  - C. Public goods.
  - D. Final goods.

- xviii. The bank charges interest on the borrowed amount. One of the reasons for paying interest is
- A. Inflation  
B. Contingencies  
C. Social securities  
D. Future investment
- xix. The gap between estimated revenue and planned expenditure is called as
- A. Planned expenditure  
B. Estimated revenue  
C. Resource gap  
D. Borrowing
- xx. A type of labour that requires advance study and special training is called
- A. Unskilled labour  
B. Semi-skilled labour  
C. Skilled labour  
D. Professional labour

**b. Fill in the blanks with appropriate words**

**[1\*5=5]**

- i. SAPTA helps gradual .....of trade among the SAARC members.
- ii. ....is primarily, the main motive for carrying out any economic activity in an economy.
- iii. The fall in interest rate leads to.....in saving and increase in investment.
- iv. An annual financial statement describing in detail the estimated revenue and proposed expenditure for a year is termed as .....
- v. When the value of a country's currency increases in relation to another country's currency, it is called as.....

**c. Match each item in column A with the correct item in column B. Rewrite the correct pairs by writing the alphabet against the number in the space provided [1\*5=5]**

Column A	Column B
I. Salaries of civil servants.	a. Capital expenditure
II. Construction of school buildings, dzongs, road, etc	b. Saving deposit account
III. Reliability	c. Non-tax source
IV. Nominal rate of interest	d. Current expenditure
V. Administrative fees and charges	e. Social responsibility
	f. Current deposit account
	g. Business ethics.

Column A	Column B
I	
II	
III	
IV	
V	

**d. Write TRUE or FALSE for the following statements. [1\*5=5]**

- i. An example of pro-family economic approach is environmental conservation \_\_\_\_\_
- ii. The World Trade Organization resolves trade disputes. \_\_\_\_\_
- iii. Fixed Deposit Account is also known as cumulative time deposits. \_\_\_\_\_
- iv. Public Revenue refers to the income of the government generated from different sources.  
\_\_\_\_\_
- v. Protectionism fosters relationship with other countries. \_\_\_\_\_.

**e. Answer the following questions briefly.**

- i. Sonam owns two five-storied buildings; a building in Thimphu with modern amenities and a traditional building in Lhuentse. Her annual rental income earned from Thimphu building is double that of the one in Lhuentse. How does the facilities of the buildings affect the rent? [1]


- ii. Differentiate between visible trade and invisible trade with an example each. [2]


iii. List down **TWO** examples of factor services and **TWO** examples of factor earnings[2]


iv. How does the low value of Ngultrum affect the following?

a. Tourism [1]


b. Industrial development [1]


c. Income level of Bhutanese [1]


v. With the help of a diagram, explain excess demand for and excess supply of capital [3]


vi. What do you understand by public finance?

[1]


vii. Teacher shortage was one of the issues of the education system in early 1990s. However, with the provision of benefits such as teaching allowance, difficulty allowance, housing allowance and leave encashment, the supply of teachers in Bhutan increased over the years although the wage rate remained the same. Using a diagram, explain how supply of teachers would change with the provision of better facilities. [3]


**SECTION B: (50 MARKS)**  
**ANSWER ANY FIVE QUESTIONS**

**Question 2**

a. List down TWO trade benefits that Bhutan enjoys as a member of SAFTA. [2]




b. The exchange rate of Australian Dollar (AUD) for Ngultrum (Nu) as of July 3, 2021 was 1 AUD=54.8 BTN. Assume that there is a considerable fall in the value of Ngultrum against the AUD.

1. State whether you would get more or less ngultrum for every AUD. [1]


2. How would this influence the number of Bhutanese going to Australia as a tourist?[2]


3. What would happen to the quantity of goods imported from Australia? [1]


c. Write down any two opportunities provided by different agencies for improving the productivity of labour in Bhutan. [2]


d. How is free trade policy different from protectionism? [2]


**Question 3**

a. What is meant by national income? [1]


b. Explain the following terms:

i. Direct tax [1]


ii. Indirect tax [1]


c. Bhutan is one of the few countries in the world which is carbon negative.  
What measures can you suggest so that Bhutan remains carbon neutral for all times to come? [3]


d. Bhutan remained in isolation until early 1970's. However, the country has opened its economy to the outside world with an aim to reap the benefits of trading.  
Is the country reaping the benefits? Justify with **TWO** reasons. [2]


e. Youth unemployment is a growing concern and a challenge for the government.  
What are **TWO** factors that have caused youth unemployment in Bhutan? [2]



**Question 4**

a. Define profit [1]


b. Study the information in the table below.

Age-wise distribution of population (in percentage)

<b>Age group</b>	<b>Male</b>	<b>Female</b>
0-14	13.20	12.90
15-24	10.40	9.30
25-54	22.55	19.50
55-64	3.15	3.00
65 & above	3.00	3.00

c. Draw a bar graph to show age wise distribution of population. [2]

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d. How do taxes help in promoting social welfare of the people? [1]


e. Public goods are essential goods provided by the government for the social welfare of its citizens.

How can people take good care of these goods? Suggest **TWO** measures. [2]


f. Explain spillover effects with examples. [2]


g. Why do you think economic diversification is important for economic growth and development? [2]


**Question 5**

- a. Rent is generalized and extended to all factors having inelastic supply. What do you mean by inelastic supply? [2]


- b. Draw a graph to show the equilibrium interest rate and equilibrium quantity of capital using the following information given in table below.

Rate of interest (%)	Demand for Capital (Nu in millions)	Supply of capital (Nu in million)
8	50	50

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- c. How would the equilibrium interest rate change when there is increase in the volume of savings by different sectors of the economy? Explain it with the help of a graph [1.5+1.5]

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- d. Explain the effect of decrease in investment on equilibrium interest rate and equilibrium quantity of capital in the economy. [2]


- e. With a population of about 7, 27,145 (PHCB 2017), Bhutan is one of the least populated countries of the world. The population growth rate between 2005 and 2017 is 1.3% per annum which is low compared to many other countries. Why there is low rate of population growth? [3]


**Question 6**

a. Differentiate between revenue from tax and revenue from grants. [2]

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b. Do you think human resource is the key factor for economic development? Justify with **TWO** reasons. [2]


c. Study the table.

<b>Particulars</b>	<b>Amount (Nu in million)</b>
Exports	35,258
Imports	67,360
Balance of trade	(-)32,102

i. Suggest **TWO** measures to improve the country's deficit balance of payment. [2]


d. Social ills such as suicidal cases, people suffering from depression and stress, vandalism and crimes are on the rise. How can the concept of GNH help reduce these issues in the society? [2]

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e. A corporate employee earns Nu 15000 as her monthly salary; she saves 20% of her salary every month in the bank. Explain any **TWO** benefits of saving. [2]


**Question 7**

a. In recent years, Bhutan has purchased helicopters for emergency purposes. Do you think the government can sustain this type of expenditure? [2]


b. Budget allocation is one of the most important components that can influence the functioning of any economy. Write down **TWO importance** of government budget. [2]


c. The national objective for the 11<sup>th</sup> FYP is economic self-reliance and inclusive green socio-economic development. What has been initiated by the Ministry of Agriculture to achieve this objective? Mention any **TWO** initiatives. [2]





d. Study the information provided in the table below.

<b>Wage rate per day</b>	<b>No. of labour demanded</b>	<b>No. of labour supplied</b>
300	5	1
320	4	2
330	3	3
340	2	4
350	1	5

i. Draw a demand curve using the above information to show the equilibrium wage rate. [2]

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e. Provide any **TWO** reasons why lenders charge interest on their borrowers. [2]
