



MINISTRY OF EDUCATION
CHUMEY HIGHER SECONDARY SCHOOL
ANNUAL EXAMINATION-2022



CLASS -XI
ECONOMICS

WRITING TIME:3HRS
FULLMARK:100

Index Number _____

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 **three hours** to answer all the questions.
2. Make sure there are **fifteen** pages (Page1of 15- 15 of 15).
3. Write your **index number** correctly.
4. All the questions are compulsory.
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.

SECTION A [50MARKS]

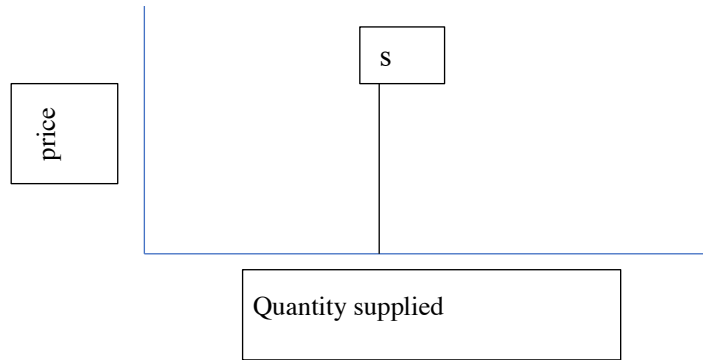
Question 1A

Directions: For each question, there are four alternatives A, B, C, and D. choose the correct alternative and circle it. Do not circle more than ONE alternative. If there are more than one circled, NO score will be awarded.

- 1) Neo Keynesian economics focused on economic growth and stability rather than full employment emerged during the time of
A. 1800-1900
B. 1930-1940
C. 1950-1970
D. 1970-198
- 2) Definition of economics which incorporates welfare, scarcity, choice aspects and is future oriented. Who put forwarded the above theory?
A. John Maynard Keynes
B. Milton Friedman
C. Paul A. Samuelson
D. Warren Buffett
- 3) Production possibility curve is also referred to as
A. Modification curve
B. Change curve
C. Transformation curve
D. Alteration curve

- 4) In perfect competition market, all firms produce the homogeneous product. The nature of product produces in perfect competition market is
- No close substitutes
 - Identical product
 - Product differentiation
 - Homogeneous and differentiated Product
- 5) 'A economic system, in which the means of production are owned by the entire society and being operated by public authority'. The statement best describes
- Socialistic Economic system
 - Capitalist Economic system
 - Planning Economic System
 - Mixed Economic system
- 6) Bhutanese economic is a planned economy due to following features.
- Central economic plan and human resource development
 - Industrial and agricultural development
 - Capital formation and Export
 - Price mechanism and profit motive
- I, II &IV
 - I, III & IV
 - I, II &III
 - I, IV & III
- 7) The Sunday vegetable market of Chamkhar is flooded with more sellers than buyers. This would result in;
- Rise in price of the vegetables
 - Fall in the price of vegetables
 - Change in the price of vegetables
 - No change in the price of vegetables
- 8) Following are the guiding principles of Five-Year plans, EXCEPT
- Good governance
 - Self-reliance
 - Identity & flexibility
 - Unity & harmony
- 9) Human capital formation is defined as the process of adding to the stock of human capital over time. The major components of human capital formation are:
- Education and innovation
 - Education and leadership
 - Education and development
 - Education and health
- 10) *Domestic and international trade differ because of:*
- Trade restriction
 - Immobility of factors
 - Different government policy
 - All of the above
- 11) What would happen if imported products are more than exported goods.
- Trade deficit
 - Trade barrier
 - Trade surplus
 - Trade restriction

12) Refer the diagram and identify the type of supply curve



- A. Vertical supply curve
- B. Horizontal supply curve
- C. Positive slope supply curve
- D. Negative slope supply curve

13) The Balance of Payment account records the inflow of foreign exchange on the

- A. Debit side
- B. Credit side
- C. Capital account
- D. Current account

14) Minimum legal price set by the government at which a goods can be sold is called

- A. Maximum retail price
- B. Minimum Retail price
- C. Price ceilings
- D. Price floors

15) When the price levels of goods and services are falling continuously, this phenomenon is called

- A. Deflation
- B. Stagflation
- C. Inflation
- D. Recession

Question 1b

[1*5=5]

Direction: write TRUE or FALSE for the following statements in the space provided.

1) Inflation is generally defined as a persistent and sustained fall in the general price level in the economy over a period of time.	
2) Giffen goods are a type of superior goods on which the consumers spend a large part of their income.	
3) The condition of entry and exit in the perfect competitive market ensures that all the firms earn normal profit in the long run.	
4) Human capital creates private benefits.	
5) Division of labour and specialization lead to small scale production.	

Question 1C**[1*5=5]****Read the following and fill in the blanks with appropriate words/.**

- 1) When the central bank buys or sells securities to the banking and non-banking public, this is called _____
- 2) Bhutan's Five-Year Plans is guided by _____
- 3) Most of the economic systems in the world today are _____
- 4) The concept of elasticity is important in understanding the economic theories and in making various _____ decisions.
- 5) Demand for a commodity with many close substitutes tends to be _____

Question 1d**[1*5=5]****Directions: 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.**

Column A	Column B
1) Capital account surplus	a) Receipt \leq Payments
2) Current account surplus	b) Receipt $>$ Payments
3) Balanced current account	c) Receipts \neq payments
4) Current account deficit	d) Receipts $<$ Payments
5) Capital account deficit	e) Receipts \geq payments
	f) Receipts = payments

Column A	Column B
1)	
2)	
3)	
4)	
5)	

Question 2

- 1) Growth definition is not only dynamic but also wider in its scope. Support the statement with TWO valid justifications? [2]

2) Briefly explain TWO causes of economic problems and suggest TWO remedial measures. [4]

3) Identify the feature that makes monopolistic competition different from perfect competition. Discuss any TWO features. [2]

4) Different countries follow different economic system to solve the basic economic problems. Bhutan being a GNH country, which economic system would you recommend? Write your choice with justifications. [2]

Question 3

1) Every society must decide how to organize economic activity. This choice involves trade-offs. Economists have developed economic models to help us understand the benefits and costs we face when choosing to organize our economy in a particular way. Although no country on earth adheres entirely to one economic system model, understanding the assumptions underlying a planned system and a pure market system can clarify the choices.

A) Identify the three basic economic questions every society must answer. [1]

B) Describe how a pure market economy answers these questions. [1]

2) Self-reliance is one of the objectives of Five-Year Plans. Formulate ONE practical method for achieving it. [2]

- 3) Human capital benefits not only the owner but also the society in general. This is called external benefit. Justify. [2]

- 4) One of the advantages of free trade is that it stimulates economic growth. Has it been the case for Bhutanese economy? Justify giving examples. [2]

- 5) What are the economic benefits of Bhutan being a member of South Asian Free Trade Agreement (SAFTA) ? [2]

SECTION B[50MARKS]

Question 4

- 1) Since the prehistoric days, constant efforts of satisfying human wants have been a challenge. Suggest FOUR probable ways by which we can minimize our wants and achieve maximum satisfaction. [4]

- 2) Industrialization through provision of subsidy, tax holidays and technical assistance is one of the ways of correcting the deficit Balance of payment. What drawbacks do you think are associated with such measures. [2]

- 3) If the initial deposit with the first bank is Nu 2,00,000 and the cash reserve ratio is 12.5 %, how much of new deposits will be created through the whole process of credit creation? [2]

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- 4) What measures do you think central bank should take to control inflation in a country? [2]

Question 5

- 1) Explain TWO assumptions of production possibility curve. [2]

2) Profit is the primary motive of every producer to produce and supply a commodity. If all the producers are driven by the profit motive, what kind of society do you foresee? [2]

3) Which type of inflation; cost-push or demand-pull is more dominant in our country? Critically evaluate your views on it. [2]

4) How does the idea of economic equity help the following groups to make economic decision? [4]

a. Government
b. Producers
c. Consumers

d. Individual

Question 6

1) Which features of monopolistic competition are close to monopoly and which features are close to perfect competition? [2]

2) Is it good to demand too much of goods and services? Why? [2]

3) Illustrate the effect on the supply of a commodity due to outdated technology. [4]

4) Suggest TWO ideas how the prevalence of mixed economic system promote and protect Bhutanese cultural and heritage. [2]

4) How does investment in human capital contribute to economic growth? [2]

Question 8

1) "There is a downward trend in inequality worldwide with a rise in the average education levels". Do you agree? Give reasons. [2]

2) Though international trade provides market for both primary and finished products, there are certain challenges associated with it. Why do you think Bhutan is faced with such challenges to export its products? [2]

2. 'Export promotion through domestic industrialization is one of the measures to correct the deficit balance of payment and can be adopted by Bhutan.' Do you think this can be achieved in Bhutan? What hurdles can you foresee in adopting this measure? [4]

- 3) Suppose you are a producer and the price of your product has decreased but you have high stock of the good. How would you respond to such a situation? [2]
