

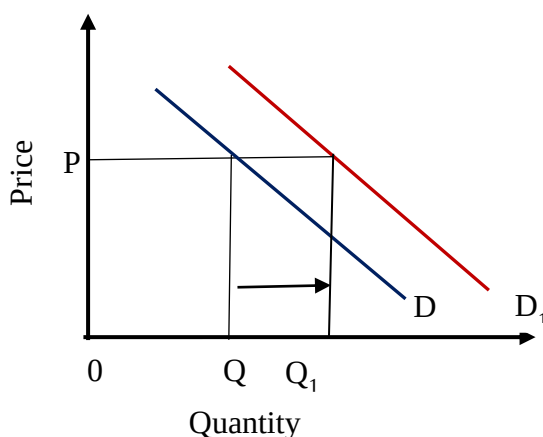
SECTION A [15 MARKS]
ANSWER ALL QUESTIONS

Question I

[15]

For each question, there are FOUR responses: A, B, C and D. Choose the corresponding letter of your response and CIRCLE it neatly. NO score will be awarded if you circle more than ONE letter. If you change your answer, cross out the previous response clearly and circle your new answer.

1. Which process defines the evolution of economic thought?
 - A the development of economic ideas over time
 - B the study of how goods and services are produced in an economy
 - C the application of economic policies in government decision-making
 - D the comparison of different economic systems in the present world
2. Which factor of production refers to man-made resources?
 - A land
 - B labour
 - C capital
 - D enterprise
3. A start-up entrepreneur invests personal savings into a new tech business despite uncertainty about future profits. This situation highlights the entrepreneur's role as a
 - A consumer.
 - B risk bearer.
 - C job creator.
 - D wage payer.
4. What can be observed from the diagram?



- A increase in demand
- B decrease in demand
- C extension of demand
- D contraction of demand

5. Which situation best represents the law of supply?
- A Increase in supply due to new technology
 - B Increase in supply due to lower input costs
 - C Increase in supply due to government subsidies
 - D Increase in supply due to a rise in the price of the good
6. A student uses a smartphone to contact family, attend online classes, and watch videos for entertainment. This best shows that human wants are
- A varied and interconnected.
 - B satisfied by one good at a time only.
 - C always ranked in order of importance.
 - D influenced by social environment and lifestyle.
7. A firm in Thimphu operates in a competitive labour market. The equilibrium wage is Nu 8,000 per month. A trade union negotiates a wage of Nu 10,000 per month. What is the most likely outcome?
- A Employment opportunities increase in the labour market.
 - B Workers receive higher wages with increased employment levels
 - C Unemployment occurs because labour supply exceeds labour demand.
 - D Shortage of labour occurs because labour demand exceeds labour supply.
8. What best describes division of labour?
- A Firms producing only one type of good.
 - B One worker performing all production tasks.
 - C Government controlling all production activities.
 - D Workers specialising in different tasks within production.
9. What role does interest play in the economy?
- A It determines the price of land.
 - B It regulates trade between countries.
 - C It regulates flow of goods and services.
 - D It encourages saving and allocates capital.
10. What change in the labour market leads to an increase in workers' wage?
- A an increase in unemployment
 - B an increase in the supply of labour
 - C a decrease in the demand for labour
 - D an increase in the demand for labour

11. A student deposits Nu 10,000 in a bank at a compound interest rate of 10% per annum, compounded annually. What will be the compound interest earned after 2 years?
- A Nu 2,000
 - B Nu 2,100
 - C Nu 2,110
 - D Nu 2,200
12. A water leakage occurs in a house, and a person uses experience and practical knowledge to identify the problem and repairs it successfully. What type of labour is shown in this situation?
- A skilled labour
 - B unskilled labour
 - C semi-skilled labour
 - D professional labour
13. What policy tool increases the level of savings in an economy without changing interest rates?
- A Increasing access to consumer credit.
 - B Reducing restrictions on withdrawals from savings accounts.
 - C Promoting financial literacy and awareness of saving benefits
 - D Encouraging higher household consumption through advertising.
14. The equilibrium wage is Nu 6,000. A trade union sets the wage at Nu 7,000. At this wage, labour demand falls from 1,200 to 900 workers and labour supply rises from 1,200 to 1,500 workers. What is the level of unemployment in the labour market?
- A 400
 - B 500
 - C 600
 - D 700
15. A firm earns Nu 80,000 in revenue and incurs Nu 60,000 in cost. What is the firm's profit?
- A Nu 20,000
 - B Nu 25,000
 - C Nu 30,000
 - D Nu 35,000

SECTION B (15 MARKS)
ANSWER ALL THE QUESTIONS

Question II

Read the following text related to a furniture firm and answer all parts of the question.

[15]

A furniture firm produces tables, chairs, and other wooden products. As production expands, the firm divides the production process into separate tasks, including cutting wood, shaping parts, assembling furniture, sanding, and finishing.

Workers specialise in particular tasks according to their skills and experience. The use of machinery and specialised workers allows the firm to increase output, reduce production time, and improve product quality.

However, workers may become dependent on performing one task, making retraining necessary if technology or production methods change.

1. State the meaning of division of labour, as used by the furniture firm.

[2]

2. Describe how workers specialising in tasks such as cutting, assembling, and finishing can increase the firm's productivity.

[3]

3. Explain how the use of machinery by the furniture firm may affect its production costs. [4]

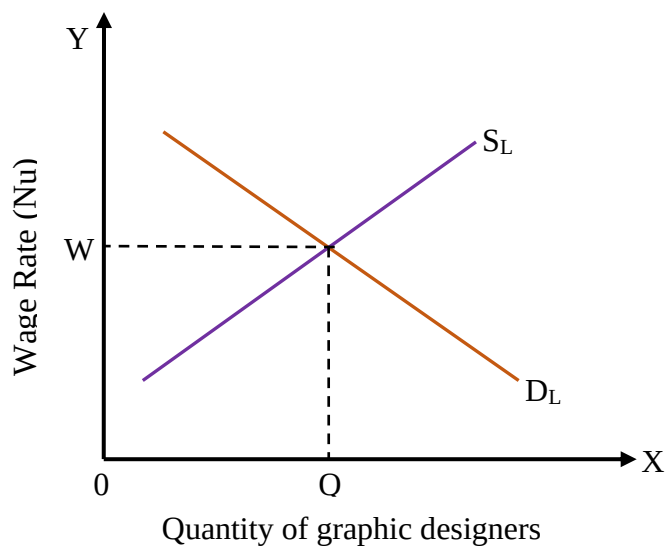
4. Evaluate how workers specialising in particular tasks may affect employment opportunities in Bhutan. [6]

SECTION C [20 MARKS]
ANSWER ALL THE QUESTIONS

Question III

[10]

Study Figure below related to the labour market in Bhutan and answer all parts of the question.



As businesses expand, the demand for graphic designers is expected to increase.

1. Analyse the likely changes in the wage rate and employment resulting from the expected increase in demand for graphic designers.

[4]

2. Evaluate the extent to which the supply of suitably skilled graphic designers could respond to the increase in demand shown in Figure above [6]

Question IV

Read the following text related to a Scarcity and Competing Uses of Resources and answer all parts of the question.

[10]

Bhutan has limited resources such as land, labour, capital and natural resources, while people have many wants and needs. These resources also have alternative uses. For example, land can be used for farming, housing, roads or businesses.

When the government uses limited land and funds to build a new hospital, fewer resources are available for other projects such as schools, roads or recreational facilities. Individuals and communities also face choices because they cannot satisfy all their wants with the resources available. Therefore, they must decide how to use scarce resources and consider the benefits they give up when making a choice.

1. Analyse how scarcity of resources and alternative uses of land, as stated in the stimulus, create a need for choice. [4]

2. Evaluate how effective resource allocation can improve the well-being of individuals and communities in Bhutan **[6]**
