



**CENTRAL
UNIVERSITY**

END OF SECOND SEMESTER RESIT EXAMINATION: 2016/2017

FACULTY OF ARTS AND SOCIAL SCIENCES

DEPARTMENT OF ECONOMICS

ECON 303 (3 CREDITS)

ECONOMY OF GHANA

LEVEL 300

AUGUST, 2017

2 HOURS

STUDENT ID No.....

INSTRUCTIONS

ANSWER QUESTION ONE AND ANY ONE QUESTION FROM

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INVIGILATOR**

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1. If the Bank of Ghana wants to reduce the quantity of narrow money in circulation, it will
 - A. Reduce the discount rate
 - B. Reduce the reserve ratio
 - C. Sell bills and securities to the public
 - D. Print and distribute more money

2. The base year for the measurement of national income is normally a year in which
 - A. The general price level was stable
 - B. The rate of inflation was single digit
 - C. The rate of inflation was high
 - D. The rate of interest was low

3. If Ghana borrows \$3bn from the government of China, it will be recorded in
 - A. Current account of the balance of payments
 - B. Balance of trade
 - C. Capital account of the balance of payment
 - D. Compensatory monetary movement

4. An increase in a country's productive capacity over a period of one year is termed
 - I. Economic growth II. Economic Development III. National Income
 - a. I only
 - b. I and II
 - c. I, II and III
 - d. All of the above

5. Which development plan was to work under the socio-political theme of work and happiness?
 - I. Nkrumah's 10 year plan II. Nkrumah's 7 year plan III. Economic Recovery Programme IV. Acheampong's plan
 - a. I only
 - b. II only
 - c. I and II
 - d. IV only

6. The growth rate in gross domestic product for the year 2016 according to the budget statement is
- A. 3.5%
 - B. 8.6%
 - C. 10.7%
 - D. 11.6%
7. In Nkrumah's seven year development plan, the growth target was between
- A. 5% and 10%
 - B. 5.5% and 10.5%
 - C. 4.5% and 10.5%
 - D. 5.5% and 11.5%
8. In terms of time dimension, the 2014 budget can be described as
- I. Annual plan
 - II. Medium term plan
 - III. Long term plan
- A. I only
 - B. II only
 - C. I or II
 - D. III only
9. The national income approach which indicates the extent of structural change is
- A. Product approach
 - B. Expenditure approach
 - C. Income approach
 - D. Gross domestic product
10. The characteristics of the industrial sector of Ghana includes the following except
- a. Substantial indigenous ownership
 - b. Labour intensiveness
 - c. Urban centeredness
 - d. Inadequate managerial expertise

11. Which of the following is not a main industrial raw material produced by the agricultural sector?
- a. Oil palm
 - b. Bast fibre
 - c. Cotton
 - d. Cocoa
12. A deliberate effort to intervene in the economy to achieve a predetermined set of economic objectives is known as
- A. Economic growth
 - B. Economic development
 - C. Economic planning
 - D. Economic diversification
13. Underestimation of the national income accounts could be caused by
- A. The use of market prices
 - B. Large subsistence production in Ghana
 - C. Double counting
 - D. Counting intermediate goods separately
14. Which of the following is not a monetary policy instrument used in Ghana
- A. Hedging of crude oil prices
 - B. Open Market Operations
 - C. Reserve ration
 - D. Discount rate
15. The price of Ghana's exports in relation to its imports is known as
- A. The terms of trade
 - B. The balance of trade
 - C. The balance of payments
 - D. The terms of payments

16. If the price of Ghana's imports is higher in relation to the price of her exports, then
- A. Ghana has favourable terms of trade
 - B. Ghana has an unfavourable balance of trade
 - C. Ghana has an unfavourable terms of trade
 - D. Ghana has an unfavourable balance of payments
17. A deficit in the balance of trade means that
- A. The current account is in deficit
 - B. The current account is in surplus
 - C. The current account could be in either deficit or surplus
 - D. There is balance of payments equilibrium
18. The biggest item on Government's discretionary expenditure currently in Ghana is
- A. Wages and salaries of public sector workers
 - B. Statutory payments
 - C. Getfund payments
 - D. Road infrastructure
19. Government of Ghana's interest payments on debt are examples of
- A. Discretionary expenditure
 - B. Statutory expenditure
 - C. Capital expenditure
 - D. None of the above
20. Currency notes and coins in circulation within the economy are technically defined as
- A. Quasi money
 - B. Broad money
 - C. Narrow money
 - D. M2+
21. Non-deposit taking non-bank financial institutions in Ghana does not include
- A. Investment trusts
 - B. Unit trusts
 - C. Insurance companies
 - D. Discount companies

22. If the nominal gross domestic product of Ghana is given as GH¢25000 and the average price level is 15%, what is the real gross domestic product of Ghana?
- A. GH¢23,739
 - B. GH¢22,739
 - C. GH¢21,739
 - D. GH¢20,739
23. The difference between domestic revenues and expenditures is known as
- A. The domestic budget balance
 - B. The overall budget balance
 - C. The domestic primary balance
 - D. The overall broad balance
24. Domestic means of financing a fiscal deficit could include all the following except
- A. Issuing stocks and securities
 - B. Drawing on government cash balances with the banks
 - C. Requesting the central bank to print more money
 - D. Borrowing from the international money and capital markets
25. Which of the following is a fiscal policy document?
- A. Treasury bills and bonds
 - B. GPRS I & II
 - C. 2012 budget statement
 - D. Vision 2020
26. Revenues that accrue to government from grants, loans and unrequited transfers from other countries are categorized as
- A. Direct taxes
 - B. Indirect taxes
 - C. Tax revenue
 - D. Non-tax revenue
27. The following are all characteristics of the industrial sector except
- A. Over utilization of plant capacity
 - B. Key industrial sub-sectors are highly import intensive
 - C. Most factories are urban centered
 - D. Industries are predominantly small scale

28. The use of monetary instruments by government to influence macroeconomic aggregates is known as
- A. Monetary management
 - B. Financial regulation
 - C. Open market operations
 - D. Fiscal policy
28. The targeted year for the attainment of the millennium development goals is
- A. 2012
 - B. 2013
 - C. 2014
 - D. 2015
29. Which of the following is not a condition necessary for a successful plan?
- A. Proper balance between public and private sector
 - B. Competent planning agency
 - C. Sound statistical base
 - D. Sufficient and unreliable financial base
30. Which of the following is included in the categorization of broad money in Ghana?
- A. Foreign currency deposits
 - B. Narrow money
 - C. Quasi money
 - D. All of the above
31. If international assistance and foreign commitments are added to the domestic primary balance, we obtain
- A. The overall domestic balance
 - B. The narrow broad balance
 - C. The overall broad balance
 - D. The budget deficit

32. The medium term development strategy of the Government of Ghana (2013-2015) is
- A. The Better Ghana Agenda
 - B. The Medium Term Better Ghana Agenda
 - C. The Agenda for Infrastructure and Job Creation
 - D. The Ghana Shared Growth and Development Agenda
33. Partial plans are also known as
- A. Indicative plans
 - B. Project plans
 - C. Central plans
 - D. Macro plans
34. If the productive capacity of Ghana increases over a period of one year, it could be termed as
- A. Economic planning
 - B. Economic development
 - C. Economic growth
 - D. Economic diversification
35. In which period of the nation's history was the Economic Recovery Programme implemented?
- A. 1981-1983
 - B. 1983-1986
 - C. 1986-1989
 - D. 1990-1993
36. The largest sub sector in Ghana's agricultural sector is
- A. Fisheries
 - B. Livestock
 - C. Forestry
 - D. Crops

37. All the following are true about the services sector of Ghana except that
- A. It is the least contributor to gross domestic product
 - B. Many of its sub-sectors have poorly trained staff
 - C. It is generally an important sector for development
 - D. It provides vital supportive services for the industrial and agric sectors
38. A reduction in Ghanaian foreign asset is an example of
- A. Capital outflow
 - B. Capital inflow
 - C. Inflow
 - D. Outflow
39. The services sector of the economy is made of up of the following sub-sectors except
- A. Banking and insurance
 - B. Travel and tourism
 - C. Telecommunications
 - D. Electricity and water
40. Ghana's industrial sub-sectors do not include
- A. Construction and quarrying
 - B. Electricity and water
 - C. Telecommunications
 - D. Manufacturing
41. Which of the following cannot be considered as an objective of industrialization in Ghana?
- A. Modernization of the economy
 - B. Employment generation
 - C. Diversification of the economy
 - D. Investment degeneration

42. Which of the following is not a characteristic of Ghana's agricultural sector?
- A. Small acreage of farms
 - B. Prevalence of shifting cultivation
 - C. Low level of indigenous ownership
 - D. Practice of mixed cropping
43. Which of the agro-ecological zones in Ghana better supports the production of food crops?
- A. The high rain forest
 - B. The Guinea Savannah
 - C. The Coastal Savannah
 - D. The Forest Savannah Transition
44. In which of the income brackets does Ghana belong following the rebasing of the national income estimations
- A. Low income
 - B. Low middle income
 - C. High middle income
 - D. High income
45. If Ghana borrows \$3bn from the government of China, it will be recorded in
- A. Current account of the balance of payments
 - B. Balance of trade
 - C. Capital account of the balance of payment
 - D. Compensatory monetary movement
46. Ghana trades with other countries on the international stage because
- A. Foreign goods are of higher quality
 - B. Ghanaian exports are of high demand internationally
 - C. Different factor endowments and different comparative advantages
 - D. Imports are of high demand locally

47. Fiscal developments in Ghana are composed mainly of
- A. Exports and imports
 - B. Government revenue and expenditure
 - C. Merchandise trade
 - D. National income estimation
48. The difference between the volume of exports and imports in Ghana is called
- A. The terms of trade
 - B. The balance of trade
 - C. The balance of payments
 - D. The terms of payments
49. Which of the following is not a component of the balance of payments accounts in Ghana?
- A. The current account
 - B. The deficit/surplus account
 - C. The capital account
 - D. The official reserve
50. Government of Ghana uses monetary instruments to influence the following except
- A. Price level
 - B. Economic growth
 - C. Literacy rate
 - D. Balance of payments
51. The activities of the Bank of Ghana includes all but one of the following
- A. Financial regulation and supervision
 - B. Implementation of monetary policy
 - C. Preparation of the budget statement
 - D. Provision of banking services

52. Petroleum taxes in Ghana are examples of
- A. Indirect taxes
 - B. Direct taxes
 - C. Corporate taxes
 - D. Non tax revenue
53. With respect to the Government of Ghana, the Bank of Ghana performs the following functions except
- A. Management of the national budget
 - B. Management of the national debt
 - C. Agent of Government in foreign exchange market operations
 - D. Production and distribution of currency
54. The sources of tax revenue for the Government of Ghana does not include
- A. Petroleum taxes
 - B. Property rates
 - C. Grants and loans
 - D. Corporate taxes
55. The summary of Ghana's total payments and total receipts for international economic transactions in a year is known as
- A. Balance of payments
 - B. Terms of trade
 - C. Fiscal policy
 - D. Balance of trade
56. Which of the following is not a reason why taxation is the major source of revenue in Ghana?
- A. It has a narrow base
 - B. Its sources are more reliable
 - C. Indirect taxes are difficult to evade
 - D. Indirect taxes are easy to collect

57. Which of the following is not an example of bank financial institutions in Ghana?
- A. Unique trust bank
 - B. Ghana Commercial Bank
 - C. Pro Credit
 - D. Unique trust financial services
58. Which of the following is/are indicator(s) of structural change in Ghana?
- I. The different ownership forms; the shares of the state, cooperatives and private sectors.
 - II. The labour force pattern which can be classified by different sectors and branches
 - III. Pattern of fixed assets and investments by branches and types of capital goods
- A. I and II
 - B. I and III
 - C. II and III
 - D. I,II and III
59. The difference between domestic current revenue and non-debt expenditure in Ghana is called
- A. The budget balance
 - B. The domestic primary balance
 - C. The balance of payments
 - D. The domestic trade balance
60. The overall broad budget balance of the Government of Ghana includes
- I. Domestic primary balance II. Foreign assistance III. Trade surplus IV. Merchandise trade
- A. I only
 - B. II only
 - C. I and II
 - D. III and IV

INDICATE WHETHER THE FOLLOWING STATEMENTS ARE TRUE OR FALSE

61. The national budget is a monetary policy instrument
62. Provisional estimates puts the population of Ghana at 25.2 million
63. For the balance of payment to record a surplus, tariffs on imports must be removed
64. Narrow money is defined to include Quasi money, M1 and foreign currency
65. Excise duties are examples of non- tax revenue to Government
66. An increase in the value of exports over that of imports will lead to a fiscal surplus
67. The rate at the nations exports exchange for her imports is known as the balance of trade
68. The official reserve of the country will fall if the balance of payments record a deficit
69. A country with a per capita of \$2000 is an upper middle income country
70. A reduction in the growth rate of the country from 7.3% to 4.9% can be termed as a recession
71. Money supply is the amount of money in circulation
72. Open market operations is a way of mopping up excess liquidity in the economy
73. Nominal values of gross domestic product are smaller than the real values
74. A balance of payments equilibrium means that the current account balance is equal to the capital account balance
75. Building societies are examples of non-deposit taking non-bank financial institutions in Ghana

76. A current account deficit means the balance of trade is in deficit
77. The gross national product at factor cost does not include the net property income
78. The net national product plus depreciation is equal to the gross national product at factor cost
79. Subsistence production is likely to lead to an underestimation of the national income accounts
80. Double counting is one of the problems of balance of payments measurement

SECTION: ANSWER ANY ONE QUESTION FROM THIS SECTION

QUESTION ONE

The problem with the Ghanaian economy is not the lack of planning but the lack of implementation of plans. Discuss the reasons why successive economic plans can be said to have failed in Ghana. **(20 marks)**

QUESTION TWO

- a. With relevant facts and figures, identify and explain four problems of the Industrial sector of Ghana (10 marks)
- b. Suggest ways by which the problems enumerated in (a) above can be solved. (10 marks)