

CENTRAL UNIVERSITY



END OF SECOND SEMESTER EXAMINATION: 2017/2018

FACULTY OF ARTS AND SOCIAL SCIENCES

DEPARTMENT OF ECONOMICS

ECON 303 (3 CREDITS)

ECONOMY OF GHANA

LEVEL 300

DURATION: 2 HOURS

STUDENT ID No.....

INSTRUCTIONS

ANSWER ALL QUESTIONS IN SECTION A

IN SECTION B, ANSWER ANY ONE QUESTION .

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SECTION A [ANSWER ALL QUESTIONS [70 MARKS]

1. The classification of Ghana as a developing country is based on

I. Per capita income ii. Human development indicators III. Number of industries IV.
Discovery of oil

- A. I only
- B. I and II
- C. I and III
- D. II only

2. 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

3. 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

4. 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

5. Fiscal developments are composed mainly of
- A. Exports and imports
 - B. Government revenue and expenditure
 - C. Merchandise trade
 - D. National income estimation
6. 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
7. Long term loans sourced by Ghana from other countries is recorded in the
- A. Current account
 - B. The merchandise trade section
 - C. Invisible trade section
 - D. The capital account
8. The major policy document through which the government spells out its fiscal policy is
- A. The national budget
 - B. The balance of payments
 - C. The national income accounts
 - D. The monetary policy

9. 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
10. 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
11. 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
12. Which of the following is/are indicator(s) of structural change?
- 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

13. The institution of state responsible for the estimation of the national income accounts is

- A. Statistical Service
- B. Institute of Statistical Research
- C. Institute of Economic Affairs
- D. Department of Economic Statistics

14. The balance of payments is a financial statement of transactions between a country and

- A. All other countries
- B. Its neighbours
- C. Its own people
- D. Very distant countries

15. A decrease in the rate of inflation from 10% to 9.3% implies that

- A. The general price level is falling at a slower rate
- B. The general price level is rising at a slower rate
- C. The prices of some commodities are falling
- D. The prices of some commodities are rising

16. The major causes of inflation includes all but one of the following

- A. Petroleum price increase
- B. Food supply shortages
- C. Money supply decreases
- D. Currency depreciation

17. The exports of Ghana consists mostly of

I. Capital equipment II. Invisible items III. Raw materials

A. I only

B. II only

C. III only

D. All of the above

18. Which of the following is not a function of the national budget?

A. To reduce equalities in income

B. To control inflation

C. To mobilize resources for development

D. To promote growth

19. A reduction in Ghanaian foreign asset is an example of

A. Capital outflow

B. Capital inflow

C. Inflow

D. Outflow

20. Government expenditure items based on its priorities and the availability of funds are classified as

A. Statutory expenditure

B. Discretionary expenditure

C. Capital expenditure

D. Diversionary expenditure

21. A surplus in Ghana's balance of payment will lead to

- A. Decrease in foreign asset
- B. Increase in foreign asset
- C. Government budget surplus
- D. Increase in foreign reserves

22. Which of the following does not constitute statutory payment by government?

- A. District assemblies common fund
- B. Social security payments
- C. Salaries of public sector employees
- D. Ghana educational trust fund

23. Government expenditure items that are mandatory in nature are known as

- A. Statutory expenditure
- B. Discretionary expenditure
- C. Capital expenditure
- D. Recurrent expenditure

24. Expenses by government on items such as roads, irrigation, dams etc are collectively called

- A. Recurrent expenditure
- B. Statutory expenditure
- C. Capital expenditure
- D. Durable expenditure

25. When the net of current and capital account equals zero,
- A. The balance of payment is in surplus
 - B. The balance of payment is in deficit
 - C. The balance of payment is in equilibrium
 - D. None of the above
26. The biggest item on government of Ghana's recurrent expenditure list is
- A. Capital equipments
 - B. Purchase of goods and services
 - C. Educational infrastructure
 - D. Wages and salaries
27. 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
28. Government of Ghana uses monetary instruments to influence the following except
- A. Price level
 - B. Economic growth
 - C. Literacy rate
 - D. Balance of payments
29. The instruments of monetary policy in Ghana include all but one of the following
- A. Moral suasion
 - B. The reserve ratio

- C. Open money operations
 - D. Direct credit control
30. Which of the following is not an objective of monetary policy?
- A. Price instability
 - B. Economic growth
 - C. Savings mobilization
 - D. External stability
31. Ghana is aincome country
- A. Upper middle
 - B. Lower middle
 - C. Average middle
 - D. Low (poor)
32. Until 2006, the economy of Ghana was dominated by the
- A. Agric Sector
 - B. Industrial Sector
 - C. Service Sector
 - D. External Sector
33. Which sector is the first largest contributor to GDP?
- A. Agric Sector
 - B. Industrial Sector
 - C. Service Sector
 - D. External Sector
34. Which sector is the second largest contributor to GDP?
- A. Agric Sector
 - B. Industrial Sector
 - C. Service Sector
 - D. External Sector
35. Which sector is the third largest contributor to GDP?
- A. Agric Sector
 - B. Industrial Sector
 - C. Service Sector
 - D. External Sector

36. What describes the changing balance of output, trade, incomes and employment drawn from different economic sectors—ranging from primary, secondary to tertiary sectors?
- A. Economic growth
 - B. Economic structure
 - C. Economic policy
 - D. Economic planning
37. The post-independence structure of the Ghanaian economy saw?
- A. expansion in the service sectors
 - B. Decline in the shares of cocoa in GDP and employment
 - C. Imports moved towards intermediate and investment goods
 - D. All of the above
38. The structure of the Ghanaian economy at independence saw?
- A. Dominated by Agric Production
 - B. Agric employed about 60% of labour force
 - C. Cocoa dominated foreign trade
 - D. All of the above
39. The Top-Down approach to planning where the basic economic problems of what to produce, how to produce, for whom to produce are determined by a central authority is known as ?
- A. Indicative planning
 - B. Macro planning
 - C. Central planning
 - D. Project planning
40. examines the interrelationships among broad economic aggregates such as consumption, exports, imports population increase etc. and their consistency with the nation's growth target
- A. Indicative planning
 - B. Macro planning
 - C. Central planning
 - D. Project planning
41. This is sometimes referred to as partial planning which covers only part of the national economy such as agriculture, industry, public sector etc. In addition, it relies entirely on the market mechanism for resource allocation.
- A. Indicative planning
 - B. Macro planning
 - C. Central planning
 - D. Project planning

42. A deliberate government effort to intervene in the economy to achieve some economic goals or predetermined set of development objectives is?
- A. Economic growth
 - B. Economic structure
 - C. Economic policy
 - D. Economic planning
43. Long-term development plans have a time dimension of
- A. Less than five years
 - B. Five to ten years
 - C. Greater than ten years
 - D. None of the above
44. Following Todaro and Smith (2003), how many arguments underscore planning in less developing countries (LDCs)?
- A. Less than four
 - B. Exactly four
 - C. Greater than four
 - D. None of the above
45. The inability of the price mechanism to optimally or efficiently allocate scarce resources describes argument.
- A. Attitudinal or Psychological
 - B. Resource Mobilization and allocation
 - C. Foreign Aid
 - D. Market Failure
46. is viewed as a deliberate government effort to coordinate economic decision over
- A. Economic growth
 - B. Economic structure
 - C. Economic policy
 - D. Development planning
47. Which of the following constitute an objective of Development plans?
- A. Provision of Infrastructure
 - B. Speed up the rate of economic development
 - C. Diversification of the economy
 - D. All of the above
48. Which of the following is a condition necessary for successful a Development Plan?
- A. Attract foreign investors
 - B. Creation of employment
 - C. Competent planning agency
 - D. Provision of infrastructure

49. Which of the following was implemented as the first Development plan in Ghana?
- A. Guggisberg's 10-Year Development Plan
 - B. Nkrumah's 10-Year Development Plan
 - C. Nkrumah's 7-Year Development Plan
 - D. Ghana Shared Growth and Development Agenda
50. Which of the following is Ghana's most recent Development plan?
- A. 10-Year Development Plan
 - B. Nkrumah's 10-Year Development Plan
 - C. Nkrumah's 7-Year Development Plan
 - D. Ghana Shared Growth and Development Agenda
51. Which Development plan sought to establish 600 industries to produce 100 different products and achieve 10% growth rate by 1970?
- A. Guggisberg's 10-Year Development Plan
 - B. Nkrumah's 10-Year Development Plan
 - C. Nkrumah's 7-Year Development Plan
 - D. Ghana Shared Growth and Development Agenda
52. Ghana's Development plan from 2003-2005?
- A. Ghana Poverty Reduction Strategy
 - B. Growth and Poverty Reduction Strategy
 - C. Vision 2020
 - D. Ghana Shared Growth and Development Agenda
53. Ghana's Development plan from 2006-2009?
- A. Ghana Poverty Reduction Strategy
 - B. Growth and Poverty Reduction Strategy
 - C. Vision 2020
 - D. Ghana Shared Growth and Development Agenda
54. Development plans in Ghana fail not because of?
- A. Insufficient and unreliable data
 - B. Weather conditions
 - C. Unanticipated economic and political shocks
 - D. Deficiencies in plans and their implementation
55. Development plans in Ghana fail because of?
- A. Weak Institutions
 - B. Lack of political will
 - C. Deficiencies in plans
 - D. All of the above

56. Which of the following is not a human development index?

- A. Population
- B. Life expectancy
- C. Education
- D. Per capita income

57. The current Blueprint for economic development in Ghana in the medium term is

- A. Poverty reduction strategy document I & II
- B. Ghana Shared Growth and Development Agenda
- C. Agenda for Jobs
- D. Ghana beyond Aid

58. Which of the following economies can be considered as developing economies?

I. Low Income II. Low middle income III. Upper middle income IV. High income

- A. I only
- B. I and II
- C. I, II and III
- D. All of the above

59. In terms of time dimension, the 2018 budget statement could be described as

I. Medium term plan II. Long term plan III. Annual plan IV. None of the above

- A. I only
- B. II only
- C. III only
- D. IV only

60. The growth rate in gross domestic product for the year 2017 according to the budget statement is around
- A. 8.5%
 - B. 3.6%
 - C. 14.6%
 - D. 15.6%
61. Which of the following was not a recommendation in the Lewis report on industrialization?
- A. Increased agricultural productivity
 - B. Improved public services
 - C. Predominance of the state in industrialization
 - D. Improved food production
62. An economy with a per capita income of \$2,315 is classified by the world bank as
- A. Low income
 - B. Lower middle income
 - C. Upper middle income
 - D. High income economy
63. If the national income is divided by the total population, we obtain
- A. The per capita income
 - B. The per capita income
 - C. Gross domestic product
 - D. Gross National Product
64. Which of the following economic plans is likely to be implemented in Ghana?
I. Central plan II. Indicative plan III. Top-Bottom Plan IV. Socialist plan
- A. I only
 - B. II only
 - C. I and II
 - D. III only

65. The rationale for planning in a country like Ghana would include

I. Monopoly power II. Market failure III. Reallocation of resources IV. Promotion of Negative externalities

- A. I only
- B. I and II
- C. I, II and III
- D. IV only

66. The problem of low acreage of farms in Ghana's agriculture is caused by all the following except

- A. Mechanization of farms
- B. Reliance on family labour
- C. Land tenure system
- D. None of the above

67. Which of these national income approaches reveals the extent of structural change?

- A. Expenditure approach
- B. Product approach
- C. Income approach
- D. None of the above

68. The characteristics of the agricultural sector of Ghana does not include

- A. Prevalence of shifting cultivation
- B. Low level of indigenous ownership
- C. Practice of mixed cropping
- D. Small acreage of farms

69. The difference between the gross domestic expenditure and the total domestic expenditure is

- A. Gross national product
- B. Gross domestic product
- C. Net property income from abroad
- D. Net exports

70. For the purpose of food production, the most suitable zone in Ghana is

- A. The high rain forest
- B. The coastal savannah
- C. The forest savannah transition
- D. The sudan savannah transition

SECTION B

ANSWER ONLY ONE QUESTION FROM THIS SECTION [30 MARKS]

QUESTION ONE

The Vice President, Dr Mahamudu Bawumia has launched the first mobile money payments interoperability system in Ghana.

- a) What is this interoperability system? [5 marks]
- b) Discuss five benefits of this system to the economy of Ghana [25marks]

QUESTION TWO

There has been a continuous decline in inflationary pressures in Ghana in recent times. Currently, the rate of inflation in Ghana is 9.6%. Discuss five implications of this fall in inflation. [30 marks]

QUESTION THREE

The economy of Ghana exhibits certain features that warrant it being described as a developing country. Discuss five of these features [30 marks]