

DEPARTMENT OF ECONOMICS
FACULTY OF ARTS AND SOCIAL SCIENCES
CENTRAL UNIVERSITY

2017/2018 END OF FIRST SEMESTER EXAMINATIONS



**CENTRAL
UNIVERSITY**

FAITH • INTEGRITY • EXCELLENCE

ECON 303: ECONOMY OF GHANA
LEVEL 300

INSTRUCTIONS:

- 1) All the rules of examination in Central University apply.
- 2) Using the answer booklet, you are required to answer three questions in all. This should be made up of question one and any other two. You are required to show workings where calculations are required. Also, ensure that you approximate your decimal places to two.
- 3) Time Allowed: **2:30 minutes**

Examiner: **Dr. Anthony Amoah**

QUESTION ONE (20 Marks)

The table below represents the expenditure of a small closed economy called Gana in 2007 and 2008. Use the information displayed in the table to answer the questions that follow.

Items	2007		2008	
	Unit Price (Gana ϕ)	Quantity Consumed (50kg bags)	Unit (Gana ϕ)	Quantity Consumed (50kg bags)
Rice	6	2,500,000	4	2,800,000
Maize	4	3,200,000	6	2,800,000
Groundnuts	7	2,800,000	10	1,800,000

- (i) Compute the nominal Gross Domestic Expenditure at market price (GDE_{MP}) for 2007 and 2008. **(4 marks)**
- (ii) Show how to obtain the nominal Net National Expenditure at factor cost for Gana? **(4 marks)**
- (iii) What is the percentage increase / decrease in nominal GDE from 2007 to 2008? **(4 marks)**
- (iv) Given the average rate of inflation in 2007 as 10%, calculate the real GDE for 2007. **(4 marks)**
- (v) If the population of Gana in 2008 was 2,000; find its per capita real GDE in 2008. **(4 marks)**

QUESTION TWO (20 Marks)

The following is an extract on the balance of payment of Ghana in 2000. Use the data to answer the questions below.

ITEMS OF TRANSACTION	RECEIPTS (Gana ¢)	PAYMENTS (Gana ¢)
Timber	100,000	70,000
Cola	70,000	30,000
Diamond	80,000	50,000
Banana	50,000	20,000
Shipping	150,000	20,000
Tourism	200,000	100,000
Consultancy	80,000	120,000
Banking	120,000	140,000
Short term loans	80,000	40,000
Long term loans	120,000	30,000
Investments	200,000	50,000

- Calculate the balance of trade (4 marks)
- Calculate the balance on invisible trade (4 marks)
- Current account balance (4 marks)
- Capital account balance (4 marks)
- Balance of Payments (4 marks)

QUESTION THREE (20 Marks)

Evidence from the 2018 budget statement shows that from 2011-2017, the Agricultural sector's contribution to GDP has been the lowest relative to the other sectors of the Ghanaian economy. In addition, the provisional figures for 2017 also shows that the Agriculture growth performance is just 4.3% compared to 4.7% and 17.7% for Service and Industry respectively. With the aid of relevant facts and figures, discuss any **five** problems of the agricultural sector of Ghana. You are also required to provide a solution to each problem raised.

QUESTION FOUR (20 Marks)

The problem with the economy of Ghana is not the availability of economic or development plans. The issue is with the failure of plans. Discuss **five** reasons why economic plans have mostly failed in Ghana.

QUESTION FIVE (20 Marks)

- a. With reference of current facts and figures, explain inflation in Ghana. **(4 Marks)**
- b. Explain **four** main effects of inflation **(8 Marks)**
- c. Explain how any **four** tools of monetary policy can be used to address inflation in Ghana. **(8 Marks)**