



**CENTRAL
UNIVERSITY**

FAITH • INTEGRITY • EXCELLENCE

2021/2022 RESIT EXAMINATIONS

**FACULTY OF ARTS AND SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS**

**ECON 303: ECONOMY OF GHANA
(CBS LEVEL 300)**

Time Allowed: 2 hours.

Instruction:

Answer **ALL** Questions in section A and any two from section B

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SECTION A [60 marks]

Answer all questions in this section

- 1) The current leading contributed to GDP in the Ghanaian Economy is the _____.
- A. agriculture sector
 - B. industrial sector
 - C. services sector
 - D. external sector
- 2) Domestic currency depreciation _____.
- A. reduces domestic price of imports
 - B. reduces foreign price of exports
 - C. does not affect imports
 - D. does not affect export
- 3) The primary objective of monetary policy in Ghana is to _____.
- A. increase rate of employment
 - B. increase school enrolment
 - C. increase government spending
 - D. reduce inflation
- 4) The leading exporter in Ghana's agricultural sector today is _____.
- A. manufacturing subsector
 - B. water and electricity subsector
 - C. cocoa subsector
 - D. tourism subsector
- 5) One of the primary goals of Ghana's fiscal policy is to _____.
- A. privatize some commercial banks
 - B. encourage the establishment of microfinance institutions
 - C. achieve price stability
 - D. improve domestic revenue mobilization
- 6) Which of the following is Not a subsector of the services sector of Ghana?
- A. restaurants and hotels
 - B. Government services
 - C. Transport, storage and communication
 - D. Water and Sewage
- 7) Which of the following does not form part of Ghana's Direct Tax Revenue?
- A. Personal Income Tax
 - B. Value Added Tax
 - C. Property Tax
 - D. Company Profit Tax
- 8) Which of the following does not form part of formal financial institutions in Ghana?
- A. Savings and loans companies
 - B. Microfinance institutions
 - C. Community/Rural Banks
 - D. Credit unions

- 9) An effective means of reducing inflation in Ghana is to
- A. increase government spending.
 - B. reduce unemployment.
 - C. constrain credit to reduce money supply.
 - D. introduce National Health Insurance Scheme.
- 10) Tackling poverty formed one of the key objectives of the Structural Adjustment Programme.
- A. True
 - B. False
- 11) Ghana's trade reforms since 1986 have included reductions in the range of duty rates applicable to imports.
- A. True
 - B. False
- 12) Ghana's exchange rate policy regime is one of a managed float system.
- A. True
 - B. False
- 13) Unemployment in Ghana is a youth phenomenon.
- A. True
 - B. False
- 14) Which of the following is NOT a policy initiative of the services sector?
- A. educational reforms
 - B. exporting of tourists
 - C. efficiency in storage, transportation, and distribution
 - D. improvement in comparative advantages in services
- 15) The following are dominant features of industrialization in Ghana except
- A. Highly import intensive
 - B. Urban-oriented
 - C. Large indigenous ownership
 - D. Highly labour intensive
- 16) Trade liberalization in Ghana was characterized by
- A. Heavy taxation of cocoa exports
 - B. Removal of import licensing system
 - C. Institution of export retention scheme
 - D. A fixed exchange rate regime
- 17) The following are characteristics of developing countries except
- A. Low level of productivity
 - B. Over reliance on raw material exports
 - C. Low unemployment
 - D. Low standard of living

- 18) The Ghanaian economy has experienced marginal developmental change since independence.
- A. True
 - B. False
- 19) Ghana is classified as a lower middle-income country because its services sector is the largest contributor to GDP.
- A. True
 - B. False
- 20) The current account of the Balance of Payments records
- A. Visible and trade balance
 - B. Invisible and balance of services
 - C. Visible and balance of services
 - D. Invisible and trade in services
- 21) The following are key reforms implemented under SAP except
- A. Institutional reforms
 - B. Industrial reforms
 - C. Sectoral reforms
 - D. Macroeconomic reforms
- 22) The population and geographical area of a country are indicators of its economic size.
- A. True
 - B. False
- 23) One reason for the unfavourable balance of payments prior to economic reforms was the overvalued exchange rates and deteriorating terms of trade.
- A. True
 - B. False
- 24) Direct taxes are taxes on incomes and properties of individuals and profits of firms.
- A. True
 - B. False
- 25) Frequent devaluations of the cedi led to an increase in the black-market premium.
- A. True
 - B. False
- 26) The following are items recorded under the capital account except
- A. investment income
 - B. purchase of stocks
 - C. construction
 - D. inventory accumulation

- 27) The formation of single producer board in the Ghanaian Economy was a major policy in the
- A. industrial sector
 - B. services sector
 - C. agriculture sector
 - D. external sector
- 28) The overall balance on the Balance of Payment comprises balance on the capital and current account.
- A. True
 - B. False
- 29) The strategic pillars under Ghana Poverty Reduction Strategy Paper (GPRS I) include the following except
- A. Macroeconomic stability
 - B. Special programs for the youth
 - C. Production and employment
 - D. Good governance
- 30) In terms of the time dimension of economic plans, the Government of Ghana's 2020 budget is
- A. Medium term plan
 - B. An annual plan
 - C. Long term plan
 - D. None of the above
- 31) 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
- 32) Which of the national income approaches reveals the extent of structural change in Ghana?
- A. Expenditure Approach
 - B. Product Approach
 - C. Income Approach
 - D. Current Approach
- 33) The institution of state responsible for the estimation of the national income accounts in Ghana is
- A. Ghana Statistical Service
 - B. Institute of Statistical Research
 - C. Institute of Economic Affairs
 - D. Department of Economic Statistics
- 34) The reason why plans have failed in Ghana does not include
- A. Inadequate statistical data
 - B. Political stability
 - C. Inadequate financial base
 - D. Any of the above

- 35) A deliberate effort by the government of Ghana to intervene in the economy to achieve a predetermined set of economic objectives is known as
- Economic growth
 - Economic development
 - Economic planning
 - Economic diversification
- 36) The largest contributor to employment in the Ghanaian economy is the
- Agricultural
 - Industrial
 - Service
 - External
- 37) Which of the following is NOT a Ghanaian development policy document?
- Millennium Development Goals
 - Economic Recovery Programmes
 - Structural Adjustment Programmes
 - Ghana Poverty Reduction Strategy
- 38) A distinct feature of an agrarian economy is
- Lower income distribution
 - Low level of illiteracy
 - Vast agricultural base
 - High population growth rates
- 39) Ghana's first exploration of oil deposit in huge economic quantities was found in the
- Wesaian basin
 - Akuapim ranges
 - Cape Three Point
 - Pacific Gulf
- 40) The following are all development plans initiated in Ghana except
- Kufour's 5-year development plan
 - Nkrumah's 10-year development plan
 - Guggisberg's 10-year development plan
 - Acheampong's 5-year development plan
- 41) Ghana measures her total flow of goods and services mostly by the Approach.
- Income
 - Product
 - Expenditure
 - Actuarial
- 42) Which of the following is NOT a traditional Ghanaian export commodity?
- Pineapple
 - Timber
 - Cocoa
 - Gold

- 43) Which of the country below is not a likely origin of Ghanaian imports?
- A. Nigeria
 - B. Holland
 - C. Britain
 - D. Columbia
- 44) The difference between GDP and GNP is termed
- A. Net national income
 - B. Net indirect taxes
 - C. Depreciation
 - D. Net factor income from abroad
- 45) Which of the following best describes the standard of living of Ghanaians?
- A. Real GDP
 - B. Real Per capita GDP
 - C. Real GNP
 - D. Real Per capita GNP
- 46) The difference between economic growth and economic development is
- A. Real GNP
 - B. Economic changes
 - C. Structural changes
 - D. Humanitarian changes
- 47) Which of the following conditions shows low standard of living in Ghana?
- A. Low illiteracy rate
 - B. High life expectancy
 - C. Low maternal mortality
 - D. None of the above
- 48) Which of the following is a key intervention of Ghana's industrial sector?
- A. Import substitution industrialization
 - B. Underutilization of plant capacity
 - C. Dominance of solely foreign investors
 - D. Urban-centred industrialization
- 49) Ghana's economy can best be described as a Economy.
- A. Socialist
 - B. Capitalist
 - C. Traditional
 - D. Mixed
- 50) The Ghanaian economy is described as fragile because of
- A. High inflation rates
 - B. Large agrarian base
 - C. High unemployment rates
 - D. High reliance on inflows

- 51) The total monetary value of goods and services produced by people in Ghana in the year is called Product/Income.
- A. Gross National
 - B. Gross Domestic
 - C. Net National
 - D. Net Property
- 52) Which of the following is NOT a Non-traditional export good?
- A. Cocoa
 - B. Pineapple
 - C. Mango
 - D. Shea butter
- 53) Dairy production in Ghana is predominantly found in the Belt.
- A. Coastal
 - B. Forest
 - C. Savannah
 - D. Mangrove
- 54) Which of the following is a primary reason for estimating Ghana's per capita income?
- A. To solve unemployment
 - B. To reduce income differentials
 - C. To solve income inequality
 - D. To know the standard of living
- 55) The low level on integration between Ghana and surrounding neighbours is due to
- A. Income differentials
 - B. Differences in government
 - C. Inadequate transportation
 - D. Differences in lingua francas
- 56) Ghana's population has been increasing approximately at a rate of per annum.
- A. 2.0% - 10%
 - B. 15% - 20%
 - C. 25% - 40%
 - D. 50% - 100%
- 57) Ghana's leading foreign exchange earner currently is
- A. Cocoa
 - B. Gold
 - C. Oil
 - D. Tourism
- 58) Which of the following is NOT a major role of the agriculture sector in Ghana?
- A. Reduction rural-urban migration
 - B. Provision of employment
 - C. Contribution to foreign exchange
 - D. Provision of raw materials

59) The agriculture sector is constrained by all the following except

- A. Poor farming practices
- B. High illiteracy of farmers in Ghana
- C. High bumper harvest
- D. Land tenure system

60) Which of the following is NOT true of Ghana's employment situation?

- A. An improvement in employment situation between 1992 and 1999
- B. Unemployment is more of an urban phenomenon
- C. A sharp rise in percentage of young people working
- D. A fall in rural employment rate

SECTION B [40 marks]

- (1) (a) Explain what is meant by the structure of an economy. [4 marks]
- (b) Explain with examples the meaning of *forward and backward linkage* between agriculture and industry. [6 marks]
- (c) Using the Product Approach to National Income Accounting, describe how National Income in Ghana is measured. [10 marks]
- (2) (a) Explain four rationale for economic planning. [10 marks]
- (b) Identify four reasons why economic plans in developing countries fail. [10 marks]
- (3) (a) Define the term inflation. [2 marks]
- (b) Differentiate between monetary policy and fiscal policy in Ghana. [3 marks]
- (c) Explain any five causes of inflation in Ghana. [15 marks]
- (4) (a) Identify and explain any four inherent characteristics of the industry sector that impede Ghana's industrial production. [12 marks]
- (b) Examine any two risks associated with the Ghanaian agriculture sector and suggest corresponding solutions to minimizing the risks. [8 marks]