UGANDA MARTYRS UNIVERSITY

NKOZI

UNIVERSITY EXAMINATIONS
END OF SEMESTER TWO FINAL ASESSMENT 2021/2022
BSC III GEN & BSC III ECON & STAT

STA 3203

NATIONAL INCOME ACCOUNTS

DATE: Monday 18 July 2022

TIME: 09:30AM – 12:30PM

Instructions:

1. *Attempt any **FOUR** (04) questions*
2. *All questions carry equal marks*
3. *Do not write anything on the questions paper.*
4. *Carefully read through ALL the questions before attempting.*
5. *No **names** should be written anywhere on the examination booklet.*
6. *Ensure your work is **clear** and **readable**. Untidy work shall be penalized.*
7. *Any type of examination Malpractice will lead to automatic disqualification.*
8. *Ensure that your **ID number** is indicated on all pages of the examination answer booklet.*

QUESTION ONE

(a) Write brief and concise notes on the following
- (i) Circular flow of income (05marks)
- (ii) Net National Product (05marks)
- (iii) Consumer price index (05marks)

(b) Gross Domestic Product (GDP) data is far from perfect measures of either economic output or welfare. Discuss any five (05) problems of GDP as a measure of economic welfare in your country. (10marls)

QUESTION TWO

Consider the following three sector macroeconomic model

$$Y = C + I_0 + G_0 \qquad Yd = Y - T \qquad C_0 = 100 \qquad I_0 = 90 \qquad b = 0.75$$
$$C = C_0 + bYd \qquad T = T_0 + tY \qquad G_0 = 330 \qquad T_0 = 240 \qquad t = 0.20$$

Required

(a) What is the equilibrium level of income $\overline{Y}$? (05marks)

(b) What is the effect on $\overline{Y}$ of a Shs 50/= increase in;
- (i) Government spending? (05marks)
- (ii) Autonomous taxation T_0? (05marks)

(c) If the full-employment level of income Y_{fe} in (a) above is 1000 and the government wishes to achieve it, by how much should it change;
- (i) Government spending? (05marks)
- (ii) Autonomous taxation? (05marks)

QUESTION THREE

(a) What is the System of National Accounts (SNA)? (04marks)

(b) Explain in detail the purpose for which national income accounts are used. (09marks)

(a) Using relevant examples, explain the different ways through which National Income Accounts are presented. (12marks)

QUESTION FOUR

(b) Give a brief description of the following accounts of the **System of National Accounts (SNA)** and their corresponding economic activities
- (i) Current accounts (04marks)
- (ii) Accumulation accounts (04marks)
- (iii) Balance sheets (04marks)

(c) **Using relavant examples, give a detailed explanation of the following accounting rules as documented in the System of National Accounts (SNA)**
- (i) Quadruple-entry accounting (04marks)
- (ii) Aggregation (03marks)
- (iii) Netting (03marks)
- (iv) Consolidation (03marks)

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QUESTION FIVE

(a) Distinguish between Economic Statistics and Environment Statistics

(06marks)

(b) How does the SEEA Central Framework relate to the System of National Accounts.

(07marks)

(c) Discuss the Policy relevance and uses of the System of Environmental-Economic Accounting (SEEA) Central Framework. (12marks)

QUESTION SIX

The input output table below shows a three-sector economy, where each sector requires inputs from the other sector in order to produce its output. Use it to answer the questions that follow.

Three sector Input Output Table

	Intermediate Demand			Final Demand	Total Output
	Agriculture	Industry	Services		
Agriculture	X_{11}	X_{12}	X_{13}	d_1	X_1
Industry	X_{21}	X_{22}	X_{23}	d_2	X_2
Services	X_{31}	X_{32}	X_{33}	d_3	X_3
Imports	M_3	M_3	M_3	d_m	
Wages & Salaries	W_{S1}	W_{S2}	W_{S3}		
Oper. Surplus	O_{S1}	O_{S2}	O_{S3}		
Total Inputs	X_1	X_2	X_3		

(a) Formulate the production equation system of the above economy and show that it can be expressed in matrix form as; $(I - A)X = d$

Where: I is the Identity matrix

A is a matrix of inter-industry / technical coefficients

X is a matrix of Total output / inputs

d is a matrix of Final use / demand (16marks)

(b) Using the above input output table, explain how National Income of an economy is determined using; the income approach, expenditure approach and value-added approach. (09marks)

END