



UNIVERSITY OF EDUCATION, WINNEBA.

COLLEGE OF TECHNOLOGY EDUCATION - KUMASI
DEPARTMENT OF ACCOUNTING STUDIES EDUCATION

END OF SECOND SEMESTER EXAMINATIONS MAY 2019

COURSE TITLE	PUBLIC SECTOR ECONOMICS
COURSE CODE	BEC 321
DURATION	TWO HOURS 20 MINUTES
NAME OF LECTURER	WILLIAMS KWASI BOACHIE
INSTRUCTIONS	ANSWER ALL QUESTIONS

SECTION A: Answer all the questions in this section

1. The use of the least-cost production technique for a given output is a characteristic of
 - a. Economic efficiency
 - b. Technical efficiency
 - c. Production possibilities
 - d. Allocative efficiency
 - e. Dynamic efficiency
2. Which of the following is not a characteristic of a budget?
 - a. Regularity
 - b. Clarity
 - c. Publicity
 - d. Operational adequacy
 - e. All of the above
3. In the long run, all competitive markets in an industry attain
 - a. supernormal profits
 - b. subnormal profits
 - c. economic profits
 - d. normal profits
 - e. economic profit
4. Higher use of economic resources to produce more output denotes which of the following pairings?
 - a. Effectiveness; efficiency
 - b. Inefficiency; effectiveness
 - c. Inefficiency; ineffectiveness
 - d. Ineffectiveness; inefficiency
 - e. Effectiveness; inefficiency

5. The curve that shows the productive capability of an economy given all her economic resources and the existing technology is known as the
 - a. Production possibilities curve
 - b. The demand curve
 - c. Price consumption curve
 - d. Industry technology curve
 - e. The income consumption curve
6. Producing more output from available inputs for the benefit of man is an example of
 - a. effectiveness
 - b. economic efficiency
 - c. allocative efficiency
 - d. Technical efficiency
 - e. Dynamic efficiency
7. All of the following are not features of less developed countries except
 - a. higher per capita income levels
 - b. higher literacy levels
 - c. lower death and birth rates
 - d. higher levels of technological base
 - e. higher levels of unemployment
8. Which of the following is an advantage or a feature of non-competitive markets in the long run?
 - a. Production efficiency
 - b. Technical efficiency
 - c. dynamic efficiency
 - d. consumption efficiency
 - e. X-efficiency
9. The type of expenditure that is usually incurred at regular intervals, say, monthly or quarterly is known as.....
10. There are three main aspects of a budget. They are the size, structure and theof the budget.....
11. In Great Britain, the budget is described, not by the relationship between total revenue and total expenditure, but by the relationship between tax revenue and
 - a. Capital expenditure
 - b. Rolling expenditure
 - c. Recurrent expenditure
 - d. Total expenditure
 - e. Government expenditure

12. A harsh budget, or the budget that makes life a bit difficult for the people is called a/an
- Problematic budget
 - Incremental budget
 - Rolling budget
 - Austerity budget
 - Zero-based budget
13. Given the Marginal Cost to be $1000 - 20Q$ and the Marginal Revenue function to be $250 + 5Q$, then the most profitable level of output to produce is.....
14. When the total revenue function attains a maximum point, the demand for the commodity becomes
- Fairly elastic
 - Fairly inelastic
 - Perfectly inelastic
 - Perfectly elastic
 - None of the above
15. In view of the respective shares of revenue from direct and indirect taxes, one can say that the tax structure in Ghana is not regressive.
- TRUE FALSE
16. With progressive form of taxes, the percentage of income paid as taxes decreases with income.
- TRUE FALSE
17. Horizontal equity means that people who are more fortunate in life should pay more tax than those who are less fortunate.
- TRUE FALSE
18. Compared to direct taxes, Indirect taxes are not politically feasible.
- TRUE FALSE
19. The Laffer curve does not show the relationship between tax revenue and leisure
- TRUE FALSE
20. The Value Added Tax (VAT) is a general tax on consumption expenditure
- TRUE FALSE
21. All the following are principles of a good tax system except
- Equity
 - Certainty
 - efficiency
 - Stability
 - Reliability

22. Which of the following is not a purpose of taxation?
- Fiscal reasons
 - Equity reasons
 - Economic management
 - Efficiency reasons
 - Stabilization reasons
23. An economic policy aims at controlling all of the following except
- aggregate demand
 - balance of payments
 - deflation
 - economic growth
 - inflation
24. The extra amount that the consumer is willing to pay for commodity compared with the market price of the good is known as the
- tax burden
 - producer surplus
 - welfare losses
 - excess burden
 - consumer surplus
25. The sum of the welfare losses borne by taxpayers because of the tax minus the tax revenue to the government is known as the
- tax burden
 - Producer surplus
 - welfare losses
 - excess burden
 - consumer surplus
26. An allowance paid in cash or kind to an employee by his employer is known as
- a benefit
 - a reward
 - a gift
 - concession
 - an exemption
27. State the **three** types of price discrimination.
28. State any **four** tools that can be used to control a monopoly market.
29. State any **four** factors that make price discrimination possible.
30. Mr. Fred Boakye transferred his two-bedroom flat worth ₦250,000,000 to the son of his good friend Agyekum at his wedding day, how much gift tax should Agyekum pay?

4

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SECTION B: Answer any three questions. Question one is a compulsory question.

Q1. In June 1986, the tax schedule in Ghana was as follows

Chargeable income p.a.	Rate of tax
First ₵35,000.00	5%
Next ₵40,000.00	15%
Next ₵35,000.00	25%
Next ₵35,000.00	35%
Next ₵35,000.00	45%
Exceeding ₵180,000.00	55%

Suppose the following allowances were granted free of income tax from the employee's annual salary in June 1986:

Employee's social security contribution of 5%
Employee's personal allowance ₵35,000.00
Employee's wife's allowance ₵24,000.00
Allowance for each child under 18 years ₵12,000.00

Mr. Haruna, whose income was ₵650,000.00 p. a., had two wives and four children, three of whom are below the age of 18.

Calculate

- The social security contribution of Mr. Haruna,
- The taxable income of Mr. Haruna.
- His Income tax
- His total deductions
- His net salary

Q2. a. Dennis Boachie was appointed the principal of Abetifi Training College on 1st August 2006.

On the occasion of his induction to office; he received the following gifts;

A cash of ₵12,000,000 from the old Boys Association of the school of which he is member.

A cash of 18,200,000 from a friend in America.

A Kente cloth valued at ₵4,300,000 from his brother-in-law

Required: You are required to compute the gift tax payable by Dennis.

- Explain any **four** uses of a budget.

5

Q3 a. Explain any **three** principles of a good tax system.

b. Briefly explain the **three** forms of tax progression that you know.

Q4. a. What is the structure of tax in Ghana and why is it so?

b. Briefly explain any **six** main reasons behind the structure of taxation explained in Question (4a) above.

Q5.

a. Explain the main difference between "solving a budget deficit" and "financing a budget deficit"

b. Explain any **four** ways by which budget deficit may be **solved** by the government of your country.

6