



NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2021_2 EXAMINATION

COURSE CODE:	BFN302	CREDIT UNIT:	3
COURSE TITLE:	Monetary Theory & Policy	TIME ALLOWED:	2^{1/2} HOURS
NOTE:	1.To attempt question number one (1) and any other three		
	2. Question number 1 is compulsory and carries 25 marks, while the other questions carry 15 marks each		
	3. Present all your points in coherent and orderly manner		

QUESTION 1 (COMPULSORY)

- (a) List the three approaches to National Income Measurement (6Marks)
- (b) Given below are the activities relating to cocoa production in Country QRT

Activity	Cost of Material	Sales Value
Cocoa Farmer	0	500
Cocoa Harvester	150	400
Cocoa Processor	300	600
Cocoa Drying	350	430
Cocoa Packaging	250	340

- (i) The country in its national measurement desires to avoid double counting.
Calculate the figures to be added to the National Income at every activity point.
(10Marks)
- (ii) What total figure from cocoa production should go into the National Income as final value? (4 Marks)
- (c) List five difficulties associated with the measurement of a country's national income. (5 Marks)

QUESTION TWO

- (a) Explain the concept of multiplier (3Marks)
- (b) Differentiate the following pairs of concepts
 - (i) Nominal National Income and Real National Income (4 Marks)
 - (ii) Open Economy and Closed Economy (4 Marks)
 - (iii) Consumer Price Index and GDP Deflator (4 Marks)

QUESTION THREE

Discuss five (5) factors responsible for the low level of underdevelopment of some countries. (15 Marks)

QUESTION FOUR

- (a) What is unemployment? (3 Marks)
- (b) Discuss four types of unemployment (12 Marks)

QUESTION FIVE

- (a) Explain Currency Risk Management in International operations (3 Marks)
- (b) Raise three (3) points in favour and three points against Fixed Exchange System. (12 Marks)