



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2024 1 EXAMINATION

COURSE TITLE: ECONOMIC PLANNING II
COURSE CODE: ECO 448
CREDIT UNITS: 2 UNITS
TIME ALLOWED: 2 HOURS
INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER TWO (2) QUESTIONS

QUESTION ONE

30MARKS

- 1a. Briefly explain the concept of Optimal Investment Allocation.
- 1b. Using simple equation, explain the Harrod Domar growth model.
- 1c. If ₦100 billion worth of capital equipment produces each ₦10 billion annual output in Nigeria, determine the capital-output ratio.
- 1d. If ₦500 billion worth of capital equipment produces each ₦100 billion annual output in Nigeria, determine the capital-output ratio.
- 1e. Assuming the Nigerian's savings rate is 10% and capital output ratio is 2, at what rate will the economy grow per year?
- 1f. Assuming the Nigerian's savings rate is 20% and capital output ratio is 1.5, at what rate will the economy grow per year?
- 1g. Assuming the Nigerian's savings rate is 8% and capital output ratio is 4, at what rate will the economy grow per year?
- 1h. In what way is Single Sector Project Model (SSPM) different from Complete Main Sector Planning Models (CMSPM).

QUESTION TWO

20MARKS

- 2a. Define the term Economic Model.
- 2b. How is Endogenous variables different from Exogenous variables.
- 2c. The table below shows the inputs and outputs inter-industry flow of a three-sector economy.

Sectors	Purchasing Sectors			Total Output
	Input of Agriculture	Input of Industry	Final Demand	
Agriculture	100	300	200	
Industry	200	500	300	
Value Added	300	200	0	
Total Input/Total cost				