



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**FACULTY OF SOCIAL SCIENCES**  
**DEPARTMENT OF ECONOMICS**  
**2024\_2 EXAMINATION**

**COURSE TITLE:** ADVANCED MACROECONOMICS  
**COURSE CODE:** ECO 442  
**CREDIT UNITS:** 2 UNITS  
**TIME ALLOWED:** 2 HOURS  
**INSTRUCTION:** ANSWER QUESTION ONE AND ANY OTHER TWO (2) QUESTIONS

**QUESTION ONE**

- 1a. Clearly and diagrammatically, describe the circular flow of income and expenditures in a four- sector economy. (6 marks)
- 1b. Explain the transactions in a four-sector economy (6 marks)
- 1c. Explain the following:
- A) National income (2 marks)
  - B) Gross domestic product (2 marks)
  - C) Gross national income (2 marks)
  - D) Net national income (2 marks)
- 1d. Describe five importance of national income? (10 marks)

**QUESTION TWO**

- 2a. What do you understand by the concept of consumption? (5 marks)
- 2b. Why is a simple consumption curve slopes upward from the origin? (5 marks)
- 2c. With the aid of an appropriate diagram, explain a consumption function with an Intercept (10 marks)

**QUESTION THREE**

- 3a. Describe the marginal efficiency theory (7.5 marks)
- 3b. Enumerate 5 shortcomings of the marginal efficiency theory (12.5 marks)

**QUESTION FOUR**

- 4a. With the aid of an appropriate diagram, explain the equilibrium in IS-LM framework. (10 marks)
- 4b. Diagrammatically describe the simultaneous shifts in the IS and LM curves. (10 marks)