



NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2021_1 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)

The following information relates to Country XYZ over a period:

Currency in Circulation (C) = N10billion

Demand Deposit (D) = N50billion

Non-Bank Deposits (S) = N20billion

Income, Prices and Employment Influencing Financial Assets (T) = N5billion

Use the information above to answer questions (a) and (b) below:

- (a) Following the Currency School and Keynes, calculate Money (M) (10 Marks)
- (b) Following the Friedman's theoretical definition of Money, Calculate Money (M) (10 Marks)
- (c) List five functions of money in any economy and how these functions helped in overcoming the problem of Barter Trade. (5 Marks)

QUESTION TWO

The Nigerian Stock Exchange (NSE) has at different times been described as a vehicle for economic growth and development. Present five functions that the NSE plays in driving the growth of the Nigerian economy. (15Marks)

QUESTION THREE

- (a) Define International trade. (1 Mark)
- (b) Identify four(4) factors can make a nation trade with other nations of the world. (8Marks)
- (c) What three demerits can trading with other nations bring to a nation? (6 Marks)

QUESTION FOUR

- (a) How best can you differentiate the private sector from the public sector in three (3) different ways? (6 marks)
- (b) Discuss three (3) functions/objectives of public finance (9Marks)

QUESTION FIVE

Government expenditure over the last decade has maintained a steady rise. Highlight five (5) factors responsible for the increase. (15Marks)