



**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**

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

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**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)