



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS  
SCHOOL OF AGRICULTURAL SCIENCES  
SEPTEMBER/OCTOBER 2015 EXAMINATION**

**COURSE CODE: AEM 724  
COURSE TITLE: MACRO ECONOMICS  
TIME ALLOWED: 2 HOURS  
INSTRUCTION: ANSWER ANY FOUR (4) QUESTIONS**

1. (a) Briefly explain the meaning of macroeconomics. **(3marks)**  
(b) State the following:
  - I. Two basic approaches to economic study and analysis **(4marks)**
  - II. Relationship between macroeconomics and microeconomics. **(4marks)**
  - III. Three major concerns of economics. **(6marks)**
  - IV. Functions of money. **(8marks)**
2. (a) Briefly explain the following terms.
  - i. Money **(3marks)**
  - ii. Fiscal policy **(6marks)**
  - iii. Monetary policy. **(8 marks)**  
(b) What is the most commonly used indicator national income. **(2marks)**  
  
(c) i. State the methods of measuring GDP. **(2marks)**  
  
ii. Briefly explain each of these methods. **(4marks)**
3. Write short notes on the following:
  - I. Net national product (NNP) **(2marks)**
  - II. Personal income (y) **(3marks)**
  - III. Gross national product (GNP) **(6marks)**
  - IV. Gross national product at factor cost. **(4marks)**
  - V. Disposable income **(6marks)**
  - VI. Transfer payment. **(4marks)**

4. (a) i. List three methods of measuring national income. **(3marks)**  
ii. Explain each of these methods listed above **(19marks)**  
(b) Outline the problems associated with measuring national income. **(3marks)**

5. (a) i. Outline the importance of national income analysis. **(8marks)**  
ii. What are the problems of national income measurement in developing countries? **(2marks)**  
(b) Briefly explain the following:  
I. Marginal propensity to consume **(4marks)**  
II. Average propensity to consume **(2marks)**  
III. Induced investment **(5marks)**  
IV. Capital **(2marks)**  
V. Marginal efficiency of investment (MEI) **(2marks)**

6. (a) i. What is unemployment? **(3marks)**  
ii. List and briefly explain the types of unemployment. **(18marks)**  
(b) Outline the measure to achieve and maintain full employment. **(4marks)**