



**NATIONAL OPEN UNIVERSITY OF NIGERIA
14/16 AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS
SCHOOL OF MANAGEMENT SCIENCES
JUNE/JULY, 2013 EXAMINATIONS.**

COURSE CODE: MBF831 CREDIT UNIT: 2
COURSE TITLE: MONETARY ECONOMICS AND POLICY
TIME ALLOWED: 2 hrs

Instructions:

- 1. Attempt question Number one (1) and any other two (2).**
- 2. Question number 1 is compulsory and carries 30 marks, while the other questions carry equal marks each**
- 3. Present all your points in coherent and orderly manner**

1. Using the general equilibrium model, discuss with an appropriate graph the effect of an autonomous increase in the money supply on the equilibrium level of national income (Y), and the market rate of interest (r).

(30 marks)

2(a) List and discuss briefly the desirable properties of money

(b) In your personal opinion, would you agree that the Nigerian Naira has the desirable properties of money. Please explain.

(20 marks)

3(a) Enumerate and discuss briefly the Keynesian motives for the demand for money

(b) List and discuss briefly the two components of demand for money, according to the liquidity preference theory.

(20 marks)

4(a) List and discuss briefly five of the functions of the Central Bank of Nigeria.

(b) Enumerate and discuss briefly the two groups of instruments used by the CBN in controlling the rate of growth of bank deposits.

5. List and discuss the scholarly recommendations regarding the operational steps to be taken by top management in the process of mergers and acquisitions.

(20 marks)