NATIONAL OPEN UNIVERSITY OF NIGERIA
14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS
MARCH/APRIL 2016 EXAMINATION
SCHOOL OF AGRICULTURAL SCIENCES

Course Code: **AEM724**
   Course Title: **Macroeconomics**
   Credit Unit: **2**
   Time Allowed: **2 Hours**
   Instruction: **Answer any four (4) Questions**

1. (a) What do you understand by the term macroeconomics.
   (3marks
   (b) Outline
   I. Two basic approaches to economic study and analysis.
   (4marks)
   II. The relationship between macroeconomics and microeconomics.
   (4marks)
   III. Three major concerns of economics.
   (6marks)
   IV. Functions of money .
   (8marks)

2. (a) Write short notes on the following terms.
   i. Money .**(3marks)**
   ii. Fiscal policy. **(6marks)**
   iii. Monetary policy. **(8 marks)**
   (b) State the most commonly used indicator of national income.
   (2marks)
   (c) i. What are the methods used in measuring GDP.
   (2marks)
   ii. Explain each of these methods.
   (4marks)

3. Explain vividly 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) State the challenges in measuring national income. **(3marks)**

5.   (a)i. What is the importance of measuring national income? **(8marks)**

     ii. Measurement of national income in developing countries like Nigeria has not been successful why? **(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) As an economist, how can you achieve and maintain full employment. **(4marks)**