



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**91, CADASTRAL ZONE, UNIVERSITY VILLAGE, JABI, ABUJA**  
**FACULTY OF MANAGEMENT SCIENCES**  
**JUNE/JULY 2017 EXAMINATION**

**COURSE CODE: MGS 718: CREDIT UNIT: 2**  
**COURSE TITLE: PRINCIPLES OF MACROECONOMICS**  
**TIME ALLOWED: 2HOURS**

***Instructions:***

- (i) Fill in the necessary information in front of your answer script
- (ii) Answer Questions ***one*** and two others
- (iii) Start each question answer on a fresh page ***please***

***Question One***

(a) Enumerate and explain the basic problems of the income approach to the computation of national income

**(10 Marks)**

(b) Enumerate and explain the basic problems associated with the output approach to the computation of national income

**(10 Marks)**

(c) With an appropriate diagram, explain the circular flow of economic activity

**(10 Marks)**

***Question Two***

List and explain in detail three theories of inflation. Which of these theories do you think is most likely applicable to the Nigerian economy and why?

**(20 Marks)**

***Question Three***

Enumerate and explain two theories of international trade. Identify the theory you feel is most likely applicable to the current global economy.

**(20 Marks)**

***Question Four***

Enumerate and explain the components of the financial markets in Nigeria. Which of these components do you think is most difficult to manage and why?

**(20 Marks)**

***Question Five***

What are the different motives for the demand for money? Which of these motives do you think is essential for economic development?

**(20 Marks)**