COURSE CODE: ECN 102 (3 CREDITS)   COURSE TITLE: PRINCIPLE OF ECONOMICS II
TIME ALLOWED: 2 ½ HOURS

INSTRUCTION: ANSWER   ALL QUESTONS FROM SECTION A AND ANY TWO QUESTIONS FROM SECTION B

SECTION A (ANSER ALL QUESTIONS) (40 marks)

1. Assuming the total demand deposits in bank Alafia was approximately N900 Billion in 2018. If the reserved requirement for commercial banks is set at 7%;
    a. What is the maximum amount of money that can be created by this bank?   7 marks
    b. Where the vault cash and cash drain are given as 5% and 6%, respectively, determine the maximum amount of demand deposits created by the bank.   7 marks
    c. Determine the deposit multiplier in case a and b above   3 marks

    (Total   17 marks)

2. Suppose an economy can be characterized by the following structural equation

$$Y = C + I + G$$

Where $C = 5 + 0.7Yd$ and $Yd = Y - T$, $T = 10$, $I = 15$ and $G = 30$
    a.   Compute the equilibrium level of income in this economy   10 marks
    b.   Determine the level of savings   7 marks
    c.   If the Net national product in a hypothetical economy in the year 2018 is given as N159, 740 billion, where indirect business taxes is given as N7billion, undistributed profits as 25 billion, and relief payments N21 billion. Determine the following
        i.   National income   3 marks
        ii.   Personal income   3 marks

    (Total 23 marks)

SECTION B (ANSWER ANY TWO QUESTIONS) 30 MARKS

1. a. Often times there can be economic growth without development. Provide clear explanations to this possibility.   7 marks
   b. State and explain two measures of economic development.   8 marks

   (Total 15 marks)

2. Clearly distinguish between the following;
    a. Narrow and broad money supply   5 marks
    b. Money supply and money demand   5 marks
    c. Consumption multiplier and Deposit multiplier   5 marks

    (Total 15 marks)

3. a. State and explain three causes of Balance of payments deficit in the Nigerian economy. 9 marks
   b. What two measures can be used to correct Balance of payments deficit?   6 marks

   (Total 15 marks)

4. List and explain any five (5) uses of national income accounting in the Nigerian economy 15 marks