(b) How do they contribute to global financial stability and development? (12+6)

8. Explain the concept of exchange rate regimes and compare and contrast the differences between fixed and flexible exchange rate systems. Discuss the economic implications and policy considerations associated with each regime, highlighting examples from different countries. (18)

(500)

[This question paper contains 4 printed pages.]

Your Roll No..............

Sr. No. of Question Paper : 3637 **H**

Unique Paper Code : 6132351203

Name of the Paper : Macroeconomics for Insurance DSC

Name of the Course : **B.A. (VS) Insurance Management**

Semester : II

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt any **five** questions.
3. Part of the questions to be attempted together.
4. **All** questions carry equal marks.
5. Use of Simple Calculator allowed.

1. (a) Define the concept of national income.

   (b) What are the various methods of calculating it? Explain briefly. (6+12)

P.T.O.

2. (a) Explain the circular flow of income in a four-sector model.

(b) Distinguish between.

(i) Gross Domestic Product at factor price and Gross National Product at market price.

(ii) Gross Domestic Product at market price and Net National Product at factor price. (9+9)

3. (a) What are the various types of money demand? Explain.

(b) What is the cash reserve ratio (CRR)? How does it affect the money supply in an economy? With the help of diagrams, show how increase/decrease in CRR affects the money market equilibrium. (9+9)

4. (a) Explain monetary policy. Distinguish between expansionary and contractionary monetary policy with the help of suitable diagrams.

(b) What are the various instruments for controlling the money supply in the economy? (10+8)

5. (a) Using a flowchart, describe the flow of funds through a financial system. Distinguish between direct and indirect finance. Briefly describe the function of financial markets.

(b) What are the 'fundamentals of insurance'? Is insurance subject to adverse selection and moral hazard. Explain with examples. (10+8)

6. (a) Briefly explain different types of insurance. Write a note on Insurance Regulation in India.

(b) Given the following data: currency-deposit ratio 'c' = 0.25, required reserves-deposit ratio 'rr' = 0.2, excess reserves deposit ratio 'er' = 0.05, if the 'monetary base' increases by 100, that is $\Delta MB = 100$, how does each of the following change :

(i) Deposits

(ii) Currency

(iii) Money stock (9+9)

7. (a) What are the key functions of the International Monetary Fund (IMF) and the World Bank?