8. Write notes on any **two** of the following :

(a) Limitations of GDP as a measure of economic welfare.

(b) Components of money supply.

(c) Significance of insurance in improving financial security and risk management. (9,9)

[This question paper contains 4 printed pages.]

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

Sr. No. of Question Paper : 3474 **J**

Unique Paper Code : 6132351203

Name of the Paper : Macroeconomics for Insurance

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.

1. (a) What is Barter system? Explain the main difficulties of the barter system and how they led to the evolution of money.

(b) How does money overcome the limitations of the barter system? Explain with reference to its key functions. (9,9)

2. (a) Explain the circular flow of income.

(b) What is the difference between nominal and real GDP? Why do we need these two measures? (10,8)

3. (a) Explain the role of a central bank in regulating the money supply and credit in the economy.

(b) Discuss the central bank's function as a lender of last resort. Why is this function important for the banking sector? (10,8)

4. (a) Discuss various exchange rate regimes.

(b) How is the exchange rate of a domestic currency determined in a flexible exchange rate regime? (9,9)

5. (a) Explain the difference between the goals, targets, and indicators of monetary policy. Why is it important to distinguish among these while framing and implementing monetary policy?

(b) How does the central bank use monetary policy to achieve macroeconomic stability? (9,9)

6. (a) Describe commercial banks. What are its functions?

(b) What are the main functions of the International Monetary Fund (IMF)? How does the IMF help in stabilizing the global monetary system? (9,9)

7. (a) What is Purchasing Power Parity (PPP)? How does income measured under PPP differ from income measured using exchange rates?

(b) Explain the determination of national income using any one method. Discuss its limitations in that method. (9,9)