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Reg. No. :

Name :

Second Semester M.A. Degree Examination, September 2024

Behavioural Economics and Data Science

BEDS 522 : FOUNDATIONS IN BEHAVIOURAL MACRO ECONOMICS

(2020 Admission Onwards)

Time : 3 Hours

Max. Marks : 75

SECTION – A

Answer all questions in one or two sentences. Each question carries 1 mark.

1. Monetary policy
2. Behavioral macroeconomic model
3. Labour market equilibrium
4. Representative agent
5. Output stabilization
6. Autocorrelation
7. Sensitivity analysis
8. Search theory of unemployment
9. General equilibrium
10. Adaptive expectations

(10 × 1 = 10 Marks)

P.T.O.



SECTION – B

Answer any **seven** questions, each not exceeding **400** words. Each question carries **5** marks.

11. Discuss the determination of asset prices within the Neo-Keynesian rational expectation model.
12. Explain the structure and features of the canonical dynamic stochastic general equilibrium (DSGE) model.
13. Analyze the stability analysis of the basic behavioral model.
14. Explore the concept of 'animal spirits' in the context of economic decision-making.
15. Discuss the presence of non-normality in DSGE models.
16. Explain the basic behavioral model used in macroeconomics.
17. Discuss the role of expectations in the transmission of shocks.
18. Examine the factors that can affect serial correlation in behavioral macroeconomic models.
19. Discuss the introduction of heuristics in forecasting output within the basic behavioral model.
20. Evaluate the implications of different models and factors affecting the transmission of shocks for macroeconomic policy.

(7 × 5 = 35 Marks)

SECTION – C

Answer any **three** questions, each not exceeding **1200** words. Each question carries **10** marks.

21. Examine the presence of non-normality in behavioral macroeconomic models.
22. Discuss the implications of incorporating heuristics in the model for understanding agents' decision-making processes and the dynamics of the macro economy.

23. Explain the transmission of demand, supply, and interest rate shocks in the New Keynesian Rational Expectation model.
24. Assess the need for a new approach in macroeconomic modeling. Considering the limitations and criticisms of the DSGE model, discuss the reasons why alternative approaches may be necessary to provide a more comprehensive understanding of economic dynamics.
25. Discuss the Neo-Keynesian rational expectation model and its role in explaining the business cycle.

(3 × 10 = 30 Marks)

