

Reg. No. :

Name :

Second Semester M.A. Degree Examination, August 2025
Behavioural Economics and Data Science
BEDS 522 : FOUNDATIONS IN BEHAVIOURAL MACRO ECONOMICS
(2020 Admission Onwards)

Time : 3 Hours

Max. Marks : 75

SECTION – I

Answer **all** questions. Each question carries **1** mark.

1. Neo-Keynesian Rational Expectations model.
2. Animal Spirits.
3. Cognitive problem of agents in DSGE models.
4. Canonical DSGE model.
5. Forecasting rules in behavioural models.
6. Stability analysis.
7. Key sources of autocorrelation in behavioural models.
8. Sensitivity analysis.
9. Non-normality.
10. "Power of output stabilisation".

(10 × 1 = 10 Marks)

P.T.O.



SECTION – II

Answer any **seven** questions not exceeding **400** words. Each carry **5** marks.

11. What is labour market equilibrium in the context of rational expectations?
12. How does monetary policy affect asset price determination?
13. What is the role of the representative agent in DSGE models?
14. How does the exogenous business cycle work in DSGE models?
15. How are heuristics and selection mechanisms used in forecasting inflation?
16. How do behavioural models account for non-normality?
17. What role does sensitivity analysis play in examining non-normality in behavioural models?
18. What is a demand shock in the New Keynesian Rational Expectation (NKRE) model?
19. What causes uncertainty in the transmission of shocks in behavioural models?
20. Discuss the factors that contribute to uncertainty about the transmission of macroeconomic shocks.

(7 × 5 = 35 Marks)

SECTION – III

Answer any **three** questions not exceeding **1200** words. Each carry **10** marks.

21. Discuss the role of rational expectations in explaining business cycles.
22. Describe the structure of the Canonical DSGE model and its theoretical foundations.
23. Explain how heuristics and selection mechanisms influence macroeconomic dynamics.
24. Explain how behavioural macroeconomic models generate serial correlation and long lags.
25. Compare how DSGE and behavioural macroeconomic models handle non-normality.

(3 × 10 = 30 Marks)

