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R – 6720

Reg. No. : ....

Name : ....

Second Semester M.A. Degree Examination, APRIL 2023

Behavioural Economics and Data Science

BEDS 522 : FOUNDATIONS IN BEHAVIOURAL MACRO ECONOMICS

(2020 Admission Onwards)

Max. Marks : 75

Time : 3 Hours

SECTION – A

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

1. What are the central ideas of monetarism?

2. Representative agent.

3. The advantages of adding a dumb consumer.

4. DSGE.

5. Serial correlation.

6. Inertial in behavioral economics.

7. Stagflation

8. Negative demand shock

9. Inflation inertia.

10. Impulse responses.

(10 × 1 = 10 Marks)

P.T.O.

SECTION – B

Answer **any seven** questions. **Each** question carries **5** marks.

11. Explain the trade-off between inflation and unemployment when we assume the prevalence of adaptive expectation?

12. Point out the importance of output stabilization by the central bank.

13. What are serially correlated shocks.

14. Discuss the link between central bank strict inflation targeting and chaotic situation.

15. What do you mean by real rigidities? Why do real rigidities occur in the credit market?

16. Discuss dynamically stable and dynamically unstable models.

17. Evaluate the heuristic approach in forecasting.

18. Discuss 'animal spirits' in economics.

19. Distinguish between rational and dumb Consumers.

20. Give an outlook of the theory of rational expectations?

$(7 \times 5 = 35$ **Marks**$)$

SECTION – C

Answer **any three** questions. **Each** question carries **10** marks.

21. The intellectual history of macroeconomic theories has been subjected to long cyclical movements - Discuss

22. Evaluate the role of rational expectations in labour market equilibrium?

23. What are the problems with the DSGE-Model and how these are addressed in the Behavioural Economics?

24. Elucidate the serial correlation in behavioural macroeconomic model?

25. How exogenous shocks are transmitted into the macro economy?

$(3 \times 10 = 30$ **Marks**$)$

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