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M – 5989

Reg. No. :

Name :

Second Semester M.A. Degree Examination, March 2022

Behavioural Economics and Data Science

BEDS 522 : FOUNDATIONS IN BEHAVIOURAL MACRO ECONOMICS

(2020 Admission)

Time : 3 Hours

Max. Marks : 75

SECTION – A

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

1. Sensitivity analysis
2. DSGE
3. Animal spirits
4. Financial Market Friction
5. Real Business-Cycle theory (RBC theory)
6. NAIRU
7. Mainstream Macro Economics
8. 'Chaotic dynamics'
9. Positive demand shock
10. Heuristic Behaviour.

(10 × 1 = 10 Marks)

P.T.O.



SECTION – B

Answer any **seven** questions in less than **400** words. **Each** question carries **5** marks.

11. What are the features of impulse response simulations.
12. Discuss why the output gap and inflation are serially correlated?
13. Bring out the criticisms against utility maximisation
14. Discuss the exogenous business cycle model underlying Dynamic Stochastic General Equilibrium model?
15. Distinguish between the concepts of adaptive expectations and rational expectations?
16. Discuss herd behaviour and market bubbles.
17. Discuss the assumption of a representative agent.
18. Bring out the importance of the search theory of unemployment?
19. "In the DSGE model without outside shocks nothing would happen" discuss.
20. Discuss some of the anomalies and deviations of rational expectations.

(7 × 5 = 35 Marks)

SECTION – C

Answer any **three** questions in less than **1200** words. Each question carries **10** marks.

21. How the distribution of the output gap is affected by different parameters. Explain this with different types of non-normality and Sensitivity analysis.
22. Discuss subject matter, of Dynamic Stochastic General Equilibrium model?
23. How exogenous shocks are transmitted into the macroeconomy.



24. What are the factors Affecting Serial Correlation in the Behavioural Macroeconomic Model?
25. Discuss extreme values of animal spirit under different parameters?

(3 × 10 = 30 Marks)

