# UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
## End Semester Examination, December 2022

**Course: Behavioral Finance**  
**Program: B.COM H/BBA FAS**  
**Course Code:  FINC3040**

**Semester:  IV**  
**Time: 03 hrs.**  
**Max. Marks: 100**

**Instructions:**

## SECTION A
### 10Qx2M=20Marks

| S. No. | Statement of question | Marks | CO |
|--------|----------------------|-------|-----|
| | | | |
| Q1. | Who authored the book  'NUDGE'  <br><br> a.  Richard H. Thaler, and, Cass R. Sunstein <br> b.  Cass R. Sunstein and James Montier <br> c.  Richard H. Thaler, and James Montier <br> d.  Daniel Kahneman and Amos Tversky | 2 | CO1 |
| Q2. | Prospect theory is given by <br><br> a.  Richard Thaler and Amos Tversky <br> b.  Amos Tversky and Cass R. Sunstien <br> c.  Daniel Kahneman and Amos Tversky <br> d.  Robert Shiller and  Daniel Kahneman | 2 | CO1 |
| Q3. | Investors' reluctance to sell assets that have lost value and greater likelihood of selling assets that have made gains. What is this an example of? <br><br> a.  Availability bias <br> b.  Disposition effect <br> c.  Framing effect <br> d.  Hindsight bias | 2 | CO1 |
| Q4. | Demonstrate the 'Endowment effect' | 2 | CO1 |
| Q5. | Examplify the 'Choice Architect' | 2 | CO1 |
| Q6. | Who proposed Irrational Exuberance concept? <br><br> a.  Jegadeesh and Titman <br> b.  Daniel Kahneman and Richard Thaler <br> c.  Daniel Kahneman and Amos Tversky | 2 | CO1 |

| | d. Robert J. Shiller | | |
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| Q7. | An important element in prospect theory is loss aversion.<br><br>a. True<br>b. False | **2** | **CO1** |
| Q8. | Demonstrate the 'Framing Effect' | **2** | **CO1** |
| Q9. | Demonstrate the Confirmation Bias with example | **2** | **CO1** |
| Q10. | Elaborate the Irrational Exuberance with example | **2** | **CO1** |
| | **SECTION B**<br>**4Qx5M= 20 Marks** | | |
| Q11 | Demonstrate the scope and implications of Behavioral Finance. | **5** | **CO2** |
| Q12 | Illustarte the concepts of framing effect and hindsight bias . | **5** | **CO2** |
| Q13 | Interprate the 'hot hand fallacy' and 'gamblers fallacy' in your words with example | **5** | **CO2** |
| Q14 | Examplify the overconfidence bias and mentins what are the factors affecting it | **5** | **CO2** |
| | **SECTION-C**<br>**3Qx10M=30 Marks** | | |
| Q15 | (i) Given the choices below;<br><br>Choice A : Win INR 2000 with 0.60 probability<br><br>Choice B : Win INR 1200 for sure<br><br>Which one you choose A or B, and why? [5 marks]<br><br>(ii) Given the choice below;<br><br>Choice C : Loss of INR 600 for sure<br><br>Choice D : Loss of 2000 with 0.20 probability<br><br>Which one you choose A or B, and why? [5 marks] | **10** | **CO3** |
| Q16 | Illustrate how System I of mind is different from System II | **10** | **CO3** |
| Q17 | Demonstrae the following biases in yur words:<br>(i) Bandwagon effet<br>(ii) Anchoring<br>(iii) Confirmation<br>(iv) Disposition effect | **10** | **CO3** |

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| colspan | **SECTION-D** **2Qx15M= 30 Marks** | | |
| Q18 | Criticize the traditional utility theory and demonstrate the prospect theory with example. | **15** | **CO4** |
| Q19 | Explain how the behavioral finance concepts are being used in finance, sales and marketing in the real world. | **15** | **CO4** |