

**BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI
(END SEMESTER EXAMINATION)**

**CLASS: MBA
BRANCH: MANAGEMENT**

**SEMESTER : III
SESSION : MO/2024**

SUBJECT: MT512 BEHAVIOURAL FINANCE

TIME: 3 Hours

FULL MARKS: 50

INSTRUCTIONS:

1. The question paper contains 5 questions each of 10 marks and total 50 marks.
 2. Attempt all questions.
 3. The missing data, if any, may be assumed suitably.
 4. Before attempting the question paper, be sure that you have got the correct question paper.
 5. Tables/Data hand book/Graph paper etc. to be supplied to the candidates in the examination hall.
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Q.1(a)	Discuss the differences in the assumptions of Behavioural Finance and Traditional finance quoting theories of traditional and Behavioural finance.	[5]	1	4
Q.1(b)	Discuss Utility theory for a risk averse investor.	[5]	1	2
Q.2(a)	Differentiate between System x and System Y of the brain for making risky investment choices.	[5]	3	3
Q.2(b)	Explain how Miscalibration leads to overconfidence bias with the help of an example. Mention other reasons for overconfidence as a stock investor?	[5]	3	4
Q.3(a)	"The loss affects an investor 3 times as compared to the gains". Elaborate upon the statement with the help of an appropriate theory associated with it.	[5]	3	3
Q.3(b)	"There is a tradeoff between hope and fear that leads an investor closer or beyond the aspiration" Discuss.	[5]	3	3
Q.4(a)	Discuss the various dimensions of Behavioural Portfolio theory	[5]	4	2
Q.4(b)	Explain Bialar, Biehl and Kaiser Five Way Model. As an investment advisor how will you identify different categories of investors and what approach you will use to sell investment products to them?	[5]	5	6
Q.5(a)	As a Financial manager, identify and elaborate the biases you would experience in choosing a long term capital project. What information asymmetries you can face?	[5]	4	4
Q.5(b)	What steps will you consider to reduce the biases you face as an individual investor?	[5]	5	5

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