

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

**CLASS: MBA
BRANCH: MANAGEMENT STUDIES**

**SEMESTER : III
SESSION : MO/2025**

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	There are many limitations of Traditional Finance that has led to the concept of Behavioral Finance. Discuss the theories and how Behavioral finance is different from traditional finance in terms of assumptions and functioning.	[10] 1	4
Q.2(a)	When you have to make decisions related to buying a commercial property, and you are receiving information and suggestions from infrastructure agents, what all biases you will experience and how will you overcome them to consider the best deal?	[5] 2	5
Q.2(b)	System Y is better than System X . Explain	[5] 2	3
Q.3(a)	What are the forms and causes of Overconfidence? How it leads to futile decisions in relation to share market investments?	[5] 3	4
Q.3(b)	How do you select a reference point in deciding about a big investment opportunity in Infrastructure industry and what factors will make you overweigh some aspects over others and also make you indifferent towards losses?	[5] 3	6
Q.4(a)	The wealth of an individual is an outcome of choices made amidst 'Fear and Hope'. Discuss	[5] 4	5
Q.4(b)	Discuss the investor personality types. Design an investment advice for a celebrity investor type.	[5] 4	6
Q.5(a)	Individual investors cannot derive the full benefit of diversification. Discuss in context of Mental Accounts	[5] 5	
Q.5(b)	Discuss Behavioural Biases in Institutional setting based out of Capital Budgeting or Financing or Dividend declaration or building a smart organization. Select any one theme.	[5] 5	

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