

2202M048

MASTER OF VOCATION
Management (Banking and Finance)
Subject: Behavioural Finance
Subject Code: MFM806
Semester: First
February 2022
Theory (External): 70 Marks
Time: 03 Hours

Instructions to the Students

1. This Question paper consists of two Sections. All sections are compulsory.
2. Section A comprises 10 questions of objective type in nature. All questions are compulsory. Each question carries 2 marks.
3. Section B comprises 8 essay type questions out of which students need to do any 5. Each question carries 10 marks.
4. Read the questions carefully and write the answers in the answer sheets provided.
5. Do not write anything on the question paper.
6. Wherever necessary, the diagram drawn should be neat and properly labelled

Roll Number									

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SECTION -A (SHORT/OBJECTIVE TYPE QUESTIONS)
(10x2=20 Marks)

Write a short note on:

- A Loss Aversion
- B Disposition Effect
- C January Effect
- D Forensic Accounting
- E Neuro-finance
- F Prospect Theory
- G Value Investing
- H Mental accounting
- I Investor behave during bubble
- J Expected utility theory

SECTION -B (ESSAY TYPE QUESTIONS)
(5x10=50 Marks)

- Q1 Write in detail about the various approaches to Behavioral Corporate Finance.
- Q2 How does mental accounting affect investor's investment decision? Explain.

- Q3 The question is a matter of life and death: a new disease is sweeping across the country, and epidemiologists project it will claim the lives of 600 people. Scientists have proposed two alternative programs to address the outbreak, and you must decide which to implement • If program A is adopted, 200 people will be saved. • If program B is adopted, there is a one -third probability that 600 people will be saved, but a two -third probability that no one will be saved at all.
(a) Which one do you select? Why?
(b) Explain in detail the prospect theory in line with the above situation.
- Q4 EMH states that investors are rational. Behavioural finance states they are not. Justify your stand by explaining market and investor behaviour supporting your stand.
- Q5 Write in detail some of the important heuristics.
- Q6 Differentiate cognitive and emotional bias. Explain some the important emotional biases in detail.
- Q7 How behavioral finance explains bubbles? Explain in detail various causes of bubbles
- Q8 What is neurophysiology? Why the study of neurophysiology important for investment advisor?

*****END OF PAPER*****