



Sanjay Ghodawat University, Kolhapur

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2018-19

EXM/P/09/01

Year and Program: 2018-19

School of Commerce & Management

Department of SY MBA

Course Code: MMC FM 609

Course Title: Behavioral Finance

Semester – III

Day and Date:-

End Semester Examination (ESE)

Time:-10.00 am to 1.00pm
Max Marks: 100

Sahndy/50018

Instructions:

- 1) All questions are compulsory.
- 2) Figures to the right indicate full marks Bloom's level and course objectives

Q.1	Solve any Two	Marks	Bloom's Level	CO
a)	Discuss the two systems in human mind, System I & System II with appropriate examples.	07	L ₂	CO1
OR				
a)	Analyze the limitations of classical finance.	07	L ₄	CO1
b)	Do investors really behave rationally? Comment.	08	L ₂	CO2
OR				
b)	Discuss on stock prices overreaction and under reaction with examples.	08	L ₂	CO2
Q.2	Solve any Two			
a)	How expected utility theory can be applicable in investment decision?	07	L ₃	CO3
OR				
a)	How mental accounting leads to wrong financial planning?	07	L ₃	CO3
b)	As per the representative bias, "Investors assess the likelihood of an event based on its closeness to other events". Discuss.	08	L ₃	CO4
OR				
b)	How to avoid overconfidence in investment decisions?	08	L ₃	CO4

Q.3	Solve any Two				
	a)	Analyze the relationship between traditional finance and behavioral finance.	08	L ₄	CO1
	b)	Critically analyze the theoretical foundation of Efficient Market Hypothesis.	08	L ₄	CO2
	c)	“Losses looms larger than the gains” Discuss the statement in the context of prospect theory.	08	L ₃	CO3
	d)	“Investor prefers known risk over unknown risk” Discuss the statement in the context of ambiguity aversion.	08	L ₃	CO4
Q.4	Solve any Two				
	a)	How rational managers exploit market inefficiencies in investment decisions?	09	L ₃	CO5
	b)	“Improving organization decision making is the essence of corporate decisions “Discuss.	09	L ₃	CO5
	c)	How organization decision making can be improved for better corporate decisions?	09	L ₂	CO5
Q.5	Solve any Two				
	a)	Analyze key challenges in building a psychologically smart organization.	09	L ₄	CO6
	b)	“Managerial biases affect on Merger & Acquisition decisions.” Discuss the statement with appropriate examples.	09	L ₃	CO6
	c)	Evaluate managerial considerations of paying dividends.	09	L ₄	CO6
Q.6	Solve any Three				
	a)	Propose solutions to mitigate planning fallacy.	06	L ₄	CO5
	b)	Illustrate the concept of discovery driven planning.	06	L ₃	CO5
	c)	How group thinking can be countered?	06	L ₃	CO6
	d)	How informational asymmetry between managers and shareholders causes capital budgeting bias?	06	L ₃	CO6
