

Enroll No

K.E.Society's
Rajarambapu Institute of Technology, Rajaramnagar
 (An Empowered Autonomous Institute, affiliated to SUK)
Unit Test -I (2025-26)

Q.P. Code
UT 3072

Course Code: MGF2111

S.Y. M.B.A.

Course Name: Behavioral Finance

Day & Date: Saturday, 16/08/2025

Time: 1.00pm-2.00pm

Max Marks- 25

- Instructions:**
- 1) All questions are compulsory.
 - 2) Figures in rounded() brackets within the question, indicate the scheme of marking for respective part of the question, whereas, figures in the first right column indicate total marks for that whole question.
 - 3) CO is the index number of the Course Outcome statement.
 - 4) The Bloom's taxonomy level (BL) for 1,2,3,4,5 and 6 is remember, understand, apply, analyze, evaluate and create respectively.
 - 5) Assume suitable data if necessary.
 - 6) Use of non-programmable calculators is allowed

	Marks	BT Level	COs
Q.1 Explain how behavioral finance is different from conventional finance.	8	2	1
Q.2 'Prospect theory is contrary to the common assumption that people weigh risks against rewards in making a decision' Justify	9	4	2
Q.3 Mr. Rohan, a retail investor, has made significant profits by investing in technology stocks over the past three years. Believing he has superior stock-picking skills, he invests all his savings into a new tech start-up without reviewing its fundamentals.			

Questions:

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|--|---|---|---|
| a) Explain how overconfidence bias and representativeness bias are reflected in Mr. Rohan's investment decision. | 4 | 2 | 2 |
| b) Apply concepts from behavioral finance to suggest a strategy that could help Mr. Rohan avoid such biased decisions in the future. | 4 | 3 | 2 |

Or

- Q.3 Ms. Ananya wins ₹2 lakh in a lottery. She uses ₹50,000 for a foreign holiday and invests ₹1,50,000 in a risky stock suggested by a friend. At the same time, she continues paying high interest on her credit card debt of ₹80,000.

Questions:

- | | | | |
|---|---|---|---|
| a) Explain how mental accounting influenced her financial decisions. | 4 | 2 | 2 |
| b) Apply the concept of self-control bias to recommend how she could have better utilized her lottery winnings. | 4 | 3 | 2 |

