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| **Semester: II**  **Maximum Marks: 50 Examination: End-Term Exam Date: April 11th 2025 Duration:2 Hours** | | |
| **Programme code: 01 & 06**  **Programme: MBA & MBA HCM-Elective** | **Class: SY** | **Semester: II** |
| **College:**  **K. J. Somaiya Institute of Management** | **Name of the department:** Economics | |
| **Course Code: 317P01E201** | **Name of the Course: Behavioral Economics** | |
| **Instructions:**  Answer any **Five** of the following | | |

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| **Question No.** |  | **Max.**  **Marks:50** |
| 1. a)   b) | Examine in detail the usage of behavioral economics in India’s public policy.  How is behavioral Economics different from the Standard Neo-classical Model? | 10 |
| 2.a)  b) | What is mental accounting, and how does it differ from the fungibility of money?  Why do individuals integrate losses but segregate gains? | 10 |
| 3  a)  b)  c) | With the help of **Prospect theory** explain the following Phenomena:  Individuals purchase insurance for rare catastrophic events but ignore more common risks?  Investors tend to sell winning stocks too early and hold onto losing stocks for too long  People prefer bundled offers (e.g., "Buy one, get one free") over equivalent discounts (e.g., 50% off two items)? | 10 |
| 4. | Examine the main behavioral biases impacting investment decision making. | 10 |
| 5 a)  b) | Examine the applications of behavioral game theory and how does it overcome the shortcoming of the traditional game theory?  Write a short note on the role of reciprocity in behavioral game theory | 10 |
| 6. a)  b) | How do default settings exemplify the concept of nudges in choice architecture, and what psychological mechanisms make them effective?  What ethical concerns arise with the use of nudges in influencing decisions? | 10 |
| 7. | Write short notes on **any two** of the following   1. Concept of loss aversion and its usage in marketing 2. Sunk cost fallacy with examples. 3. Libertarian Paternalism | 10 |