



SOMAIYA

VIDYAVIHAR UNIVERSITY



Dr. Shantilal K. Somaiya School of Commerce and Business Studies

QUESTION PAPERS

BRANCH: Bachelor of Commerce (Accounting & Finance)	SEM: II
	FEB-2023

Sr. No.	Subject	Available
1.	131U02C104 – Economics II	
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February 2023

Examination: In Semester Examination (UG/PG Programme Programme)

Programme code: 02 & 03

Programme: BAF & BAF (HONS)

Class: FY

Semester: II

Name of the Constituent College:

S. K. Somaiya College (SKSC)

Name of the Department:

Accounting & Finance

Course Code: 131U02C104 & 131U03C104

Name of the Course: Economics - II

Duration : 2 Hrs.

Maximum Marks : 60

Instructions: 1) All questions are compulsory. 2) Figures to the right indicate full marks. 3) Mention the Proper Question Number. 4) Draw appropriate diagrams & also provide Suitable examples wherever necessary.

Question No.		Max. Marks	CO
Q-1	<u>Answer the following Questions:</u>	(15)	
A	State the meaning of the Law of Returns to Scale. Explain the various reasons for all the stages of this law. Support your answer with its suitable diagram. (Schedule is not required) OR	(15)	1
B	Revenue management is a concept which is widely used in 21 st century by numerous companies. Justify your answer with its meaning & a suitable example. Also elaborate on its various pricing strategies & its importance.	(15)	2
Q-2	<u>Answer the following Questions:</u>	(15)	
A.	Behavioral economics understands how and why people behave the way they do in the real world. Justify this statement with its meaning & importance in detail.	(8)	3
B.	Bounded rationality is the theory that consumers have limited rational decision making, driven by three main factors. Elaborate on the meaning of Bounded Rationality & explain each feature in detail.	(7)	3
C.	OR	(8)	3
D.	State the meaning of Prospect Theory. List down all the three features of prospect theory. Discuss 'Loss Aversion' in detail along with example & its advantages.	(7)	3
	Sunk cost trap refers to a tendency for people to irrationally follow through on an activity that is not meeting their expectations. Elaborate its meaning & Provide various factors for the same.		

<p>Q-3</p> <p>A.</p> <p>B.</p> <p>C.</p> <p>D.</p>	<p><u>Answer the following Questions:</u></p> <p>Define Welfare Economics? Explain the disadvantages of same for a country/ Society when the country is not able to provide some better welfare programs.</p> <p>State the concept of Economics of Crime? Explain the various reasons why people commit crime? Elaborate the points.</p> <p style="text-align: center;">OR</p> <p>Discuss Economics of Crime? Explain the Corruption, counterfeiting & Smuggling in detail along with examples.</p> <p>Define Welfare economics? Elaborate on the various determinants affecting the welfare of human beings.</p>	<p>(15)</p> <p>(8)</p> <p>(7)</p> <p>(8)</p> <p>(7)</p>	<p>4</p> <p>4</p> <p>4</p> <p>4</p>
<p>Q-4</p>	<p><u>Case Study:</u></p> <p><u>Answer the following questions based on the case study below given</u></p> <p>The field of Neuroeconomics is less than a decade old and have approximately two hundred active neuroscientists and economists. Neuroeconomics is different from behavioural economics in that the latter is one-sided (mostly economists) while the former brings together behavioural economists, classical economists and other experts in economics and psychology</p> <p>The most frequently asked question is why economists should study the brain. Maybe it is because they need to enhance utility measurement. Nonetheless, the study of the brain can help in directing and catalyzing the development of new economic models and accelerating the rate of developing these models. Neuroscience provides new experiential method that offers novel empirical tests.</p> <p>Neuroscience measurements assist people in understanding and managing themselves better. Therefore, Neuroeconomics provides fundamental changes in economic methods.</p> <p>They go beyond the conventional economic practises to employ psychological insight as a motivation for developing economic models or take into consideration empirical evidences that confront behavioural assumptions of models in economics.</p> <p>brain cells are subjected to direct electrical stimulation. In reaction to a</p>	<p>(15)</p>	<p>3</p>



stimulus, a feeling is a normally multidimensional, i.e., qualitative, quantitative, and effective sensation. Effective sensation is the one that is linked to pleasure and displeasure and mainly relies on the quality of the stimulus.

A small range of the stimulus (chemical, thermal and mechanical stimulus) is capable of creating some reaction.

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|---|-----|
| i. The key insight of neuroeconomics for the field of economics is that the brain is composed of multiple systems which interact. Justify & discuss the most recent topic – neuroeconomics in detail. | (5) |
| ii. Elaborate how neuroeconomics is different from behavioural economics on your own. | (5) |
| iii. List your thoughts on how Neuroeconomics is & will be even more beneficial in the future to take better decisions. | (5) |