

**(SEM IV) THEORY EXAMINATION 2017-18
BEHAVIOURAL FINANCE**

*Time: 3 Hours**Total Marks: 100***Note:** 1. Attempt all Sections. If require any missing data; then choose suitably.

SECTION A

1. Attempt *all* questions in brief. 2 x 10 = 20

- a. What is neo-classical thought of finance?
- b. What are the objectives of psychology with reference to financial markets?
- c. Explain “dividend puzzle”.
- d. Explain 1/N rule of heuristic.
- e. What is noise trading?
- f. What is expected utility function?
- g. How is individual rationality different from group rationality?
- h. Define bubble.
- i. Define emotion with examples.
- j. What are the bad effects of geomagnetic storm?

SECTION B

2. Attempt any *three* of the following: 10 x 3 = 30

- a. What efficient market hypothesis? What are its limitations? Explain in detail.
- b. What is “life cycle hypothesis”? Explain it in the light of self control bias.
- c. Explain the Ellsberg Paradox and way the Ellsberg Paradox inhibits decision making.
- d. What is neurophysiology? Why the study of neurophysiology important for investment advisor?
- e. What is the Five-Way Model of personality traits?

SECTION C

3. Attempt any *one* part of the following: 10 x 1 = 10

- (a) Differentiate between Homo economics and behaviorally biased investors
- (b) How does mental accounting affect investor’s investment decision? explain

4. Attempt any *one* part of the following: 10 x 1 = 10

- (a) What is the role of gender and investor’s personality in investment decision making?
- (b) What do you understand by anomaly? What are different market anomalies as per behavioral finance?

5. Attempt any *one* part of the following: 10 x 1 = 10

- (a) What is cognitive psychology? What are the scope areas of cognitive psychology?
- (b) Make a detailed comparative study of all the three models of expected utility.

- 6. Attempt any *one* part of the following: **10 x 1 = 10****
- (a) Who is investor? What are the different types of investors? How average investor is different from simple investor?
 - (b) How do external factors affect the decision making of an investor? Explain.

- 7. Attempt any *one* part of the following: **10 x 1 = 10****
- (a) What do you mean by geomagnetic storm? What are the different phases of a geomagnetic storm?
 - (b) What are the systematic approaches of using behavioural factors adopted by the investor in corporate decision making?

uptunotes.com