

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER –III-EXAMINATION – WINTER-2022**

Subject Code: 4539282

Date: 25/01/2023

Subject Name: Behavioural Finance

Time: 10:30 AM to 1:30 PM

Total Marks: 70

**Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

Q. No.	Question Text and Description	Marks
Q.1	A. Explain the concept of herding in stock market B. Explain the concept of Modern Portfolio Theory C. Discuss the concept of Neural Finance D. Define Forensic Accounting E. Explain Endowment Bias F. Differentiate fundamental, technical and calendar anomalies G. List any two contributions of Parag Parikh	14
Q.2	(a) Discuss the brief overview of rational and classical finance. Compare and analyse the difference between Classical and Behavioural Finance. (b) Explain various heuristics and their role in investment decision making.	07 07
<b>OR</b>		
	(b) Write a brief note on various theories of behavioral finance.	07
Q.3	(a) The current scenario of Omicron cases is reflecting a panic situation in market. Analyse the influence of various emotional biases on the kind of investment decisions investors would take in the current scenario. (b) Discuss Market Bubble. Explain the behaviour of investors during Market Bubble and also discuss the causes of bubble.	07 07
<b>OR</b>		
Q.3	(a) Explain in detail the difference between cognitive and emotional biases. (b) Discuss Prospect theory with suitable example the.	07 07
Q.4	(a) Explain in detail the tenets of Value investing. Discuss your own perspective about Value investing in Stock Market. (b) Explain in detail the role of Forensic Accounting in identifying frauds in Corporates. What are various behavioural aspects of frauds?	07 07
<b>OR</b>		
Q.4	(a) Discuss in detail any two Fraud theories.	07
	(b) Explain in detail various Emotional Biases with suitable examples.	07

**Q.5**

Mr. Vikas has a great preference for lavish and luxury things. In the current pandemic period, he could not compromise on his living standards and has eroded all his savings for his luxurious life style. His was not at all concerned about his/ family future security. Mr. Vikas in the current pandemic period has opened up a monthly investment account and analyzed the investments for winners and losers. Looking that some of the investments have lost money and some have gained, Mr. Vikas changes his investment under the influence of loss aversion bias.

- (a) Which bias is demonstrated by Mr. Vikas other than Loss aversion? Explain it in detail **07**
- (b) What should he do to avoid this bias and what are his consequences? **07**

**OR**

- (a) Discuss how Mr. Vikas is likely to respond given a loss-aversion bias **07**
- (b) Explain the consequences of loss aversion bias on his investments. **07**

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