

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA-SEMESTER-III-EXAMINATION-SUMMER-2025**

**Subject Code: 4539282****Date: 10/06/2025****Subject Name: Behavioural Finance****Time: 02:30 PM TO 05:30 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.

		<b>Marks</b>
<b>Q.1</b>	Explain the following: (2 marks each)	<b>14</b>
	<ul style="list-style-type: none"> <li>a. Biases</li> <li>b. Behaviour Finance</li> <li>c. Loss Aversion</li> <li>d. Overconfidence Bias</li> <li>e. Mental Accounting</li> <li>f. Efficient Market Hypothesis</li> <li>g. Prospect theory</li> </ul>	
<b>Q.2</b>	(a) How does heuristics and biases influence investor behavior, explain with an example.	<b>07</b>
	(b) Why study of Behavioral finance is needed? Explain the difference between Traditional Finance and Behavioral Finance?	<b>07</b>
<b>OR</b>		
<b>Q.2</b>	(b) State the approaches of Behavioural Corporate Finance with significance.	<b>07</b>
<b>Q.3</b>	(a) EMH states that investors are rational. Behavioral finance states they are not. Justify the statement.	<b>07</b>
	(b) What are stock market anomalies? Discuss various calendar anomalies prevalent in the stock market. Also, discuss the behavioural explanations for their presence.	<b>07</b>
<b>OR</b>		
<b>Q.3</b>	(a) Differentiate cognitive and emotional bias. Explain some the important emotional biases in detail.	<b>07</b>
<b>Q.3</b>	(b) What is value investing? Write the value investment behaviour of Warren Buffet.	<b>07</b>
<b>Q.4</b>	(a) What is Forensic accounting? What are the fraud theories and tools of forensic accounting?	
	(b) How behavioral finance explains bubbles? Explain in detail various causes of bubbles.	<b>07</b>
<b>OR</b>		
<b>Q.4</b>	(a) What is Prospect theory? Discuss the key tenets of prospect theory with suitable examples.	<b>07</b>
<b>Q.4</b>	(b) Do mood, emotion and sentiment influence the mental frame and behaviour of an investor? If yes, then explain how with help of suitable example.	

- Q.5** Mr. Krishna has 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. He was not at all concerned about his/ family future security. Mr. Krishna 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. Krishna changes his investment under the influence of loss aversion bias.
- (a) Which bias is demonstrated by Mr. Krishna other than Loss aversion? **07**  
Explain it in detail
- (b) What are the emotions and Heuristics Biases affecting Mr. Krishna? **07**
- OR**
- Q.5** (a) Explain the consequences of loss aversion bias on his investments **07**
- (b) What should be Mr. Krishna's perspective about Value investing in Stock Market? **07**

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