STELLA MARIS COLLEGE (AUTONOMOUS), CHENNAI – 600 086
(For Candidates admitted during the academic year 2023 – 2024 and thereafter)

B.A. DEGREE EXAMINATION NOVEMBER 2024
BRANCH IV – ECONOMICS
THIRD SEMESTER

COURSE : MAJOR - CORE
PAPER : BEHAVIOURAL ECONOMICS
SUBJECT CODE : 23EC/MC/BE34
TIME : 3 HOURS   **MAX. MARKS: 100**

Q. No.	SECTION A (10 x 2= 20) PART A Answer ALL questions in 50 words each.	CO	KL
1	Define the neoclassical concept of economic rationality.	1	1
2	List two main causes of irrationality in economic decision – making.	1	1
3	Identify the key concept of Herbet Simon's bounded rationality theory.	1	1
4	Define the term "endowment effect".	1	1
5	State any two key events in the history of behavioural economics.	1	1
6	Define the term " heuristic" in the context of decision making.	1	1
7	Describe availability heuristic with a simple example.	1	1
8	State the main idea behind representative heuristic	1	1
9	Define projection bias	1	1
10	Identify the primary components of mental accounting	1	1
	SECTION A (10 x 2 = 20) PART B ANSWER ANY 10 OUT OF 12 QUESTIONS	CO	KL
11	Explain how confidence can amplify economic disturbances.	2	2
12	Describe how fairness influences wage- setting	2	2
13	Outline the concept of money illusion.	2	2
14	Explain decision weighting in prospect theory.	2	2
15	What is loss aversion?	2	2
16	Explain the concept of framing in mental accounting	2	2
17	Give examples of Fungibility	2	2
18	Differentiate between availability heuristic and representative heuristic.	2	2
19	Give an example of the Basic idea of exponential discounting	2	2
20	Explain time inconsistent preference	2	2
21	What is decoy effect?	2	2
22	Define Libertarian paternalism	2	2

Q. No.	SECTION B (4 x 5= 20) **PART A** **Answer any four out of six questions in 250 words each.**	CO	KL
23	Apply bounded rationality to real world economic decision making process.	3	3
24	Explain the shape of the Utility curve in prospect theory.	3	3
25	Illustrate how the representative heuristic can lead to stereotyping in hiring decisions	3	3
26	Show how corruption might impact economic decisions,	3	3
27	Apply the concept of budgeting and fungibility in mental accounting to explain why people might treat windfall income differently from regular income.	3	3
28	Apply the concept of intertemporal choice to personal savings decisions.	3	3
Q. No.	SECTION B (4 x 5= 20) **PART B** **Answer any four out of six questions in 250 words each.**	**CO**	**KL**
29	Analyze the anomalies of the Discounted Utility model.	4	4
30	Examine the pros and cons of using heuristics in daily decision making	4	4
31	Analyze how money illusion might affect people's perception of wage increase during inflation.	4	4
32	Discuss the limitations of expected utility theory and the rise of prospect theory	4	4
33	Analyze the different types of Utility.	4	4
34	Analyse the concept of hedonic editing in mental accounting.	4	4
Q. No.	SECTION C (2 x 10= 20) **Answer any two out of four questions in 600 words each.**	**CO**	**KL**
35	Evaluate the impact of behavioural economics on traditional economic theory. Provide examples to support your answer.	5	5
36	Critically examine the Beta Delta model of hyperbolic discounting.	5	5
37	Evaluate the potential benefits and drawbacks of applying nudge theory in financial decision making, such as retirement savings plans.	5	5
38	Discuss how choice architecture can be used in creating better policy.	5	5

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