PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MA DEGREE EXAMINATION DECEMBER 2025
(Third Semester)

Branch - ECONOMICS

MAJOR ELECTIVE COURSE – I : BEHAVIOURAL ECONOMICS

Time: Three Hours   Maximum: 75 Marks

SECTION-A (10 Marks)
Answer ALL questions
ALL questions carry EQUAL marks   (10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Who is regarded as the founder of Behavioural Economics? a) Adam Smith b) Richard Thaler c) Alfred Marshall d) John Nash	K1	CO1
	2	Which of the following refers to "bounded rationality"? a) Decisions made with unlimited information b) Decisions limited by cognitive ability and time c) Decisions that always maximise utility d) Random decision-making	K2	CO1
2	3	Prospect theory was developed by: a) Herbert Simon b) Kahneman and Tversky c) Richard Thaler d) Gary Becker	K1	CO2
	4	The term "loss aversion" in Behavioural Economics refers to: a) Preference for risky choices b) Tendency to prefer avoiding losses over acquiring gains c) Desire to maximise profit d) Avoidance of decision-making	K2	CO2
3	5	Which bias is linked to overestimating easily recalled events? a) Anchoring bias b) Availability bias c) Confirmation bias d) Representativeness bias	K1	CO3
	6	"Anchoring" in decision-making means: a) Ignoring past data b) Relying too heavily on the first piece of information c) Always following intuition d) Choosing randomly	K2	CO3
4	7	Which of the following best explains the "Ostrich Effect"? a) Avoidance of negative information b) Herd behaviour c) Excessive optimism d) Status quo bias	K1	CO4
	8	*Which organisation uses "Nudge Units" for policy-making?* a) IMF b) World Bank c) Government of UK d) WTO	K2	CO4
5	9	Neuro-economics studies: a) Emotions in literature b) Brain processes involved in economic decision-making c) Farm productivity d) Social welfare schemes	K1	CO5
	10	Pharmaco-economics deals with: a) Costs and outcomes of pharmaceutical products b) Agricultural costs c) Industrial cost analysis d) International trade	K2	CO5

SECTION - B (35 Marks)
Answer ALL questions
ALL questions carry EQUAL Marks   (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Define Behavioural Economics. Explain its origins and significance.	K2	CO1
		(OR)		
	11.b.	Discuss the role of intuition and emotions in decision-making.		
2	12.a.	Explain Prospect Theory with an example.	K2	CO2
		(OR)		
	12.b.	Analyse the concept of loss aversion in consumer behaviour.		
3	13.a.	Write short notes on heuristics and biases in decision-making.	K2	CO3
		(OR)		
	13.b.	Explain anchoring and representativeness bias with suitable examples.		
4	14.a.	Discuss the significance of behavioural insights in financial decision-making.	K2	CO4
		(OR)		
	14.b.	Explain the role of behavioural economics in policy interventions (e.g., Nudge theory).		
5	15.a.	Describe the concept of neuro-economics and its applications.	K2	CO5
		(OR)		
	15.b.	Discuss the importance of behavioural welfare economics.		

SECTION -C (30 Marks)
Answer ANY THREE questions
ALL questions carry EQUAL Marks   (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Critically examine the role of bounded rationality in economic decision-making.	K3	CO1
2	17	Evaluate Prospect Theory and its implications for modern consumer behaviour.	K3	CO2
3	18	Analyse different types of heuristics and their effects on decision-making.	K3	CO3
4	19	Discuss the relevance of behavioural science in markets and consumer behaviour with examples.	K4	CO4
5	20	Examine the scope of neuro-economics in understanding risky decision-making.	K5	CO5

Z-Z-Z   END