



VIT

Vellore Institute of Technology

(Deemed to be University under section 3 of UGC Act, 1956)

SCHOOL OF SOCIAL SCIENCES AND LANGUAGES

CONTINUOUS ASSESSMENT TEST - II

FALL SEMESTER 2024-2025

REG.NO.:

SLOT: F1+TF1

Programme Name & Branch : B.TECH - SCORE/SCOPE
 Course Code and Course Name : HUM1046 - BEHAVIOURAL ECONOMICS
 Faculty Name : Dr. K. NILAVATHY
 Class Number : VL2024250104217
 Date of Examination : 18/10/2024 - 02.00 p.m to 03.30 p.m
 Exam Duration : 90 minutes
 Maximum Marks: 50

General instruction(s):

- Answer All Questions
- M - Max mark; CO - Course Outcome; BL - Blooms Taxonomy Level (1 - Remember, 2 - Understand, 3 - Apply, 4 - Analyse, 5 - Evaluate, 6 - Create)
- Course Outcomes - The following are the CO statements covered in this question paper.

CO3 - Incorporate psychologically motivated assumptions into economic models, and interpret the implications of these assumptions.

CO4 - Explain how these models change the predictions for equilibrium behavior and welfare analysis, and assess the implications for optimal policy.

CO5 - Compare the predictions of neoclassical and behavioral models, and evaluate the best method for approaching a given topic.

Q. No	Question	M	CO	BL
1.	How does the bias which has the tendency to look for information that supports, rather than rejects, one's preconceptions affect the decision making?	10	3	2
2.	Those who consume counterfeit goods are more likely to have been influenced by self-evaluation bias. Explain it with a proper example.	10	3	2
3.	A coin is tossed 12 times; on the first three tosses it lands up heads. a) What would be the rational gambler's estimate of the probability of the fourth toss resulting in a tail, assuming the coin is unbiased? b) What would be the gambler's estimate of the probability of the fourth toss resulting in a tail, if he believes in the 'gambler's fallacy'?	5	4	3
	How does the Bayes theorem helps to find a solution to the base rate bias in probability estimation? Illustrate with proper example.	5		
4.	Individuals make decisions based on perceived gains instead of perceived losses. Explain with suitable examples.	10	5	2
5.	Given, the consumption function, $C = 150 + 0.6Y$, where C = consumption expenditure, Y = income and investment expenditure = Rs 2,000. Calculate: (i) Equilibrium level of national income (ii) Consumption at equilibrium level of national income (iii) Saving at equilibrium level of national income	5	5	3
	Explain the ratchet effect in the context of Shea's study on income and consumption.	5		

