VIT

Vellore Institute of Technology

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

REG.NO.:

SCHOOL OF SOCIAL SCIENCES AND LANGUAGES
CONTINUOUS ASSESSMENT TEST – II
WINTER SEMESTER - 2025-2026

SLOT:B2+TB2

Programme Name & Branch	: UG Seniors
Course Code and Course Name	: HUM1046, Behavioral Economics
Faculty Name(s)	: Dr Sumeetha M, Dr Nilavathy K
Class Number(s)	: VL2025260506503 ,VL2025260506502
Date of Examination	: 16/3/2026
Exam Duration	: 90 minutes

Maximum Marks: 50

General instruction(s):

Answer All Questions

Students are permitted to bring any number of textbooks, printouts of e-books (complete / chapters) and handwritten notebooks (class notes).

Course Outcomes

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

C04 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.	Whenever Amit scores high marks he attributes his success to his abilities like-consistency, intelligence and hard work. But when he secures low grades he attributes it to the external forces like the teacher or family problems. Identify the bias in this statement.Explain.	10	3	3
2.	Loss aversion has implications for public policy.As a policy maker you want to discourage the use of plastic bags, should you give people a small amount of money for bringing their own reusable bags or should you ask them to pay the same small amount for the plastic bag? Discuss.	10	5	3
3.	a) Draw the S shaped prospect theory curve and explain its significance in decision making.	5	3	2
	b) Anita prefers fixed deposits to mutual funds. Draw the the Marginal Utility curve of wealth for Anita and explain its slope.	5		
4.	a) Define heuristics. Does it always help in accurate decision making. Why or why not?	5	4	3
	b) People have systematically incorrect beliefs that they expect their future preferences to be too close to the present ones. Identify the bias and give an example. Projection bias	5		
5.	Basket ball players and fans believe that a players chance of hitting a shot is greater following a hit than a miss on the previous shot. Use behavioral economics to explain this phenomena.	10	5	2