Reg. No.: ....

Name: ....

University of Kerala

W7144

Third Semester FYUGP Degree Examination, November 2025

Discipline Specific Elective

ECONOMICS

UK3DSEECO200 - Behavioral Economics

Academic Level: 200-299

2024 Admission

Time: 2 Hours(120 Mins) **Max. Marks: 56**

Part A.6 Marks:Time 5 Minutes.(Cognitive Level :Remember(RE)/Understand(UN)) Objective Type.1 mark each, Answer all questions

Qn No.	Question	CL	CO
1	What does a nudge aim to do? Options : A)Limit people's choices B)Influence people's behaviour without restricting their options C)Force people to make a certain decision D)Manipulate people's preferences	RE	1
2	Which one of the following is not a part of every game theory model? Options : A)Players B)Payoffs C)Probabilities D)Strategies	RE	1
3	According to behavioural economics which factor is least likely to influence decision making under uncertainty Options : A)Psychological biases B)Random chance C)Rational expectations D)Emotional response	UN	1
4	Behavioral insights in Game theory highlight the role of these factors Options : A)Sociological B)Psychological C)Historical D)Political	UN	1
5	According to Prospect Theory, individuals are: Options : A)More sensitive to gains than to losses B)Equally sensitive to gains and losses	UN	2

Qn No.	Question	CL	CO
	C)Unaffected by gains and losses D) More sensitive to losses than to gains		
6	The concept that individuals have limited time, cognitive capacity, and memory when making decisions is known as: Options : A)Bounded rationality B)Anchoring. C)Satisficing D)Framing	UN	1

Part B.10 Marks.Time:20 Minutes (Cognitive Level:Understand(UN)/Apply(AP))Two-three sentences.2 marks each.Answer all questions

Qn No.	Question	CL	CO
7	Explain heuristic and Give one example of a decision-making heuristic.	UN	2
8	What is bounded rationality, and how does it differ from full rationality in traditional economics?	UN	1
9	"Ravi invests heavily in a stock believing he can predict its rise,ignoring market risks" Apply the concept of overconfidence bias to explain Ravi's investment behaviour	AP	2
10	How can loss aversion influence an individual’s decision to hold on to losing investments?	AP	2
11	Show how Behavioral insights can improve saving habits among people?	AP	2

Part C.16 Marks.Time:35 Minutes.(Cognitive Level :Apply(AP)/Analyse(AN))Short Answer.4 marks each, Answer all 4 questions,choosing among options * within each question

Qn No.	Question	CL	CO
12	A) Discuss the role of trust and reciprocity in repeated game interactions with real-world examples. OR B) "Nudges are a powerful tool for policymakers, but they are not a silver bullet." Discuss this statement by evaluating the ethical implications of using nudges in public policy.	AP	3, 3
13	A) 'Blood Donation is a Great Donation', relate this statement with a particular Behavioural Economics term and Explain it. OR B)	AP	2, 3

Qn No.	Question	CL	CO
	Using an example, explain how anchoring affects salary or business negotiations.		
14	A) Analyse the impact of psychological factors on strategic decision making. OR B) Examine how emotional factors such as trust and fear influence cooperation in repeated games.	AN	3, 3
15	A) Explain the role of libertarian paternalism in choice architecture OR B) Determine why individuals prefer investing in bonds rather than in high yielding stocks.	AN	3, 4

Part D.24 Marks.Time: 60 Minutes.(Cognitive Level :Analyse(AN)/Evaluate(EV)/Create(CR)) Long Answer 6 Marks each.Answer all 4 questions choosing among options * within each question

Qn No.	Question	CL	CO
16	A) Evaluate the contributions of Herbert Simon, Kahneman, and Thaler to the evolution of behavioural economics. OR B) Examine the assumptions underlying Nash Equilibrium and discuss how they determine player strategies in non-cooperative games	AN	1, 3
17	A) Assess the role of heuristics and biases in shaping consumer behavior -are they always rational? OR B) A person avoids flying because of recent news of a crash. Analyse this behavior using risk perception biases.	EV	5, 2
18	A) Discuss 2 or 3 examples of how behavioural insights have been successfully applied to improve health, tax compliance, or energy conservation OR B)	EV	4, 4

Qn No.	Question	CL	CO
	Evaluate how understanding strategic behaviour with behavioural insights (like fairness, reciprocity, or framing) changes predictions in game-theoretical settings like auctions or negotiations.		
19	A) How you can rearrange the New Education Policy (NEP) of Government of India on the basis of Behavioural insights. OR B) Suggest some policy measures that can be adopted by governments to nudge people towards using energy efficient alternatives in their everyday lives.	CR	5, 5