GL BAJAJ
Institute of Management & Research
Greater Noida
FIND YOUR SPARK

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POST GRADUATE DIPLOMA IN MANAGEMENT (2024-26)
END TERM EXAMINATION (TERM -V)

Subject Name: Behavioral Finance	Time: **02.00 hrs**
Sub. Code: PGF54	Max Marks: **40**

Note: All questions are compulsory. Section A carries 12 marks: 6 questions of 2 marks each, Section B carries 18 marks having 3 questions (with internal choice question in each) of 6 marks each and Section C carries 10 marks one Case Study having 2 questions of 5 marks each.

Kindly write the all the course outcomes as per your TLEP in the box given below:

S. No.	Course Outcomes (COs)	Bloom's Taxonomy Level
CO1	Identify psychological biases influencing investors	L2, L3
CO2	Analyze impact of behavioral factors on markets	L3, L4
CO3	Evaluate behavioral finance implications in corporate and personal finance	L4, L5

SECTION - A

Attempt all questions. All questions are compulsory.　　　　　　**2×6 = 12 Marks**

Questions	CO	Bloom's Level
Q. 1: (A). Define Loss Aversion Bias **Q. 1: (B).** State one recent investing/trading trend, applying the concept of Herd Bias **Q. 1: (C).** What do you understand by "Homo Economicus"? **Q. 1: (D).** What do you understand by information asymmetry? **Q. 1: (E).** Discuss the forms of efficient market hypothesis. **Q. 1: (F).** Discuss the key concepts of prospect theory.	CO1	L2 and L3

SECTION – B

All questions are compulsory (Each question has an internal choice. Attempt anyone (either A or B) from the internal choice)　　　　　　**6 x 3 = 18 Marks**

Questions	CO	Bloom's Level
Q. 2: (A). As per ET markets, Shares of large-cap IT companies slid on July 25, 2025, with Wipro and Infosys falling up to 3%, after Tata Consultancy Services (TCS) said it would cut 2% of its global workforce, around 12,000 employees, amid persistent macroeconomic headwinds and weak discretionary spending. The announcement dragged the Nifty IT index 1.6% lower, extending losses in a sector already in bear territory. Continuous media coverage of layoffs in the global tech sector led investors to overestimate risks in fundamentally strong IT companies. Analyze the dominance of behavioral biases involved in scenario. **Or** **Q. 2: (B).** In January 2021, GameStop's stock surged over 1,500% due to a coordinated short squeeze by retail investors on Wall Street Bets. While not officially labelled a scam, some experts have called it a "modified pump and dump." The frenzy targeted hedge funds shorting the stock, causing billions in losses. Trading platforms like Robinhood restricted purchases, sparking accusations of market manipulation and unfair access. Influencers like "Roaring	CO2	L4

Kitty" played a key role, and bots may have helped amplify the hype. Analyse the situation and identify the behavioural bias dominating the investor behaviour.		
Q. 3: (A). In early 2025, Tesla's stock experienced an exceptional rally: by June 2025, TSLA had surged approximately 90% year-to-date, reaching around $320 per share, propelled by strong Q1 2025 earnings, improved production efficiency and heightened optimism about autonomous driving and AI-related advancements. During this period, average daily trading volumes remained high at approximately 98 million shares, reflecting elevated investor interest. In the third quarter of 2025, Tesla reported record vehicle deliveries of about 497,099 units, surpassing analyst expectations and setting a quarterly high for deliveries. This was partly driven by customers rushing to benefit from the impending expiration of a $7,500 U.S. federal EV tax credit. Although deliveries were the highest in Tesla's history, markets exhibited mixed reactions: analysts noted that while volumes were impressive, profitability and demand sustainability were uncertain. Despite some delivery and earnings misses later in 2025, such as Q4 deliveries of approximately 418,227 vehicles — down year-over-year and below Wall Street expectations — TSLA stock continued to show robust momentum into early 2026, even after delivery shortfalls. Analyse, if the investing is driven by fundamentals or momentum? **Or** **Q. 3: (B).** Analyze herding in corporate capital expenditure decisions, stating relevant examples.	CO3	L4
Q. 4: (A). Calendar anomalies refer to predictable patterns in stock returns that occur at specific times of the year and are not fully explained by traditional finance theories. One of the most widely documented calendar anomalies is the January Effect, which suggests that stock returns—particularly of small-cap stocks—tend to be abnormally higher in January compared to other months. Evaluate the above scenario in context with investment planning. **Or** **Q. 4: (B).** Evaluate the implication of Overconfidence in Investment planning. Elaborate with an example.	CO3	L5

SECTION - C

Read the case and answer the questions   **5×02 = 10 Marks**

Questions	CO	Bloom's Level
Q. 5: Case Study: Zomato Limited was listed on Indian stock exchanges in **July 2021** at an issue price of **₹76 per share**, valuing the company at nearly **₹1 lakh crore**, despite reporting **net losses of over ₹800 crore in FY21**. The IPO was oversubscribed multiple times, driven by strong investor optimism around India's growing food delivery and platform economy. Post listing, Zomato's business fundamentals underwent **significant changes**. By **FY23–FY24**, the company improved its operating metrics substantially— food delivery contribution margins turned positive, Blinkit (quick commerce) became a major growth driver, and Zomato reported its **first-ever quarterly net profit in Q1 FY24 (₹2 crore)**, followed by improved profitability in subsequent quarters. Revenues crossed **₹12,000 crore in FY24**, with strong growth in gross order value (GOV) and reduction in cash burn.	CO2	L3,L4

However, despite these structural improvements, many investors continued to **anchor their valuation expectations to the IPO price of ₹76**. When Zomato's share price declined sharply post listing—falling below **₹50 in 2022** during the broader tech sell-off—investors perceived the stock as "expensive" relative to the IPO benchmark, even when valuation multiples and profitability prospects had materially changed. Conversely, when the stock later traded above **₹120–₹140 levels in 2024**, some investors continued to judge it as "overvalued" simply because it was significantly higher than the IPO price, rather than reassessing it based on updated earnings, cash flows, and strategic repositioning.

Questions:
Q. 5: (A). Analyze the scenario with investor's behavior perspective.
Q. 5: (B). Elaborate three words of caution to avoid the highlighted bias in above scenario.

Kindly fill the total marks allocated to each CO's in the table below:

COs	Question No.	Marks Allocated
CO1	Q1 (All Parts)	12
CO2	Q2 and Q5	16
CO3	Q3 and Q4	12

(Please ensure the conformity of the CO wise marks allocation as per your TLEP.)

Blooms Taxonomy Levels given below for your ready reference:

L1= Remembering
L2= Understanding
L3= Apply
L4= Analyze
L5= Evaluate
L6= Create