SASTRA
DEEMED TO BE UNIVERSITY

School of Computing
First CIA Exam – Feb 2025
Course Code: **MGT222**
Course Name: **Behavioral Economics**
Class: III B. Tech Sem: VI
Duration: 90 minutes Max Marks: 50

PART A

Answer the following questions 10x2=20 Marks

1. What are the core differences between traditional economics and behavioral economics?
2. How does bounded rationality impact decision-making, and what does it imply for consumer behavior?
3. Define the concept of "heuristics," and how people use them in decision-making processes.
4. How does the framing effect impact decision-making and judgments?
5. How do social preferences, such as fairness and reciprocity, influence economic behavior?
6. How do behavioral economics principles apply to public policy and interventions?
7. What is the role of status quo bias in consumer decision-making?
8. How does utility relate to consumer choice theory?
9. How do psychologists measure utility in terms of subjective well-being?
10. Infer how the brain's structure influences decision-making in cognitive neuroscience.

PART B

Answer all the Questions 3x10 = 30 Marks

11. Analyze some common experiments used in behavioral economics to study decision-making processes.
12. Examine how behavioral economics and choice theory relate to real-world issues like savings, health behavior, and consumer protection.
13. Determine how policy-makers can use utility theory to evaluate the trade-offs between environmental sustainability and economic growth.

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School of Computing
Second CIA Exam – March 2025
Course Code: : MGT222
Course Name: Behavioral Economics
Class: III B. Tech Sem: VI
Duration: 90 minutes Max Marks: 50

PART A

Answer the following questions **10x 2 = 20 Marks**

1. Interpret Decoy effect.
2. What is retail therapy?
3. What is self-evaluation bias?
4. What is the role of game theory in behavioral economics?
5. What is the endowment effect?
6. Explain the 'peacock's tail' syndrome.
7. Infer Ellsberg paradox.
8. Relate Magical beliefs.
9. Define bargaining in behavioral economics.
10. What is overconfidence bias?

PART B

Answer all the Questions **3x10 = 30 Marks**

1. Explain different types of biases affecting strategic decision-making.
2. Describe Game theory, Prisoner's dilemma, and Nash equilibrium, highlighting their application in real-world strategic decisions.
3. Explain the concept of market entry decisions influenced by behavioral factors. Define environmental protection in the context of behavioral economics.

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School of Computing
Third CIA Exam – May 2025
Course Code: MGT222
Course Name: Behavioral Economics
Duration: 90 minutes Max Marks: 50

PART A

Answer the following questions 2x10=20

1. What is the role of emotins in decision-making?
2. Explain instantaneous utility.
3. What is ambiguity aversion?
4. What is fairness in economic decision-making?
5. How do heuristics influence decision-making?
6. What is prospect theory?
7. What is geometric discounting?
8. How does utility function relate to decision-making?
9. How does probability weighting affect decision-making?
10. How does behavioral economics explain consumer addiction?

PART B

Answer any two of the following Questions 2x10 = 20

11. Explain the impact of digital platforms on irrational decision-making.
12. Examine Discount Utility model and the Standard Economic Model of decision-making.
13. Discuss ambiguity aversion. Compare and contrast it with risk aversion. Use Ellsberg's paradox to explain how real-life decisions violate the predictions of expected utility theory.

PART C

Read the case and answer the following question: 1x10 = 10

Case Study - India's Digital Health Incentive Scheme (2023–2024)

India has been grappling with a rising burden of non-communicable diseases (NCDs) such as diabetes and hypertension. Despite government campaigns and the availability of free screenings, participation in preventive health checkups remained low, especially in rural and low-income areas.The National Health Authority (NHA) and NITI Aayog collaborated with behavioral economists to explore how present bias and intertemporal choice failures affected health decisions. Most people

avoided checkups due to the perceived immediate costs (time, effort, fear) versus uncertain future benefits.

Intervention: The Digital Health Incentive Scheme (2023)

In 2023, the government launched a pilot Digital Health Incentive Scheme under the Ayushman Bharat Digital Mission (ABDM) to encourage preventive care.

Key features included:

A ₹100 digital wallet credit for every verified health checkup uploaded to the individual's ABHA (Ayushman Bharat Health Account) ID.

- Gamified elements: Users could unlock badges and levels for regular participation.
- A commitment interface allowing users to book appointments in advance and receive reminders.
- Default enrollment for public healthcare users.

(As of Jan 2024)

Over 2.5 million people participated within the first 6 months in pilot states like Maharashtra and Tamil Nadu. Participation in routine screenings increased by 38% compared to 2022 levels. Health workers reported reduced resistance to checkups due to the immediate financial reward and digital gamification. The program succeeded in addressing intertemporal choice failures where people undervalued long-term health by offering small, immediate incentives and nudging them toward better choices without mandating action. It shows how behavioral economics can improve public health outcomes in real, scalable ways

Answer the following question:

14. *Explain how did present bias influence people's decisions before the scheme was introduced, and in what ways did the structure of incentives and defaults help align their short-term motivations with long-term health outcomes?*

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