

Course Code	Course Title	L	T	P	C
BHUM211L	Behavioral Economics	3	0	0	3
Pre-requisite	NIL	Syllabus version			
		1.0			
<b>Course Objectives</b>					
<ol style="list-style-type: none"> <li>1. To impart knowledge on current ideas and concepts regarding decision making in Economics, Particularly from a behavioral science perspective.</li> <li>2. The course will explore key departures and the consequences of behavior of firms, households and other economics entities</li> <li>3. To provide an overview of how behavioral principles have been applied to economic problems.</li> </ol>					
<b>Course Outcomes</b>					
<p>Upon successful completion of the course students will be able to</p> <ol style="list-style-type: none"> <li>1. Identify and evaluate evidence for systematic departures of economic behavior from the traditional economic models.</li> <li>2. Predictions of the neoclassical model, and psychological explanations for these anomalies.</li> <li>3. Incorporate psychologically motivated assumptions into economic models, and interpret the implications of these assumptions.</li> <li>4. Explain how these models change the predictions for equilibrium behavior and welfare analysis, and assess the implications for optimal policy.</li> <li>5. Compare the predictions of neoclassical and behavioral models, and evaluate the best method for approaching a given topic.</li> <li>6. Apply Behavioral principles in economic problems.</li> </ol>					
<b>Module:1</b>	<b>Introduction</b>	<b>6 hours</b>			
The neoclassical/standard model and behavioral economics in contrast; historical background; behavioral economics and other social sciences; theory and evidence in the social sciences and in behavioral economics; applications gains and losses, money illusion, charitable donation.					
<b>Module:2</b>	<b>Basics of Choice Theory</b>	<b>6 hours</b>			
Revisiting the neoclassical model; utility in economics and psychology; models of rationality; connections with evolutionary biology and cognitive neuroscience; policy analysis consumption and addiction, environmental protection, retail therapy; applications pricing, valuation, public goods, choice anomalies.					
<b>Module:3</b>	<b>Beliefs, Heuristics and Biases</b>	<b>6 hours</b>			
Revisiting rationality; causal aspects of irrationality; different kinds of biases and beliefs; self-evaluation and self-projection; inconsistent and biased beliefs; probability estimation; trading applications trade in counterfeit goods, financial trading behavior, trade in memorabilia.					
<b>Module:4</b>	<b>Choice under Uncertainty</b>	<b>6 hours</b>			
Background and expected utility theory; prospect theory and other theories; reference points; loss aversion; marginal utility; decision and probability weighting; applications ownership and trade, income and consumption, performance in sports.					

<b>Module:5</b>	<b>Intertemporal Choice</b>	<b>6 hours</b>	
Geometric discounting; preferences over time; anomalies of inter-temporal decisions; hyperbolic discounting; instantaneous utility; alternative concepts future projection, mental accounts, heterogeneous selves, procedural choice; policy analysis mobile calls, credit cards, organization of government; applications consumption and savings, clubs and membership, consumption planning.			
<b>Module:6</b>	<b>Game and Strategy Behavior</b>	<b>6 hours</b>	
Review of game theory and Nash equilibrium strategies, information, equilibrium in pure and mixed strategies, iterated games, bargaining, signaling, learning; applications competitive sports, bargaining and negotiation, monopoly and market entry.			
<b>Module:7</b>	<b>Social Preference</b>	<b>7 hours</b>	
Individual preferences; choice anomalies and inconsistencies; social preferences; altruism; fairness; reciprocity; trust; learning; communication; intention; demographic and cultural aspects; social norms; compliance and punishment; inequity aversion; policy analysis norms and markets, labor markets, market clearing, public goods; applications logic and knowledge, voluntary contribution, compensation design.			
<b>Module:8</b>	<b>Contemporary Issues</b>	<b>2 hours</b>	
		<b>Total Lecture hours:</b>	<b>45 hours</b>
<b>Text Book(s)</b>			
1.	N.Wilkinson and M.Klaes (2017), "An Introduction to Behavioral Economics", 3 <sup>rd</sup> Edition, Red Globe Press.		
<b>Reference Books</b>			
1.	Bazerman, Max and Don Moore (2012), Judgment in Managerial Decision Making, 8 <sup>th</sup> Edition, John Wiley & Sons.		
2.	Kahneman, Daniel (2011), Thinking, Fast and Slow, New York: Farrar, Straus and Giroux.		
Mode of Evaluation: CAT /Quiz / Assignment / FAT.			
Recommended by Board of Studies		22-02-2023	
Approved by Academic Council		No. 69	Date 16-03-2023