

S.No.	Course Code	CourseName	Course Type	Cd	L	T	P	Marks		
								Sessional	Final Exam	Total
3	UGMDC-202(B)	Introduction to Behavioral Economics	MDC	3	3	0	0	40	60	100

**Course Outcomes:**

At the end of the course the student will be able to: -	
CO1	Examine the concept and scope of Behavioural Economics.
CO2	Apply Prospect Theory to decision-making under risk and uncertainty.
CO3	Identify common biases that affect decision-making.
CO4	Design effective public policies that nudge desired behaviours through behavioural science principles.
CO5	Analyze how behavioural interventions can promote healthy choices and improve well-being.

## Detailed Syllabus

## Section A

**Unit I: Introduction to Behavioural Economics:** Definition and Scope of Behavioural Economics, Historical Background and Key Developments, Methodological Approach - Origins of Behavioural Economics-Neo-Classical and Behavioural Approaches to Studying Economics, Differences between Traditional Economics and Behavioural Economics.

(08

Hrs)

**Unit II: Rationality and Utility Theory:** Traditional Utility Theory, Decision Making Under Risk and Uncertainty: Prospect Theory - Reference Points - Risk Concept and Understanding - Loss Aversion - Shape of Utility Function - Decision Weighting - Probabilistic Judgment, Behavioural Model of Decision-Making-Regret Theory, Rank-dependent utility.

(08Hrs)

**Unit III: Beliefs, Heuristics and Biases:** The Standard Model: Probability Estimation - Self-Evaluation Bias - Projection Bias - Causes of Irrationality - Behavioural Law and Economics – Selection Among Multiple Strict Equilibria Via Structure, Framing, Fairness, Complexity - Revealed Preference - Belief - Game Theory.

(08 Hrs)

## Section B

**Unit IV: Behavioural insights for Public Policy:** Role of government in shaping behaviour, Designing good institutions: the tragedy of the commons, matching markets, behavioural economics and institution design, Behavioural insights for public policy, nudge and behaviour change, Fairness and Distributional Effects, Ethical considerations in behavioural public policy.

(08

Hrs)

**Unit V: Behavioural Development Economics and Economics of Happiness:** Behavioural determinants of health and healthcare: Information asymmetry, Behavioural interventions for promoting healthy behaviours, Health and happiness, measuring the value of treatment, improving the remembered utility of treatment.

(08

Hrs)

## Textbooks:

S. No.	Name of the Books	Author	Publisher	Edition (Pub.Yr.)
1	Behavioral Economics: Toward a New Economics by Integration with Traditional Economics	Masao Ogaki, Saori C. Tanaka, and Toshiaki Watanabe	Springer	1 <sup>st</sup> (2021)
2	Behavioral Economics: The Basics	Philip Corr and Anke Plagnol	Routledge	1 <sup>st</sup> (2022)

Reference Books:

S. No.	Name of the Books	Author	Publisher	Edition (Pub. Yr.)
1	Behavioral Economics and Its Applications	Peter Diamond and Hannu Vartiainen	Princeton University Press	2 <sup>nd</sup> (2019)