



Kot Bhalwal, Jammu



Model Institute of Engineering
& Technology (Autonomous)
Course Handout

COURSE HANDOUT

INTRODUCTION TO BEHAVIORAL ECONOMICS (UGMDC- 202 (B))

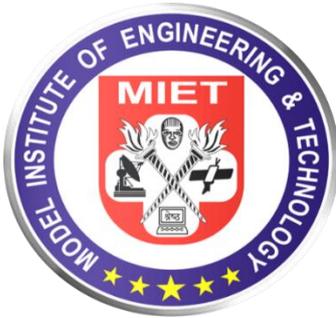
BBA HONS-4th SEMESTER

ACADEMIC YEAR (2024-25)

Dr Priyanka Sharma

Associate Professor

Department of Commerce



School of Management-UG

Model Institute of Engineering & Technology (Autonomous)

Kot Bhalwal, Jammu - 181122

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Dr. Arun K. Gupta Teaching-Learning Centre

Version 1.1



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Course Code	Course Name	Course Type	Cd	L	T	P	Marks		
							Sessional	Final Exam	Total
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

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.

(08Hrs)

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.

(08 Hrs)

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, Ethical considerations in behavioural public policy.

(06 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.

(06 Hrs)

Textbooks

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

Reference Books



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

COURSE PLAN		
Unit-I Introduction to Behavioural Economics		
S.No	Topics	Recommended Books
1	Introduction	Book 1, Ch.10 Book 2, Ch. 4
2	Definition and Scope of Behavioural Economics,	https://news.uchicago.edu/explain-er/what-is-behavioral-economics#:~:text=It%20differs%20from%20neoclassical%20economics,self%2Dinterested%20decisions%20based%20on&text=Behavioral%20economics%20combines%20elements%20of,do%20in%20the%20real%20world. https://www.investopedia.com/terms/b/behavioraleconomics.asp
3	Historical Background and Key Developments,	Book 1, Ch.10 Book 2, Ch. 4 https://nap.nationalacademies.org/resource/26874/BE_history_20221009.pdf
4	Methodological Approach - Origins of Behavioural Economics	Book 1, Ch.10 Book 2, Ch. 4 https://nap.nationalacademies.org/resource/26874/BE_history_20221009.pdf
5	-Neo-Classical and Behavioural Approaches to Studying Economics	Book 1, Ch.10 Book 2, Ch. 4 https://www.tutor2u.net/economics/reference/behavioural-and-neo-classical-economics-essay-plan
6	Differences between Traditional Economics and Behavioural Economics	Book 1, Ch.10 Book 2, Ch. 4 https://www.thechicagoschool.edu/insight/psychology/behavioral-vs-traditional-economics/
7	Case Study	Book 1, Ch.10 Book 2, Ch. 4
Unit-II Rationality and Utility Theory:		
8	Traditional Utility Theory	Book 1, Ch.2



		https://saylordotorg.github.io/text/_risk-management-for-enterprises-and-individuals/s07-01-utility-theory.html
9	Decision Making Under Risk and Uncertainty:	Book 1, Ch.2 https://is.muni.cz/el/1456/jaro2016/BPV_IEBE/um/WEEK03.pdf
10	Prospect Theory - Reference Points	Book 1, Ch.1 https://thedecisionlab.com/reference-guide/economics/reference-point
11	Risk Concept and Understanding - Loss Aversion	Book 2, Ch.2 https://www.indeed.com/career-advice/career-development/risk-aversion-vs-loss-aversion#:~:text=In%20particular%2C%20the%20term%20risk,negative%20when%20compared%20to%20gains.
12	Loss Aversion - Shape of Utility Function	Book 2, Ch.2 https://www.sciencedirect.com/topics/mathematics/risk-aversion#:~:text=Conversely%2C%20one%20can%20conceive%20of,convex%20than%20it%20is%20concave
13	Decision Weighting - Probabilistic Judgment,	Book 2, Ch.2 https://www.sciencedirect.com/science/article/pii/S0010028598907101
14	Behavioural Model of Decision-Making-Regret Theory	Book 2, Ch.2 https://www.nature.com/research-intelligence/regret-theory-in-decision-making-and-economic-behavior#:~:text=Regret%20Theory%3A%20A%20theory%20that,based%20on%20their%20expected%20utility.
15	Rank dependent utility	Book 2, Ch.2 https://www.sciencedirect.com/topics/economics-econometrics-and-finance/rank-dependent-utility
Unit-III Beliefs, Heuristics and Biases		
16	The Standard Model: Probability Estimation	Book 2, Ch.2 https://www.sciencedirect.com/topics/computer-science/probability-estimation
17	Self-Evaluation Bias - Projection Bias	Book 2, Ch.2



18	Causes of Irrationality	Book 2, Ch.2
19	Behavioural Law and Economics	Book 2, Ch.2
20	Selection Among Multiple Strict Equilibria Via Structure, Framing, Fairness, Complexity	Book 2, Ch.2 https://math.stackexchange.com/questions/2397837/how-to-choose-between-multiple-nash-equilibria-and-solution-concepts
21	Revealed Preference - Belief -	Book 2, Ch.2 https://www.cambridge.org/core/services/aop-cambridge-core/content/view/90535E837BBD2D8784D7C2AEA562DA03/S0266267100000158a.pdf/revealed_preference_belief_and_game_theory.pdf
22	Game Theory	https://plato.stanford.edu/entries/game-theory/
Unit-IV Behavioural insights for Public Policy		
23	Role of government in shaping behaviour	Book 2, Ch.3 https://pmc.ncbi.nlm.nih.gov/articles/PMC3487230/
24	Designing good institutions: the tragedy of the commons, matching markets	Book 1, Ch.4 https://www.investopedia.com/terms/t/tragedy-of-the-commons.asp
25	Behavioural insights for public policy,	Book 1, Ch.4
26	Ethical considerations in behavioural public policy.	Book 2, Ch.3
Unit-V Behavioural Development Economics and Economics of Happiness		
27	Behavioural determinants of health and healthcare:	Book 2, Ch.8 https://onlinelibrary.wiley.com/doi/abs/10.1002/9781119374855.ch4
28	Behavioural determinants of health and healthcare: Information asymmetry,	Book 1, Ch.8
29	Behavioural interventions for promoting healthy behaviours,	Book 2, Ch.8 https://pmc.ncbi.nlm.nih.gov/articles/PMC9516219/
30	Behavioural interventions for promoting healthy behaviours, Health and happiness	Book 1, Ch.8 https://pmc.ncbi.nlm.nih.gov/articles/PMC9516219/
31	Case Study	Book 2, Ch.8

ADDITIONAL WEB RESOURCES

1.	MOOC: Welcome to Game Theory https://www.coursera.org/learn/game-theory-introduction
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GRADING AND ASSESSMENT





- **Sessional Test I:** 10 marks
- **Sessional Test II:** 10 marks
- **Assignment:** 10 marks
- **Attendance:** 10 marks
- **Final Examination:** 60 marks

COURSE POLICIES

- **Attendance:** Minimum 75% attendance is mandatory to appear in the final examination of the course.
- **Academic Integrity:** MIET's academic integrity policies apply. Plagiarism will not be tolerated.
- **Late Submissions:** Assignments and projects must be submitted by the specified timelines.

FACULTY INFORMATION

- **Office Hours**
Monday (12:05 PM - 12:55 PM)
Friday (12:05 PM - 12:55 PM)
- **Contact Information**
priyankasharma.mba@mietjammu.in