

Discipline Specific Elective



University of Kerala

Discipline	ECONOMICS				
Course Code	UK3DSEECO200				
Course Title	Behavioural Economics				
Type of Course	DSE				
Semester	III				
Academic Level	200 – 299				
Course Details	Credit	Lecture per week	Tutorial per week	Practical per week	Total Hours/Week
	4	4 hours	-	-	4
Pre-requisites	Basic understanding of economic principles				
Course Summary	This course introduces the field of behavioral economics, which combines insights from psychology and economics to understand how individuals make decisions. Topics covered include cognitive biases, decision making under uncertainty, behavioral game theory, nudges, and applications in various domains such as finance, public policy, and marketing.				



Detailed Syllabus:

Module	Unit	Content	Hrs
I	Introduction to Behavioural Economics		12
	1	Overview of Traditional Economics Vs Behavioural Economics	
	2	Historical development and key contributors	
	3	Psychological foundations of decision making: heuristics, biases, bounded rationality	
	4	Introduction to cognitive biases and their impact on decision making	
II	Decision-Making Under Risk and Uncertainty		15
	5	Prospect theory: value function, loss aversion, probability weighting - Theory only	
	6	Behavioural biases in risk perception: Ambiguity aversion, overconfidence, framing effects - Concept only	
	7	Application to individual decision-making, insurance, and investment - to be more specific	
III	Game Theory with Behavioural insights		15
	8	Basic game theory concepts: Strategic interactions, Nash equilibrium	
	9	Incorporating Psychological Factors into Strategic Decision-Making	
	10	Applications to bargaining, auctions, and other economic interactions - to be more specific.	
IV	Nudges and Choice Architecture		10
	11	Introduction to Nudges	
	12	Choice architecture and libertarian paternalism – Basic concepts only.	
	13	Nudges in Practice- Real-world examples	
V	Applications of Behavioural Economics		8
	14	Behavioral insights in Public policy	
	15	Behavioural economics in marketing and consumer behaviour	



	16	Behavioural insights in health care and education	
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Essential Readings

1. An Introduction to Behavioural Economics by Wilkinson and Klaes, Palgrave McMillan 2012
2. Behavioral Economics: A very short introduction, by Michelle Beddeley, Rutledge, 2017

Additional Reading List

1. Cartwright , E, Behavioural Economics, Routledge, 2011
2. Diamond,P and Vartianen,H (eds) Behavioural Economics and its Applications, Princeton University Press, 2012
3. Behavioural foundations of economics by J.L. Buxter, McMillan Press.
4. Choice, Behavioural economics and addiction, edited by Ruby E Vachinich and Nick
5. Heather, Pergamon Elsevier, 2003,
6. Kahneman and Tversky (1979) “Prospect Theory: An Analysis of Decision Under Risk”,
7. Econometrica, 47(2): 263– 291.
8. Thaler, Richard H. 1988. "Anomalies: The Ultimatum Game." Journal of Economic
9. Perspectives, 2(4): 195-206.
10. Tversky, A. and Kahneman, D. (1974) “Judgment Under Uncertainty: Heuristics and
11. Biases”, Science, 185(4): 1124– 1131.
12. Thaler, R H and Sunstein, C R Nudge: Improving Decisions About Health, Wealth, happiness, Penguin books, 2009.
13. Ariely, D Predictably Irrational:The Hidden forces that shape our Decisions, Harper Collins, 2008.
14. Kahneman, D Thinking Fast and slow. Farrer, Straus and Giroux, 2011

Course Outcomes

No.	Upon completion of the course the graduate will be able to	Cognitive Level	PSO addressed
CO-1	Understand the foundational principles and key concepts of behavioral economics.	R, U	PSO-1
CO-2	Evaluate the implications of prospect theory and loss aversion on individual choices and market outcomes.	R, U, Ap, An, E	PSO-1,3,5
CO-3	Apply behavioral game theory concepts to understand strategic interactions and predict outcomes in social and economic settings.	R, U, Ap, An, E , C	PSO-1,3,5



CO-4	Develop behaviourally-informed tools for predicting individual responses to uncertainty in investment and insurance choices	R, U, Ap, An, E , C	PSO-1, 3,5
CO-5	Explore the application of behavioral economics in different fields.	R, U, Ap, An, E , C	PSO-3,5

R-Remember, U-Understand, Ap-Apply, An-Analyse, E-Evaluate, C-Create

Note: 1 or 2 COs/module

Name of the Course: Credits: 4:0:0 (Lecture:Tutorial:Practical)

CO No.	CO	PO/PSO	Cognitive Level	Knowledge Category	Lecture (L)/Tutorial (T)	Practical (P)
1	Understand the foundational principles and key concepts of behavioral economics.	PO-1,2 PSO-1,2	R, U	F, C		
2	Evaluate the implications of prospect theory and loss aversion on individual choices and market outcomes.	PO- 1,2 PSO-1,3,5	R, U, Ap, An, E	F,P		
3	Apply behavioral game theory concepts to understand strategic interactions and predict outcomes in social and economic settings.	PO-1,2,3,6 PSO-1,3,5	R, U, Ap, An, E , C	F, C,P		
4	Develop behaviourally-informed tools for predicting individual responses to uncertainty in investment and insurance choices	PO-1,3,4 PSO-1,2,3	R, U, Ap, An, E , C	F,C,P		



5	Explore the application of behavioral economics in different fields.	PO-1,2,3,4,6 PSO-3,5	R, U, Ap, An, E , C	P		
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**F-Factual, C- Conceptual, P-Procedural, M-Metacognitive
Mapping of COs with PSOs and POs :**

Mapping of COs to Assessment Rubrics :

CO No.	PSO 1	PSO 2	PSO 3	PSO 4	PSO 5	PSO 6	PO 1	PO 2	PO 3	PO 4	PO 5	PO 6	PO 7	PO 8	Average
CO1	3	3	1	-	-	-	3	3	1	-	-	1	-	-	2.14
CO2	3	2	3	-	3	-	3	3	2	-	-	2	-	1	2.44
CO3	3	2	3	-	3	-	3	3	3	1	-	3	1	1	2.36
CO4	3	2	3	-	2	-	3	3	3	2	1	3	1	1	2.25
CO5	2	2	3	-	3	2	3	3	3	3	2	3	2	2	2.54
Average	2.75	2	3	0	2.75	2	3	3	2.7	5	2	1.5	5	1.3	1.2

Correlation Levels:

Level	Correlation
-	Nil
1	Slightly / Low
2	Moderate / Medium
3	Substantial / High

Assessment Rubrics:

- Quiz / Assignment/ Quiz/ Discussion / Seminar
- Midterm Exam
- Programming Assignments
- Final Exam



CO No.	Internal Exam	Assignment	Project Evaluation	End Semester Exam
CO1	✓	✓	-	✓
CO2	✓	✓	-	✓
CO3	✓	✓	✓	✓
CO4	✓	✓	✓	✓
CO5	✓	✓	✓	✓

