

Discipline Specific Elective 19 (DSE-19): Behavioural Economics

Semester	Course title & Code	Credits	Duration (per week)			Eligibility Criteria	Prerequisite
			Lecture	Tutorial	Practical/ Practice		
VI/VIII	Behavioural Economics – ECON049	4	3	1	0	Class 12 th Pass	Game Theory and Strategic Interactions (ECON013)

Learning Objectives

The Learning Objectives of this course are as follows:

- This course introduces departure in behaviour predicted by standard economic theories to provide insights into the new and evolving area of Behavioural Economics.
- First, it outlines the common ideas and theories of Behavioural Economics using the basic mathematical techniques and standard concepts of microeconomics. The empirical basis for the theories of Behavioural Economics is discussed briefly with particular emphasis on the role and nature of experiments.
- The last segment of the course discusses the policy implications of these experiments and policy lessons that have been implemented as a result of empirical support to the theories of behavioural economics.
- The course explains the origin of Behavioural Economics in terms of anomalies in behaviour that deviate from predicted rational behaviour. It introduces the common ideas and theories of Behavioural Economics. It further familiarise the student with the different types of experiments used for empirical studies.
- The students would demonstrate the policy lessons derived from theories of Behavioural Economics.

Learning outcomes

The Learning Outcomes of this course are as follows:

- This course equips students to contrast the outcomes of standard classical microeconomic theories with real outcomes, to apply the theories that explain anomalies/deviations from rational predicted behaviour.
- It communicate the basic theories of behavioural economics cogently and critically Final Examination in the findings from experiments in terms of their applicability to public policy settings.

Syllabus

UNIT I: Biases/Anomalies and Overview (15 hours)

Some Common Anomalies from Benchmark Theories; Overview of Behavioural Economics

UNIT II: Common Ideas and Theories (15 hours)

Heuristic Thinking; Risk Preferences and Reference-Dependent Preferences; Time Preferences; Social Preferences; Probabilistic Reasoning and Beliefs; Limited Attention; Limited Rationality

UNIT III: Empirical Applications and Policy Suggestions (15 hours)

Methods: Natural experiments, Lab experiments, Field experiments, Survey; Empirical Applications and Policy Suggestions

Recommended readings

- Bernheim, B. Douglas, Stefano DellaVigna, and David Laibson. Handbook of Behavioral Economics-Foundations and Applications. Volumes 1 & 2. Elsevier, 2019.
- Dharami, Sanjit. The Foundations of Behavioral Economic Analysis. Oxford University Press, 2016.
- Angner, Erik. A Course in Behavioral Economics. Bloomsbury Publishing, 2020.
- Thaler, Richard H.. Misbehaving: The Making of Behavioral Economics. New York: WW Norton, 2015.
- Thaler, Richard H., and Cass R. Sunstein. Nudge: Improving Decisions about Health, Wealth, and Happiness. Yale University Press, 2008

Note: Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time.