SANKALCHAND PATEL UNIVERSITY
।। अथातो ज्ञानजिज्ञासा ।।

Faculty of Management Studies
Master of Business Administration (Sem.-IV)
In Effect from Academic Year 2023-24

Branch Name:	MANAGEMENT (Financial Management)
Program Code:	MS201
Course Name:	Behavioural Finance
Course Code:	2MS2010434T
Pre-requisite Course:	Corporate finance & fundamentals of SAPM

Course Objectives:

1) To make students understand the impact of cognitive forces, including motivation, emotions, impulses, fear, regret, loss aversion, and genuine uncertainty upon financial market outcomes.
2) To equip students to develop the context of behavioural finance and application of behavioural finance in real world
3) To examine how the insights of behavioural finance theories shed light on the behaviour of individual investors and finance professionals in investment decision-making
4) To explore the possibility to improve investment performance and corporate performance by recognizing the cognitive biases and applying appropriate 'debasing' techniques
5) To investigate the implications of behavioural finance for the construction of good corporate governance mechanisms

Teaching and Examination Scheme:

Teaching Scheme (Hours per week)				Evaluation Scheme (Marks)				
Lecture (L)	Tutorial (T)	Practical (P)	Credit	Theory (Marks)		Practical (Marks)		Total (Marks)
				University Assessment	Continuous Assessment	University Assessment	Continuous Assessment	
4	-	-	4	60	40	-	-	100

Subject Contents:

Sr. No.	Topic	Total Hours	Weightage (%)
1	Rational Expectations Paradigm and the Behavioural Challenge, Foundations of Rational Finance, Expected Utility Theory, Modern Portfolio Theory, Capital Asset Pricing Model, Agency Theory, Prospect Theory, Framing, & Mental Accounting, Efficient Market and Inefficient Market Hypothesis	**10**	**20%**
2	Heuristics and Biases, How the Human Mind Works, Irrationality and Adaptation, Self-deception and Forms, Forms and Causes of Overconfidence, Emotional Factors and Social Forces, Neuroscientific and Biological Perspective, Adaptive Market Hypothesis, Implications of Heuristics and Biases for Financial Decision-Making.	**10**	**20%**
3	Investor Behaviour, Influence of Emotions, Behavioural Portfolio Theory, Market Outcomes, Size Effect and Seasonality, Market Anomalies, Value Investing, Evidence and Prospects of Value Investing, Strategies of Well-Known Value Investors, Challenges to Market Efficiency	**10**	**20%**
4	Behavioural Corporate Finance, Capital Budgeting, Capital Structure, Dividend Policy, Mergers and Acquisitions, Agency Conflicts and Corporate Governance, Building a Smart Organisation, Neurofinance and the Trader's Brain	**10**	**20%**

5	Practical: Timing of good and bad corporate news announcement. Systematic approach of using behavioural factors in corporate decision–making. Neurophysiology of risk– taking. Personality traits and risk attitudes in different domains.	**8**	**20%**

Text Books:

Sr. No.	Books
1	Behavioural Finance; by Chandra, Prasanna; McGraw-Hill Education

Reference Books:

Sr. No.	Books
1	Behavioural Finance; by Sulphey M. M.; Prentice Hall India Learning Private Limited
2	Behavioural Finance; by Singh, Shuchita and Bahi, Shilpa; Vikas Publishing House
3	Understanding Behavioural Finance; by Ackert, Lucy; Cengage Learning India
4	Behavioural Finance and Wealth Management; by Pompian, Michael M; Wiley: New Jersey
5	Inefficient Markets: An Introduction to Behavioural Finance; by Shleifer, Andrei; Oxford University Press

List of Open Source:

1. https://efinancemanagement.com/
2. https://www.investopedia.com/
3. www.swayam.gov.in

LAB/Practical

1. Expert talk from the corporate can be arranged for students to understand researcher's role

Course Learning Outcomes (CLO): On completion of this course, the students will be able to:

CLO	Description	Bloom's Taxonomy Level
CLO1	To state various types heuristics and biases while making investment decisions	1 Remembering
CLO2	To Understand various behavioural finance theories	2 Understanding
CLO3	To identify, compare and contrast various biases prevailing in investment decisions	2 Understanding, 3 Apply
CLO4	To understand the investor behaviours and market	2 Understanding
CLO5	To discover various strategies to overcome the heuristics & biases for a rational decision making	4 Analyze, 5Evaluate,

Mapping of CLOs with POs & PSOs

Course Learning Outcomes	Program Outcomes (POs)								Program Specific Outcomes (PSOs)	
	PO1	**PO2**	**PO3**	**PO4**	**PO5**	**PO6**	**PO7**	**PO8**	**PSO1**	**PSO2**
CLO1	H			L					L	
CLO2	H				M					
CLO3	H	M	L	L		M		L	M	M
CLO4	H			M				L		
CLO5		M	H	M			L	M	M	M

H: High, M: Medium, L: Low

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