

Name of College: S. R. Luthra Institute of Management								
Faculty	Management			Program	Master of Business Administration (M.B.A.)			
Year	II			Version	1.0			
Semester	3			Effective From	June 2024			
Course Code	MGMB16301	Course Name	Behavioural Finance (BF)					
Teaching Scheme				Examination Scheme				
Credits	Lecture (L)	Tutorial (T)	Practical (P)	ME	CE	SE	V	Total
4	4	0	0	30	40	50	---	120

Course Outcomes:

CO1	Analyse the conceptual framework of behavioural finance based on traditional and modern theories
CO2	Evaluate the impact of various heuristics and biases on financial decision making.
CO3	Appraise the various theories/ concepts of behavioural finance that can aid in better financial decision making.
CO4	<i>Analyze</i> the behavioural aspects of corporate finance and corporate misconduct.

Mapping Course Outcomes to Program Outcomes:

	PO1	PO2	PO3	PO4	PO5	PO6
CO1	3	3	1	2	1	1
CO2	3	3	2	2	2	1
CO3	3	3	2	1	2	1
CO4	3	3	2	3	2	1



Sr. No	Module	Description	CO	Marks	Hours
1	I	<p>Overview of Behavioural Finance</p> <p>Brief overview of rational finance and classical finance theories:</p> <ul style="list-style-type: none"> • Rise of the rational market hypothesis • Brief overview of classical finance theories: <ul style="list-style-type: none"> • Expected utility theory • Modern portfolio theory • Capital Asset Pricing model • Efficient market hypothesis • MM theory – investors are rational • Arbitrage pricing theory • Random walk hypothesis <p>Introduction to Behavioural Finance:</p> <ul style="list-style-type: none"> • Challenging classical finance theories – Introduction and history of behavioural finance • Meaning and Assumptions of behavioural finance • Contrasting classical finance with behavioural finance. • Important contributors of behavioural finance <p>Financial market anomalies</p> <ul style="list-style-type: none"> • Fundamental anomalies • Technical anomalies • Calendar or seasonal anomalies <p>Market Bubbles:</p> <ul style="list-style-type: none"> • Introduction and brief history of stock market bubbles • Identification and classification of a stock market bubble • Explaining bubbles through behavioural finance • Investor behavior during bubbles • Causes of bubbles 	1	12	10
2	II	<p>Heuristics and Biases (Emotional, Cognitive & Others):</p>	2	14	12

		<p>Heuristics and Biases:</p> <ul style="list-style-type: none"> • Representativeness • Availability • Anchoring • Endowment effect • Disposition Effect • Loss Aversion • Regret Aversion • Self Control • Hindsight • Confirmation • Overconfidence • Self-attribution • Familiarity • Framing • Groupthink bias, House money effect, Herd Behaviour, etc 			
		<p>Implication for investor and diagnostic testing of biases</p>			
		<p>Biases and outcomes:</p> <ul style="list-style-type: none"> • Interaction amongst biases • Outcomes of biases • Overcoming the biases and debiasing 			
		<p>Incorporating Investor Behaviour in Asset Allocation Process</p>			
3	III	<p>Theories of Behavioural Finance:</p> <p>Theories:</p> <ul style="list-style-type: none"> • Asymmetric information • Ego centricity • Human Behavioral Theories • Prospect Theory • Mental Accounting • Behavioural Portfolio Theory • Psychographic Models 	3	12	10
		<p>Value Investing:</p> <ul style="list-style-type: none"> • Central tenets of value investing • Evidence and prospects of value investing 			
		<p>Neurofinance:</p> <ul style="list-style-type: none"> • Neural processes during financial decision making • Aptive Market Hypothesis 			
4	IV	<p>Corporate BF and Forensic Accounting:</p>	4	12	8

		<p style="text-align: center;">Behavioural Corporate Finance:</p> <ul style="list-style-type: none"> • Approaches to behavioural corporate finance • Issues related to valuation, dividend policy, mergers and acquisitions 			
		<p>Forensic Accounting:</p> <ul style="list-style-type: none"> • Classifications of fraud • Behavioural aspects of Fraud • Origin and growth of forensic accounting • Fraud theories <ul style="list-style-type: none"> • Motivators of fraud • Triangle of fraud action • Fraud Scale and Fraud Diamond • MICE • Tools in Forensic Accounting <ul style="list-style-type: none"> • Ratio analysis • Data mining • Benford's Law (specific to forensic accounting) • Forensic Accounting in India 			

REFERENCES:

Books:	
1.	Chandra, P. (2011). <i>Behavioural Finance</i> . McGraw-Hill Education (India) Pvt. Ltd.
2.	Surphey, M.M. (2014). <i>Financial Management</i> . McGraw Hill Education (India) Pvt. Ltd.
3.	Pompian, M. N. (2012). <i>Behavioural Finance and Wealth Management</i> . Wiley
Newspapers / Magazines / Journals:	
1.	News Paper: Business Standard, Economic Times, Times of India, Outlook Money (Magazine), Money Today (Magazine)
2.	Journals: Journal of Behavioural Finance, Journal of Behavioural and Experimental Finance, International Journal of Behavioural Accounting and Finance, The IUP Journal of Behavioural Finance, etc
Web resources:	
1.	https://www.bseindia.com/ : Official website of Bombay Stock Exchange
2.	https://www.nseindia.com/ : Official website of National Stock Exchange
3.	https://www.rbi.org.in/ : Official website of Reserve Bank of India
4.	https://www.behavioralfinance.com