

# Syllabus

## MBA (913-18)

### Behavioural Finance

#### Unit I

**Introduction:** Meaning, Features and Scope of Behavioural Finance. Rational Expectations Paradigm and the Behavioural Challenge Theories of Behavioural Finance: Agency Theory, Prospect Theory, Reasoned Emotions; Overreaction and Optimism, Rationality to Psychology, Neo-classical Finance and Efficient Market Hypothesis.

#### Unit II

**Behavioural Aspects of Investing:** Heuristics and Biases, Self-Deception, Emotional Factors and Social Forces and Neuro-Scientific and Biological Perspective, Small / Medium / Large Firm Effect, Momentum Vs Reversal, Noise Trader Risk in Financial Market, Attitude to Risk, Expected Utility, Mental Accounting, Over Confidence, Emotion and Reasoning, Excessive Risk Taking, Behavioural Explanation for Anomalies, Excessive Volatility, Loss Aversion, Gamblers' Fallacy.

#### Unit III

**Investor Behaviour:** Types of Investors – on the basis of risk appetite and investment exposure, Conformity, Contrarian investing, Social forces selfishness or altruism, Group psychology on Board, Resistance to recognising failure, Conflict of interest. Value investing and growth investing. Stock market bubbles.

#### Unit IV

**Model of Investor Sentiment Market Efficiency and Biases in Brokerage Recommendations Evidence on the Characteristics of Cross-sectional Variation in Stock Returns Behavioural Corporate Finance and Wisdom from Other Sources.**