

Policy for Real People, Not Robots

July 12, 2019

Source: Economic Survey 2018-19

Policy for Real People, Not Robots: Leveraging the Behavioral Economics of “Nudge”

- Decisions by real people deviate from impractical robots theorized in classical economics.
- Behavioral economics provides insights to ‘**nudge**’ people towards desirable behavior.
- **Key principles of behavioral economics:**
 - Emphasizing the beneficial social norm.
 - Changing the default option.
 - Repeated reinforcements.
- Using insights from behavioral economics to create an **aspirational agenda for social change:**
 - From ‘Beti Baco Beti Padhao’ to ‘**BADLAV**’ (*Beti Aapki Dhan Lakshmi Aur Vijay Lakshmi*).
 - From ‘Swachh Bharat’ to ‘**Sundar Bharat**’.
 - From ‘Give it up” for the LPG subsidy to ‘**Think about the Subsidy**’.
 - From ‘Tax evasion’ to ‘**Tax compliance**’