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| Roll No. | | | | | | | | | | | | | | | | | | | |
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**PRESIDENCY
UNIVERSITY**

BENGALURU

School of Law

Mid - Term Examinations - Nov 2024

Semester: 7th

Date: 07/11/2024

Course Code: LAW2019

Time: 09.30am to 11.00am

Course Name: Law and Economics

Max Marks: 50

Program: BA/BBA/BCOM LLB (HONS)

Weightage: 25%

Instructions:

(i) Read all questions carefully and answer accordingly.

(ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 2marks.

5Qx2M=10M

- | | | | | |
|---|---|---------|---------------|-----|
| 1 | Explain the assumptions of Pareto Efficiency? | 2 Marks | Comprehension | CO1 |
| 2 | Define Ex Ante Reasoning in law and economics | 2 Marks | Knowledge | CO1 |
| 3 | Explain X-Inefficiency. | 2 Marks | Comprehension | CO2 |
| 4 | Explain Ex post reasoning in law and economics | 2 Marks | Comprehension | CO1 |
| 5 | Name any two thinkers who contributed extensively to the development of the area of Law and Economics | 2 Marks | Knowledge | CO1 |

Part B

Answer ALL Questions. Each question carries 10 marks.

4QX10M=40M

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|-----|--|---------|---------------|-----|
| 6a | A city faces increasing air pollution due to industrial activity. Analyze the effectiveness of implementing a limit on emissions as a solution. Using the theory of second best, what other existing market failures should be considered to enhance the overall impact of this regulation? What other policy implementations may be made as to strengthen the second-best option? | 6 Marks | Application | CO1 |
| 6b. | Describe the concept of Transaction Costs. Provide how law can help in reducing transaction costs in the economy. | 4 Marks | Comprehension | CO1 |

Or

- 7a. A city is considering whether to allocate its budget to building a new sports facility or upgrading public schools. Analyze how the concept of allocative efficiency can guide this decision. What criteria should the city use to evaluate the benefits and costs associated with each option? 6 Marks Application CO1
- 7
- 7b. Briefly explain the Equity v. Efficiency debate in Law and Economics and its implications on law and policy making. 4 Marks Comprehension CO1
- 8a. Discuss the historical development of the Law and Economics movement. Identify key figures who have shaped its evolution. How have these developments influenced contemporary legal thought and economic policy-making? 7 Marks Comprehension CO1
- 8
- 8b. Describe the concept of Externalities with examples. Provide how law can help in reducing Externalities in the economy. 3 Marks Comprehension CO1
- Or
- 9a. A proposed policy aims to redistribute certain resources from high-income to low-income individuals. Explain how may Pareto efficiency guide the policy makers to ensure societal welfare. 7 Marks Comprehension CO1
- 9
- 9b. Explain the concept of Deductive Reasoning. 3 Marks Comprehension CO1
- 10a. A merger between two competing firms is expected to generate cost savings but may lead to job losses. Evaluate the merger's justification under Kaldor-Hicks efficiency. What considerations should regulators take into account when assessing the overall impact on societal welfare? 6 Marks Application CO1
- 10
- 10b. Discuss the need for regulation of Natural Monopoly. 4 Marks Comprehension CO2 &3

Or

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|----|------|---|---------|---------------|--------|
| 11 | 11a. | Discuss the implications of the Invisible Hand for regulatory interventions in markets. When might the law be justified in intervening, and what should guide such interventions? | 6 Marks | Comprehension | CO1 |
| | 11b. | Describe the different aspects of Price Regulation of a Natural Monopoly. | 4 Marks | Comprehension | CO2 &3 |
| 12 | 12a. | Examine the historical evolution of antitrust law in the USA. What economic theories have influenced its development, and how has the law adapted to changing market conditions? | 6 Marks | Comprehension | CO3 |
| | 12b. | Explain the concept of Monopoly and describe its kinds. | 4 Marks | Comprehension | CO2 &3 |

Or

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|----|------|---|---------|---------------|--------|
| 13 | 13a. | Evaluate the role and significance of 'economic analysis of law' in shaping Antitrust Laws. | 6 Marks | Comprehension | CO3 |
| | 13b. | Analyze the impact of the judgment of United States v. Aluminum Co. of America (1945). | 4 Marks | Analysis | CO2 &3 |