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**PRESIDENCY UNIVERSITY**

**Bengaluru**

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| **End - Term Examinations – JANUARY 2025** |
| **Date:** 11 – 01- 2025 **Time:** 09:30 am –12:30 pm |

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| **School:** SOL | **Program:** BA LL.B/BBA LL.B/B.Com LL.B. (Hons) | |
| **Course Code :** LAW2019 | **Course Name :** LAW AND ECONOMICS | |
| **Semester**: VII | **Max Marks**: 100 | **Weightage**: 50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** |
| **Marks** | **42** | **36** | **31** | **39** | **22** |

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Part A**

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| **Answer ALL the Questions. Each question carries 2marks. 10Q x 2M=20M** | | | | |
| **1** | Explain the difference between a complete and incomplete contract. | **2 Marks** | **Knowledge** | **CO4** |
| **2** | Provide two factors that determine the efficiency of tort law system in any country. | **2 Marks** | **Knowledge** | **CO5** |
| **3** | Provide the elements of a valid contract. | **2 Marks** | **Knowledge** | **CO4** |
| **4** | Explain how law can help in regulating Transaction costs in the market. | **2 Marks** | **Comprehension** | **CO3** |
| **5** | Explain the impact of externalities on market. | **2 Marks** | **Comprehension** | **CO3** |
| **6** | Explain ex ante reasoning in brief. | **2 Marks** | **Comprehension** | **CO1** |
| **7** | Explain the concept of cross elasticity. | **2 Marks** | **Comprehension** | **CO2** |
| **8** | Provide characteristics of imperfect competition. | **2 Marks** | **Comprehension** | **CO3** |
| **9** | Explain Monopoly and Oligopoly. | **2 Marks** | **Comprehension** | **CO2** |
| **10** | Explain the use of Lerner’s Index | **2 Marks** | **Comprehension** | **CO2** |

**Part B**

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| **Answer the Questions Total 80 Marks** | | | | | |
| **11.** | **a.** | Trace the evolution of the field of law and economics from its origins to its current prominence. Highlight the contributions of key scholars and pivotal moments in its development. | **10**  **Marks** | **Comprehension** | **CO1** |
| **or** | | | | | |
| **12.** | **a.** | Explain why the interdisciplinary study of law and economics is crucial for understanding the impact of legal rules on economic behavior and resource allocation. Provide illustrative examples. | **7+3**  **Marks** | **Comprehension** | **CO1** |
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| **13.** | **a.** | Analyze the concept of Pareto Efficiency in the context of legal resource allocation. Further, how can the principle be applied to resolve disputes in contract law to achieve outcomes that benefit all parties without making anyone worse off? Provide examples. | **7+3**  **Marks** | **Analysis** | **CO1** |
| **or** | | | | | |
| **14.** | **a.** | Consider a scenario where achieving the conditions for Pareto efficiency is not feasible due to institutional or market constraints. Using the Second-Best Theory, analyze how policymakers can design laws or regulations to optimize social welfare despite these limitations. Provide practical examples. | **7+3**  **Marks** | **Analysis** | **CO1** |

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| **15.** | **a.** | Critically analyze the use of Kaldor-Hicks Efficiency in resolving disputes where compensation is theoretically possible but not necessarily implemented. How does this concept address the trade-off between efficiency and equity in legal systems? Illustrate your answer with examples. | 7+3  Marks | **Analysis** | **CO1** |
| **Or** | | | | | |
| **16.** | **a.** | Discuss the impact of social justice-oriented regulations, such as minimum wage laws and affirmative action policies, on market efficiency and equity. How do these regulations address systemic inequalities while influencing economic behavior? Provide relevant examples. | **7+3**  **Marks** | **Comprehension** | **CO3** |

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| **17.** | **a.** | Discuss the antitrust implications in *USA v. Alcoa* and *USA v. Microsoft*. How did the courts in each case assess monopoly power and market dominance, and what were the key differences in their approach to evaluating anticompetitive conduct? Discuss. | **7.5+7.5**  **Marks** | **Comprehension** | **CO2** |
| **Or** | | | | | |
| **18.** | **a.** | Explain the concept of market power and its measurement using Lerner's Index. Discuss how this index helps in evaluating the degree of monopoly power in a market. | **10+5**  **Marks** | **Comprehension** | **CO2** |

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| **19.** | **a.** | Discuss the economic and legal justifications for regulating monopolies. Explain the different ways of regulation of monopolies. | **5+10**  **Marks** | **Comprehension** | **CO3** |
| **Or** | | | | | |
| **20.** | **a.** | Critically evaluate how precedents contribute in economic analysis of contract law. | **15**  **Marks** | **Comprehension** | **CO4** |

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| **21.** | **a.** | Explain the concept of efficient breach of contract. How does it balance the economic interests of parties and promote overall efficiency? Critically evaluate. Illustrate your answer with examples from case law or hypothetical scenarios. | **15+5**  **Marks** | **Analysis** | **CO4** |
| **Or** | | | | | |
| **22.** | **a.** | Analyze how the economic approach to tort law seeks to minimize social costs, including the costs of accidents and prevention. How do concepts like negligence and strict liability align with this goal? Provide case studies to illustrate your answer. | **15+5**  **Marks** | **Analysis** | **CO5** |

**\*\*\*\*\* BEST WISHES \*\*\*\*\***