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**Bengaluru**

**School of Law**

**End - Term Examinations –JANUARY 2025**

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| **Semester**: IX | **Date**: 13 -01- 2025 |
| **Course Code**: LAW418 | **Time**: 1:00 PM- 4:00 PM |
| **Course Name**: LAW AND ECONOMICS | **Max Marks**: 100 |
| **Program:** B.A./BB.A./B.COM. LL.B. (HONS.) | **Weightage**: 50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** |
| **Marks** | **36** | **48** | **34** | **34** | **40** |

**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. 2Mx10Q=20M** | | | | |
| **1** | Explain the concept of Institutional Economics | **2 Marks** | **Knowledge** | **CO1** |
| **2** | Dead Weight Loss concept under Monopoly. | **2 Marks** | **Understanding** | **CO2** |
| **3** | Distinguish between monopoly and monopolistic market. | **2 Marks** | **Understanding** | **CO2** |
| **4** | Explain the concept of cartels | **2 Marks** | **Understanding** | **CO3** |
| **5** | Define perfect competition. | **2 Marks** | **Knowledge** | **CO1** |
| **6** | Explain oligopoly. | **2 Marks** | **Understanding** | **CO4** |
| **7** | Define ex-post facto reasoning | **2 Marks** | **Understanding** | **CO2** |
| **8** | Explain X-Inefficiency | **2 Marks** | **Knowledge** | **CO1** |
| **9** | Explain types of justice. | **2 Marks** | **Understanding** | **CO3** |
| **10** | Explain the concept of Horizontal price fixing. | **2 Marks** | **Understanding** | **CO2** |

**Part B**

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| **Answer the Questions Total 80 Marks** | | | | | |
| **11.** | **a.** | Critically analyze the assumptions underlying the Coase Theorem. Discuss its relevance in addressing externalities in real-world situations where transaction costs are significant. Provide examples to support your argument. | **7+3**  **Marks** | **Comprehension** | **CO2** |
| **or** | | | | | |
| **12.** | **a.** | Examine the significance of the USA v. Microsoft case in shaping the interpretation of monopolistic practices under antitrust laws. How did this case influence the understanding of 'market dominance' and 'abuse of power' in the tech industry? | **7+3**  **Marks** | **Comprehension** | **CO2** |
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| **13.** | **a.** | Examine the effectiveness of different price regulation methods used by government as a tool for controlling monopolies. | **10**  **Marks** | **Analysis** | **CO3** |
| **or** | | | | | |
| **14.** | **a.** | Explain how social justice reforms and policies impact market transactions and the economy. | **10**  **Marks** | **Analysis** | **CO3** |

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| **15.** | **a.** | Explain the concept of cross elasticity of demand and its significance in determining the relationship between goods. How do positive and negative cross elasticity values impact competition and pricing strategies in the market? | **5+5**  **Marks** | **Comprehension** | **CO2** |
| **Or** | | | | | |
| **16.** | **a.** | Explain the concept and determinants of market power and its measurement through the Lerner Index. How does the Lerner Index reflect the relationship between price, marginal cost, and a firm's pricing power in different market structures? Provide examples to support your answer. | **5+5**  **Marks** | **Comprehension** | **CO2** |

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| **17.** | **a.** | Trace the development of the field of law and economics from its origins in classical economics to its establishment as an interdisciplinary area of study. How did early scholars like Adam Smith and Richard Posner influence the integration of economic principles into legal theory? Discuss key milestones in its evolution. | **10+5**  **Marks** | **Comprehension** | **CO1** |
| **Or** | | | | | |
| **18.** | **a.** | Explain the concept of allocative efficiency in a competitive market and how it relates to the "Invisible Hand" theory proposed by Adam Smith. How do market forces lead to an optimal allocation of resources without direct government intervention? Use examples from real-world markets to illustrate your argument. | **10+5**  **Marks** | **Analysis** | **CO1** |

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| **19.** | **a.** | A contractor agrees to build a property but later breaches the contract to take on a more lucrative project. Analyze whether the breach can be justified as efficient under the theory of efficient breach. What remedies should be provided to the non-breaching party to restore fairness while preserving economic efficiency? | **10+5**  **Marks** | **Analysis** | **CO4** |
| **Or** | | | | | |
| **20.** | **a.** | Analyze the principle of frustration of contract with reference to its foundational case, *Taylor v. Caldwell* (1863). How did this case establish the doctrine of frustration in English law, and what impact did it have on the efficiency of contract law by addressing unforeseen contingencies? Explain few other cases which aided in enhancing efficiency of contract law. | **7.5+7.5**  **Marks** | **Analysis** | **CO4** |

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| **21.** | **a.** | Explain the factors that influence the efficiency of Contract Law and Tort Law. How should the legal system work to increase the efficiency of these laws? Give relevant examples. | **10+10**  **Marks** | **Comprehension & Analysis** | **CO5** |
| **Or** | | | | | |
| **22.** | **a.** | Analyze how the economic efficiency of tort law is impacted by the presence of different kinds of costs. How does the legal system work to minimize and shift the costs involved? Suggest reforms that could enhance the deterrence and compensatory objectives of tort law while maintaining economic efficiency. | **10+10**  **Marks** | **Analysis** | **CO5** |

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