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# PRESIDENCY UNIVERSITY

## BENGALURU

### Mid - Term Examinations – October 2025

**Date:** 08-10-2025

**Time:** 09.30am to 11.00am

<b>School:</b> SOL	<b>Program:</b> BA LLB/ BCOM LLB/ BBA LLB (HONS)	
<b>Course Code:</b> LAW2019	<b>Course Name:</b> Law and Economics	
<b>Semester:</b> VII	<b>Max Marks:</b> 50	<b>Weightage:</b> 25%

<b>CO - Levels</b>	<b>CO1</b>	<b>CO2</b>	<b>CO3</b>	<b>CO4</b>	<b>CO5</b>
<b>Marks</b>	<b>14</b>	<b>17</b>	<b>19</b>	--	--

**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.**

**5Q x 2M=10M**

<b>1</b>	Define allocative efficiency.	<b>2 Marks</b>	<b>L1</b>	<b>CO1</b>
<b>2</b>	Illustrate how a firm like a telecom company may exercise market power in pricing its services.	<b>2 Marks</b>	<b>L1</b>	<b>CO2</b>
<b>3</b>	Assess the effectiveness of social justice regulation in achieving equitable outcomes.	<b>2 Marks</b>	<b>L1</b>	<b>CO3</b>
<b>4</b>	Explain the theory of second best in economics.	<b>2 Marks</b>	<b>L2</b>	<b>CO1</b>
<b>5</b>	What do you understand by the concept of geographic market.	<b>2 Marks</b>	<b>L1</b>	<b>CO3</b>

#### Part B

**Answer the Questions.**

**Total Marks 40M**

<b>6.</b>	Critically analyze the tension between efficiency and equity in legal decision-making.  Evaluate how courts and policymakers should balance these competing objectives.	<b>10 Marks</b> <b>(5+5)</b>	<b>L2</b>	<b>CO1</b>
<b>Or</b>				
<b>7.</b>	Critically examine the inter-relationship between allocative, productive, and dynamic efficiency, and assess their collective	<b>10 Marks</b>	<b>L4</b>	<b>CO1</b>

	significance in shaping legal rules and policies.			
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<b>8.</b>	A firm is accused of charging excessive prices in a market with few competitors.  How can Lerner's Index be applied to assess its monopoly power  What factors should regulators consider in determining whether intervention is justified?	<b>10 Marks</b> (5+5)	<b>L4</b>	<b>CO 2</b>
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**Or**

<b>9.</b>	Governments often impose price controls or taxes in essential goods markets.  How does the concept of supply elasticity help regulators predict market outcomes  What challenges arise in applying it to policy decisions?	<b>10 Marks</b> (5+5)	<b>L5</b>	<b>CO 2</b>
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<b>10.</b>	To what extent does excessive competition undermine market efficiency, and how should law respond to its adverse consequences. Discuss.	<b>10 Marks</b>	<b>L4</b>	<b>CO 3</b>
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**Or**

<b>11.</b>	Examine how government regulations in areas like healthcare, environment, and consumer protection impact people's happiness and well-being.  What challenges exist in making sure these regulations truly enhance quality of life?	<b>10 Marks</b> (5+5)	<b>L5</b>	<b>CO 3</b>
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<b>12.</b>	A government introduces a subsidy scheme aimed at achieving Pareto improvements, yet certain industries allege it distorts competition as a court, how should this conflict between welfare enhancement and market fairness be analyzed.  What principles should guide the resolution?	<b>10 Marks</b> (5+5)	<b>L6</b>	<b>CO 2</b>
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**Or**

<b>13.</b>	Critically analyze the claim that the airline industry functions as a natural monopoly due to high infrastructure costs.  How should policymakers balance efficiency with consumer protection  What legal or regulatory measures could address issues of overpricing?	<b>10 Marks</b> (5+5)	<b>L6</b>	<b>CO 3</b>
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