



PRESIDENCY UNIVERSITY

BENGALURU

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Mid - Term Examinations – October 2025

Date: 08-10-2025

Time: 09.30am to 11.00am

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

CO - Levels	C01	C02	C03	C04	C05
Marks	14	17	19	--	--

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

1	Define allocative efficiency.	2 Marks	L1	C01
2	Illustrate how a firm like a telecom company may exercise market power in pricing its services.	2 Marks	L1	C02
3	Assess the effectiveness of social justice regulation in achieving equitable outcomes.	2 Marks	L1	C03
4	Explain the theory of second best in economics.	2 Marks	L2	C01
5	What do you understand by the concept of geographic market.	2 Marks	L1	C03

Part B

Answer the Questions.

Total Marks 40M

6.	Critically analyze the tension between efficiency and equity in legal decision-making. Evaluate how courts and policymakers should balance these competing objectives.	10 Marks (5+5)	L2	CO 1
Or				
7.	Critically examine the inter-relationship between allocative, productive, and dynamic efficiency, and assess their collective	10 Marks	L4	CO 1

	significance in shaping legal rules and policies.			
8.	<p>A firm is accused of charging excessive prices in a market with few competitors.</p> <p>How can Lerner's Index be applied to assess its monopoly power</p> <p>What factors should regulators consider in determining whether intervention is justified?</p>	10 Marks (5+5)	L4	CO 2
Or				
9.	<p>Governments often impose price controls or taxes in essential goods markets.</p> <p>How does the concept of supply elasticity help regulators predict market outcomes</p> <p>What challenges arise in applying it to policy decisions?</p>	10 Marks (5+5)	L5	CO 2
10.	<p>To what extent does excessive competition undermine market efficiency, and how should law respond to its adverse consequences. Discuss.</p>	10 Marks	L4	CO 3
Or				
11.	<p>Examine how government regulations in areas like healthcare, environment, and consumer protection impact people's happiness and well-being.</p> <p>What challenges exist in making sure these regulations truly enhance quality of life?</p>	10 Marks (5+5)	L5	CO 3
12.	<p>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.</p> <p>What principles should guide the resolution?</p>	10 Marks (5+5)	L6	CO 2
Or				
13.	<p>Critically analyze the claim that the airline industry functions as a natural monopoly due to high infrastructure costs.</p> <p>How should policymakers balance efficiency with consumer protection</p> <p>What legal or regulatory measures could address issues of overpricing?</p>	10 Marks (5+5)	L6	CO 3