BA LLB
SIXTH SEMESTER
LAW & ECONOMICS
BBLB – 606H$_4$ BL
[USE OMR FOR OBJECTIVE PART]

SET A

Duration: 3 hrs. **Full Marks: 70**

Objective

Time: 30 min. **Marks: 20**

Choose the correct answer from the following: *1×20=20*

1. Which of the following economic concept is associated with- " Parties might prefer to settle law suit rather than go to trial"?
   a. Opportunity Cost. b. Diminishing marginal returns.
   c. Transaction Costs. d. Perfect competition,

2. From an economic perspective , which remedy for breach of contract is most efficient?
   a. Specific performance. b. Expectation damages.
   c. Punitive damages' d. Nominal damages.

3. What is meant by "economic efficiency" in legal analysis?
   a. Maximizing government revenue.
   b. Minimizing the cost of legal proceeding.
   c. Maximizing social welfare through optimal resource allocation.
   d. Ensuring equal distribution of resources.

4. How do legal rules primarily influence behavior according to economic analysis?
   a. Through moral persuasion. b. By eliminating all choices.
   c. Through criminal punishment only. d. By changing the costs and benefits of actions.

5. What is the primary goal of law and economies analysis?
   a. Promoting social welfare through efficient legal rules. b. Maximizing government power.
   c. Eliminating all market transaction. d. Ensuring perfect equality.

6. Which of the following is NOT a common characteristic of a natural monopoly?
   a. Perfect substitutability of products b. High fixed costs.
   c. Low marginal costs. d. Significant economics of scale.

7. The "deadweight loss" associated with monopoly pricing refers to-
   a. The excess profits earned by the monopolist.
   b. The economic value lost due to reduced output and higher prices.
   c. The cost of government regulation.
   d. The value of resources wasted in rent-seeking behavior.

8. Which of the following industries is LEAST likely to be considered a natural monopoly?
   a. Local water distribution.
   b. Electricity transmission.
   c. Restaurant services.
   d. Local fixed-line telephone networks.

9. Which of the following is NOT typically considered a cost of regulation?
   a. Administrative costs.
   b. Compliance costs .
   c. Deadweight loss from market distortions.
   d. Increased market competition.

10 The 'access pricing problem' in natural monopoly regulation refers to-
   a. Determining the optimal price for competitors to access the monopolist's essential facilities.
   b. Setting the right price for consumers to access the monopolist's products.
   c. Calculating the monopolist's cost of accessing capital markets.
   d. Establishing appropriate connection fees for new customers.

11 Which factor most significantly impacts property depreciation?
   a. Economic conditions.
   b. Age of the property.
   c. Construction conditions.
   d. Location.

12 Which of the following economic principles explains why similar properties in close proximity have different values?
   a. Anticipation Principle.
   b. Principle of Change.
   c. Highest and Best Use. .
   d. Principle of Substitution.

13 What is the primary economic characteristic that distinguishes property as an asset?
   a. Easy Transferability .
   b. Immobility of Location.
   c. Constant Maintenance.
   d. Depreciating Value.

14 Which of the following economic concepts describes the cost of enforcing a contract?
   a. Transaction Costs.
   b. Fixed Costs.
   c. Sunk Costs.
   d. Marginal Costs.

15 Which of the following concept describes the tendency to avoid risky economic exchange?
   a. Marginal Utility of Risk.
   b. Risk Neutrality.
   c. Risk Seeking.
   d. Risk Aversion.

16 Law and Economics as an academic field is most closely associated with which school of thought?
   a. Chicago School.
   b. Austrian School
   c. Keynesian Economics.
   d. Institutional Economics.

17 Which of the following best describes the concept of "efficient breach" in contract law?
   a. Breaking a contract only when it's impossible to fulfill.
   b. Breaking a contract when the benefits of breach exceed the costs, including compensation to the non-breaching party.
   c. Breaching a contract to save resources that would be spent on performance.
   d. Breaking a contract when the other party has partially breached first.

18 The "Hand Formula" developed by Judge Learned Hand is used to determine -

a. The financial loss in breach of contract cases.
b. Whether a defendant's conduct meets the negligence standard .
c. The appropriate punishment for criminal behavior.
d. Whether a statute is constitutional.

19 Which of the following is NOT typically considered an economic justification for intellectual property rights?

a. Providing incentives for innovation.
b. Reducing transaction costs in knowledge markets.
c. Ensuring moral rights of creators.
d. Preventing free –riding on creative efforts.

20 The Coase Theoram, developed by economist Ronald Coase, suggests that -

a. Government intervention is always necessary to solve externality problems.
b. In the absence of transaction costs, the initial allocation of property rights doesn't affect economic efficiency.
c. Individuals always negotiate efficient outcomes regardless of legal frameworks.
d. Legal remedies are always more efficient than market solutions.

-- --- --

(Descriptive)

Time : 2 hrs. 30 min. **Marks : 50**

[Answer question no.1 & any four (4) from the rest]

1. Define the terms 'Law' and 'Economic'. Why do you think Lawyers should study Economics? **2+2+7 =10**

2. Define the term 'Value', 'Efficiency', 'Utility' under Law and Economics. Critically evaluate about Innovation and Cost Minimization. **3+7=10**

3. Critically evaluate about 'Economy versus Legal reasoning'? **10**

4. What is Monopoly? Explain in detail about Monopolistic Restriction under Law and Economics. **2+8=10**

5. What is Intellectual Property Rights (IPR)? Analyze the Economic Forest Rights of Forest Dwellers. **2+8=10**

6. Define the term 'Cost Benefit Analysis'(CBA). Evaluate its core elements under Law and Economics. **2+8=10**

7. What is the "Hand Formula"? Analyze how is it applied in negligence cases and state its economic logic. **2+2+6 =10**

8. What is the economic concept of "Rent-Seeking"? How does it relate to legislative and regulatory processes? **5+5=10**

= = *** = =