

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

**Course: Introduction to Law and Economics
Semester- IV (Batch: 2018-23)**

End Semester Online Examination: February 2021

Date: 12th February, 2021

Duration: 8 hours

Max. Marks: 50

Instructions:

- The respective marks for each question are indicated in-line.
- Indicate correct question numbers in front of the answer.
- No questions or clarification can be sought during the exam period, answer as it is, giving reason, if any.
- You are required to formulate your own examples.
- Illustrate diagrams where ever relevant.
- Demonstrate with data wherever applicable.
- Prescribed Word Limit: 6 Marks: 300 words, 7 Marks: 350 words.
- Please adhere to the word limit with upper/lower limit flexibility of 50 words per question.

Answer the questions as instructed		Marks
Q.1	<p>Answer any two of the following:</p> <p>Given the Economic analysis of Negligence:</p> <ol style="list-style-type: none"> a) Compare the conceptual difference in economics of negligence to situations of unilateral precautions. b) Formulate the application of negligence in terms of the various precautions mandated during the 2020 pandemic. c) Apply the principle of minimization of the Social cost of harm to the national lockdown in March 2020 and evaluate the efficiency of outcomes. 	(6x2= 12)
Q.2	<p>Answer any two of the following:</p> <p>Given the Economic analysis of Corporations:</p> <ol style="list-style-type: none"> a) Explain the relation between Control premium of corporations and the level of investor protection. b) Explain the major points of difference between the Berle and Means doctrine and Jensen and Meckling doctrine of corporations. c) Examine the major decisions taken by corporations on the basis of important principles of Economics as illustrated by the concept of the double trust dilemma. 	(6x2= 12)
Q.3	<p>Given the applicable micro economic principles:</p> <ol style="list-style-type: none"> a) How legislations on theft prevention impact rent erosion pertaining to data theft? Explain. b) How tort liability guides markets towards socially optimum production of commodities which have the probability of imposing harm? Explain. 	(6x2= 12)

- Q.4 Answer **any two** of the following: (7x2=14)
Given the applicable principles of game theory:
- a) Explain Nash Equilibrium to the evolving market for vaccinations and suggest the appropriate legal interventions.
 - b) Examine the role of contract law in converting games with inefficient solutions to games with efficient solutions and joint surplus maximization.
 - c) Examine the application of game theory to Tort Law.
