

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR****Course: Introduction to Law and Economics
Semester- IV (Batch: 2020-25)****End Semester Online Examination: May 2022****Date: 15th May, 2022****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 wherever relevant.
- Word Limit: 10 Marks: 1000 words.

| (Attempt Any Five) | | Marks |
|--------------------|--|-------|
| Q.1 | Explain efficient Contractual Remedies and the distribution of surplus in zero transaction cost situation when a fortunate contingency incentivizes the promisor to breach on the original contract. | (10) |
| Q.2 | Explain the Double Trust Dilemma and how is it addressed by corporate law. Elaborate the economic principles governing the core common features of corporate law. | (10) |
| Q.3 | Explain the Liability system as an Exchange system, based on Neo Classical Economics and applied to Law and Economics by formulating suitable example from Crime (Retribution and Deterrence). | (10) |
| Q.4 | Explain and apply Ordinal Utility Analysis to Cyber Insurance and Detrimental Reliance and suggest policy prescriptions. | (10) |
| Q.5 | Explain and apply the Cardinal Utility Analysis to Patents and Product Liability and suggest Law and policy outcomes. | (10) |
| Q.6 | Explain how do the payoffs and incentives to players (who are strategically interdependent) change under different legal rules in case of a Motorist and Pedestrian and in case of different legal rules of abating pollution. | (10) |
