


<b>Name:</b>	
<b>Enrolment No:</b>	

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**End Semester Examination, December 2021**

**Course:** Law and Economics **Semester: I**  
**Program:** B.A. LLB – B1, B2, B3, B4  
**Time:** 03 hrs.  
**Course Code:** CLNL1035 **Max. Marks: 100**

**Instructions: All questions are compulsory.**

**SECTION-A**

	Answer the following questions-	Marks	CO
Q.1.	A monopolistic firm is the one that is: a. a price taker b. involved in non-price competition c. a price setter d. an output adjuster	<b>02</b>	<b>CO1</b>
Q.2.	True or false i. a public good is defined as one produced by the public sector ii. Cable television is an example of club good.	<b>02</b>	<b>CO2</b>
Q.3.	Change in the .....of the commodity causes the demand curve to ..... Whereas change in other related factors causes demand curve to ..... a. price, move, shift b. demand, supply, move c. income, shift, move d. price, shift, move	<b>02</b>	<b>CO2</b>
Q.4.	Compute price elasticity of demand when price increases by 10% and quantity demanded decreases by 15%	<b>02</b>	<b>CO1</b>
Q.5.	Which of the following market types has only a few competing firms? a. perfect competition b. monopolistic competition c. monopoly d. oligopoly	<b>02</b>	<b>CO1</b>

**SECTION B**

Q6	State the law of Demand. Graph the following demand function. $Q_d = 12 - 2P \text{ where } 0 \leq P \leq 6$	<b>5</b>	<b>CO3</b>
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Q7	Discuss why lawyers need to study economics?	5	CO4
Q8	Perfect competition and Monopoly are two types of extreme market structure. Discuss the difference between the two. Also explain which is the more idealistic market?	5	CO4
Q9	In a medieval town the sheep graze on the common land. The town has fixed land. Over the years the population of the town grows and so does the number of sheep. As a consequence the grass begins to disappear from overgrazing. What can town's people do to prevent the tragedy? Give two-three solutions to the problem.	5	CO3

**SECTION-C**

Q.10.	Using the below given table, calculate MP & AP. Discuss the three stages of production using the below given table.	10	CO3																																													
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Q11.	<p>What is Nash Equilibrium? Find the Nash equilibrium for the following game:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td rowspan="4" style="text-align: center; vertical-align: middle;"><b>Player A</b></td> <td colspan="2" style="text-align: center;"><b>Player B</b></td> </tr> <tr> <td></td> <td style="text-align: center;"><b>Left</b></td> <td style="text-align: center;"><b>Right</b></td> </tr> <tr> <td style="text-align: center;"><b>Top</b></td> <td style="text-align: center;">(2, 1)</td> <td style="text-align: center;">(0, 0)</td> </tr> <tr> <td style="text-align: center;"><b>Bottom</b></td> <td style="text-align: center;">(0, 0)</td> <td style="text-align: center;">(1, 2)</td> </tr> </table> <p style="text-align: center;">OR</p> <p>What do you mean by dominant strategy? Does the below given has a dominant player? Give reason for your answer.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td rowspan="4" style="text-align: center; vertical-align: middle;"><b>Honda</b></td> <td colspan="2" style="text-align: center;"><b>Toyota</b></td> </tr> <tr> <td></td> <td style="text-align: center;"><b>No change in price</b></td> <td style="text-align: center;"><b>Change in price</b></td> </tr> <tr> <td style="text-align: center;"><b>No change in price</b></td> <td style="text-align: center;">(2, 1)</td> <td style="text-align: center;">(0, 0)</td> </tr> <tr> <td style="text-align: center;"><b>Change in price</b></td> <td style="text-align: center;">(0, 0)</td> <td style="text-align: center;">(1, 2)</td> </tr> </table>	<b>Player A</b>	<b>Player B</b>			<b>Left</b>	<b>Right</b>	<b>Top</b>	(2, 1)	(0, 0)	<b>Bottom</b>	(0, 0)	(1, 2)	<b>Honda</b>	<b>Toyota</b>			<b>No change in price</b>	<b>Change in price</b>	<b>No change in price</b>	(2, 1)	(0, 0)	<b>Change in price</b>	(0, 0)	(1, 2)	10	CO2
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**SECTION-D**

<p>Q12.</p>	<p>Two members of criminal gang named <b>Lisbon and Professor</b>, are arrested and imprisoned. Each prisoner is in solitary confinement with no means of communicating with the other. The inspector lacks sufficient evidence to convict the pair on the principal charge. Simultaneously, the inspector offers each prisoner a bargain. Each prisoner is given the opportunity either to: betray the other by testifying that the other committed the crime, or to cooperate with the other by remaining silent. The offer is:</p> <ul style="list-style-type: none"> <li>• If Lisbon and Professor each betray the other, each of them serves 2 years in prison</li> <li>• If Lisbon betrays Professor but Professor remains silent, Lisbon will be set free and Professor will serve 3 years in prison</li> <li>• If Professor betrays Lisbon but Lisbon remains silent, Professor will be set free and Lisbon will serve 3 years in prison</li> <li>• If Lisbon and Professor both remain silent, both of them will only serve 1 year in prison (on the lesser charge)</li> </ul> <p>Analyze using the payoff matrix, the nature of the dilemma faced by Lisbon and Professor. Assume that both understand the nature of the game, and that despite being members of the same gang, they have no loyalty to each other. Does the game have a Nash equilibrium point? Explain.</p>	<p><b>25</b></p>	<p><b>C04</b></p>
<p>Q13.</p>	<p>Singapore is a high fine country with low criminal rates. The country imposes high fines for chewing gum: \$1000-\$2000, Fines for Vandalism: 6 strokes (whipped)+ jail time+ a fine.</p> <p>In the light of the above statement answer the following:</p> <ol style="list-style-type: none"> <li>a) Are "severe" penalties a good policy?</li> <li>b) What can economics teach us about preventing crimes?</li> </ol>	<p><b>25</b></p>	<p><b>C04</b></p>