



ST JOSEPH'S UNIVERSITY, BENGALURU -27
M.A. ECONOMICS – 2nd SEMESTER
SEMESTER EXAMINATION: APRIL 2024
(Examination conducted in May / June 2024)
EC 8321 – INSTITUTIONAL ECONOMICS
(For current batch students only)

Registration Number:

Date & session:

Time: 2 Hours

Max Marks: 50

This paper contains 1 printed page and 3 parts

PART-A

I. ANSWER ANY 5 OF THE FOLLOWING .

5 X2=10

- 1) What are informal institutions ?
- 2) Why is the concept of opportunistic behaviour in institutional economics?
- 3) Distinguish between perfect information and complete information. How are these concepts related yet different?
- 4) How do negative externalities contribute to market failures, and what role does this play in economic inefficiency?
- 5) What is the relation between transaction costs and governance structure?
- 6) Who are 'free riders' ?
- 7) Briefly discuss the role of institutions on corruption.

PART-B

II. ANSWER ANY 2 OF THE FOLLOWING .

5X2=10

- 8) Explain the phenomena of adverse selection and moral hazard by applying them to real-life examples.
- 9) According to the Coase Theorem, how do transaction costs affect the negotiation process between parties involved in an externality?
- 10) Discuss use of incentives and persuasion in context of principal agent model.

PART - C

III. ANSWER ANY 2 OF THE FOLLOWING .

15X2=30

- 11) How does New Institutional Economics differ from Old Institutional Economics in terms of its focus and core concepts?
- 12) Explain how Akerlof's 'market for lemons' highlights the problem of a potential buyer of a second hand car.
- 13) Explain the relationship between property rights ,contracts and transactions.