

Indian Institute of Technology Kharagpur
Department of Humanities and Social Sciences

Date: _____ FN/AN Time: 2 hrs Full Marks: 30 No of Students: 15
Autumn Mid-Sem. Exam, 2018 Subject: Institutional Economics Subject No: HS40093

*Instructions: (1) Answer one question in one place only, otherwise they will not be evaluated.
(2) All questions are compulsory.*

1. What is transaction costs? Discuss different types of transaction costs. Critically evaluate how transaction costs be modeled given the institutional framework. (8)
2. Differentiate between absolute property rights from contractual obligations. (2)
3. Discuss on
 - (i) internalization of external effects
 - (ii) tragedy of the commons. (2+2)
4. Discuss basic principles of contractual obligations and diverse types of contractual obligations. (8)
5. What is the problem of social cost? Use the example of the cattle raiser and farmer, with suitable numerical illustration to discuss the price system with and without liability for damage. (8)

END

