**ST JOSEPH’S COLLEGE (AUTONOMOUS),BANGALORE - 27**

Register Number:

DATE: 12.04.2019

**M.A. ECONOMICS-IISEMESTER**

**SEMESTER EXAMINATION- APRIL-2019**

**EC 8318: Institutional Economics**

### Duration: 2.5Hours Max Marks: 70

**This question paper has 1 printed page and 3 parts**

**PART A: Answer any FIVE of the following questions 2x5=10**

1. Distinguish between formal and informal institutions with example.
2. What is opportunistic behaviour?
3. What are the features of property rights?
4. What is bounded rationality? Why is it used?
5. Explain any two types of transaction costs.
6. Why corruption is also called rental income?
7. Why are group health insurance schemes popular among insurance companies?

**PART B: Answer any THREE of the following questions 10x3=30**

1. “Man is a bundle of irrational motives & incentives”-Veblen. Explain this statement in the context of neo classical economics.
2. Explain how employers face the problem of moral hazard in case of employees. What are the methods to reduce this problem?
3. Write a note on the possible solutions to Akerlof’s ‘market for lemons’ problems emerging in the higher education sector.
4. Define property rights. What are the remedies for the violation of property rights?
5. Explain the relevance of game theory in institutional economics.

**PART C: Answer any TWO of the following questions 15x2=30**

1. What is the role of incentives in institutions? Explain it with reference to the failure of USSR and the rise of capitalism across the globe.
2. What are the different solutions to the problem of asymmetric information? How does the government solve this problem in the case of food safety & public health?
3. Discuss corruption in the light of principal-agent theory. What are the welfare implications of corruption?

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