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RAN-1805000501010001

B.Com. LL.B (Hons.) (Sem. I) Examination December - 2025

Business Economics - I

Time: 3 Hours] **[Total Marks: 70**

સૂચના : / Instructions

(1) ઉપરોક્ત દર્શાવેલ વિગતો ઉત્તરવહી પર અવશ્ય લખવી.
Fill up strictly the above details on your answer book.

(2) Question no. 1 is compulsory.

(3) Figures to the right indicate full marks of the question.

Seat No.:

Student's Signature

Q. 1. **Answer the following questions briefly** **(10)**

1. State the types of cross elasticity between pairs of following goods
   a. Pepsi and Coca-Cola.
   b. A smartphone and its charger
   c. A smartphone and tablet
   d. Computer and printer
   e. E-vehicle and petrol
2. What is shape of long run average cost curve? Why?
3. Distinguished between autonomous and derived demand
4. What is demand function?
5. What is production function

Q. 2. Explain the basic economic problems of an economy. How do the problems of what to produce, how to produce, and for whom to produce arise due to scarcity of resources? **(12)**

OR

Q. 2. a. What is business economics? Explain the characteristics of business economics. **(06)**

b. Types of demand **(06)**

Q. 3. Discuss the determinants of price elasticity of demand. How do these factors influence the responsiveness of demand to changes in price? **(12)**

OR

Q. 3. Define demand forecasting. Explain in detail the importance of demand forecasting in business decision-making. **(12)**

Q. 4. Explain the Law of Variable Proportions (Law of Diminishing Returns) with a diagram and practical applications. **(12)**

OR

Q. 4. Explain the relationship between marginal cost (MC) and average cost (AC) with the help of diagrams. Why does the MC curve always intersect the AC curve at its minimum point? **(12)**

Q. 5. a. Demand function **(06)**

b. If Selling Price = ₹ 200, Variable Cost = ₹120, Fixed Cost = ₹ 4,00,000 and Expected sales = 8,000 units. Then Find out **(06)**

i. Break-even point
ii. Margin of Safety
iii. Profit at 8,000 units

OR

Q. 5. Define break-even analysis. Explain its importance in managerial decision-making with the help of a diagram. **(12)**

Q. 6. **Short Note (Any Two)** **(12)**

1. Survey method for demand forecasting
2. Cross Elasticity of Demand
3. Internal Economies of Scale
4. Law of Supply