



NBS-010-004405 Seat No. _____
Second Year B. H. T. M. (Sem. IV) (CBCS) Examination
April / May - 2017
4.5 : Hotel Economics
(New Course)

Faculty Code : 010
Subject Code : 004405

Time : 3 Hours]

[Total Marks : 70

- Instructions :**
- (1) Attempt any two questions from Q. 1 to Q. 4.
 - (2) All other questions are compulsory.
 - (3) Simple calculators are allowed.
 - (4) The maximum marks are assigned in front of each question.

- 1 Define the term 'Economics'. Enumerate factors of productions and sectors and types of an economy. Explain the influences on service economy. **14**

- 2 Define the term 'Demand'. What are the determinants of demand? What is demand function? Indicate the law of demand and its exceptions. Define the term Elasticity of Demand. Indicate the various measures of elasticity of demand and their significance. **14**

- 3 Write a detailed note on Monopolistic Competition. **14**

- 4 Write a detailed note on Demand for hotel and catering services. **14**

5 Write short notes on: (Any four) (150 words each) $4 \times 3 \frac{1}{2} = 14$

- (a) Economic Development
- (b) Sectors of Economy
- (c) Service Economy and Hospitality Industry
- (d) Law of Diminishing Marginal Utility
- (e) Price Elasticity
- (f) Market and Market Structures
- (g) Industry and Hotel and Catering Industry

6 Solve the following econometric problems : 14

- (a) Calculate the price elasticity of demand at various levels and interpret the nature of elasticity from the following information. What shall be the selling price of Asparagus to be decided by the seller for sales maximization 7

The following schedule represents the demand schedule of Asparagus

Quantity (In Kg)	00	20	40	60	80	100	120	140
Rate (In INR)	70	60	50	40	30	20	10	00

- (b) Calculate the Cross Price Elasticity of Demand from the following data. Also indicate the significance for each commodity with respect to Coke. 7

Commodity	Before		After	
	Price (Rs./Unit)	Quantity (Units/Month)	Price (Rs./Unit)	Quantity (Units/Month)
Lassi (Y)	13	30	11	40
Coke (X)	8	15	9	10
Lemon Juice (Z)	10	10	11	9
Coke (X)	8	15	9	12

7 Do as directed : 14

(a) Read the following passage and answer the questions based on it. 5

It has been estimated that the income-elasticity for meals in restaurants is about 1.1 with the price elasticity ranging from 1.0 in the short term to 2.0 and more in the long term. Cross-elasticity with the price of meals at home ranged from +0.4 in the short term to -0.5 in the long term, i.e. likelihood of eating at home decreased with time after a rise in the relative cost of eating out.

What does the various elasticity of demand indicate? Interpret the same.

(b) Complete the following chart : 6

Market Structure	No. of sellers	Product Differentiation	Barriers to entry & exit
Monopoly			
Oligopoly			
Monopolistic Competition			
Perfect Competition			

(c) Define any **three** : 3×1=3

- (i) Economics and Economic Development
- (ii) Industry and Sector
- (iii) Market
- (iv) Hotel and Catering Industry
- (v) Price Elasticity
- (vi) Resource Allocation.