



Seat No. _____

HL-010-1204005

Second Year B. H. T. M. (Sem. IV)

(CBCS) Examination

April - 2023

4.5 Hotel Economics

(New Course)

Faculty Code : 010

Subject Code : 1204005

Time : $2\frac{1}{2}$ Hours / Total Marks : 70

- Instructions :** (1) The maximum marks are 70. All questions carry equal marks.
(2) The maximum marks are assigned in front of each question.
(3) Attempt any five questions.

1 Do as directed: **7+7=14**

- (a) Indicate the nature of the product based on the following **7**
income elasticities of demand:

Category	Value	Nature	Category	Value	Nature
Tobacco	-0.50		Bread and Cereals	-0.50	
Food	0.45		Vegetables	0.87	
Clothing	1.23		Travel abroad	1.14	
Durable goods	1.47		Recreational goods	1.99	
Catering Services	1.75		Wines and spirits	2.60	

- (b) Read the following passage and answer the questions based **7**
on it.

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.**

- 2 Define the following: 7×2=14
 - (a) Supply and Law of Supply
 - (b) Hotel and Catering Industry
 - (c) Economics
 - (d) Industry
 - (e) Market
 - (f) Sector
 - (g) Price Elasticity of Demand
 - (h) Resource Allocation

- 3 Write short notes on any **two** in around **200** words: 2×7=14
 - (a) Economic Development.
 - (b) Sectors of Economy.
 - (c) Accommodation and Food Service Industry.
 - (d) Price Elasticity of Demand
 - (e) Demand for hotel and catering services
 - (f) Impact of the government decisions on buyers and suppliers with respect to elasticity of demand and supply.

- 4 What is Service Economy? Explain in detail the influences on the service economy. (Minimum Word Limit – **500** words) 14

- 5 Define the term ‘Economics’. Enumerate factors of productions and sectors and types of an economy. How is the allocation of resources decided? Explain. 14

- 6 Define the term ‘Supply’. What are the determinants of supply? What is supply function? Indicate the law of supply and describe the factors affecting supply. 14

- 7 Write a detailed note on either “Perfect Competition” or “Market Structure, Conduct and Performance”. 14

- 8 Write a detailed note on “**The Small Establishment**” or “**Barriers to Entry in relation with Product Differentiation**”. 14

- 9 Write a detailed note on “**Pricing and Accommodation Industry**” or “**Price Leadership**”. 14
- 10 Solve the following econometric problems: 14
- (a) Draw the demand schedule, demand curve of the following 7
demand equation of burgers: $Q_d = 120 - 10 P$. Calculate the Price Elasticity of Demand and indicate the significance of price elasticity of Demand at $ep = -1$.
- (b) Calculate the **Cross Price Elasticity** of Demand from the 7
following data. Also indicate the significance for each commodity with respect to Coke.

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
