HOTEL ECONOMICS (SEMESTER - 4)

CS/BHM/SEM-4/HM-411/09

1. ....
Signature of Invigilator

2. .... ***Reg. No.***
Signature of the Officer-in-Charge

Roll No. of the Candidate

CS/BHM/SEM-4/HM-411/09

ENGINEERING & MANAGEMENT EXAMINATIONS, JUNE – 2009

HOTEL ECONOMICS (SEMESTER - 4)

Time : 3 Hours] [Full Marks : 70

INSTRUCTIONS TO THE CANDIDATES :

1. This Booklet is a Question-cum-Answer Booklet. The Booklet consists of **32 pages**. The questions of this concerned subject commence from Page No. 3.
2. a) In **Group – A**, Questions are of Multiple Choice type. You have to write the correct choice in the box provided **against each question**.
   b) For **Groups – B** & **C** you have to answer the questions in the space provided marked 'Answer Sheet'. Questions of **Group – B** are Short answer type. Questions of **Group – C** are Long answer type. Write on both sides of the paper.
3. **Fill in your Roll No. in the box** provided as in your Admit Card before answering the questions.
4. Read the instructions given inside carefully before answering.
5. You should not forget to write the corresponding question numbers while answering.
6. Do not write your name or put any special mark in the booklet that may disclose your identity, which will render you liable to disqualification. Any candidate found copying will be subject to Disciplinary Action under the relevant rules.
7. **Use of Mobile Phone and Programmable Calculator is totally prohibited in the examination hall.**
8. You should return the booklet to the invigilator at the end of the examination and should not take any page of this booklet with you outside the examination hall, **which will lead to disqualification**.
9. Rough work, if necessary is to be done in this booklet only and cross it through.

No additional sheets are to be used and no loose paper will be provided

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Marks Obtained

	Group – A										Group – B			Group – C				
Question Number																	***Total Marks***	***Examiner's Signature***
Marks Obtained																		

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Head-Examiner/Co-Ordinator/Scrutineer

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GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for the following : 10 ∞ 1 = 10

i) Average cost curves are *U*-shaped because of

a) law of variable proportion b) law of diminishing substitution

c) both of these d) none of these.

ii) A monopolist always earns supernormal profit in the short-run. This statement is

a) false b) true

c) sometimes true d) none of these.

iii) "Proportion of income spent on a commodity" — is an important determinant of

a) Price elasticity of demand b) Income elasticity of demand

c) Cross elasticity of demand d) none of these.

iv) Marginal Cost (MC) cuts the average cost (AC) through its

a) maximum b) minimum

c) parallel-wise d) none of these.

v) Income elasticity of demand helps us to classify goods into

a) luxuries and necessities b) substitutes and complements

c) both of these d) none of these.

vi) Extension and contraction of demand happen when

a) there is a movement along the demand curve

b) the demand curve has a parallel shift

c) both of these

d) none of these.

vii) Demand curves slope downward because of

a) Law of diminishing marginal utility

b) Law of diminishing returns

c) Law of increasing marginal utility

d) none of these.

viii) Cross-elasticity of demand helps us to classify goods into

a) price elastic or inelastic

b) substitutes and complements

c) both of these

d) none of these.

ix) The average revenue (AR) and the marginal revenue (MR) curves coincide in perfect competition because of the assumption that

a) product is homogeneous

b) perfect knowledge

c) large number of buyers and sellers

d) no government intervention.

x) The demand curves for Giffen commodities are

a) upward rising
b) downward sloping

c) both are true
d) none of these.

GROUP – B
(Short Answer Type Questions)

Answer any *three* of the following. 3 ∞ 5 = 15

2. Define the concept of TR, AR and MR.

3. What do you understand by opportunity cost ? Give example.

4. How do you analyse, law of variable proportions ?

5. Define demand. State the law of demand with the help of graph.

6. Explain the concept of elasticity of supply.

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. 3 ∞ 15 = 45

7. a) Differentiate between 'returns to scale' and 'economies of scale'.

   b) Using a diagram show that the long run average cost curve can be derived as an envelope to the short run cost curve. 5 + 10

8. a) Define Income-elasticity of demand. On which factors does it depend ?

   b) State briefly the exceptions to the demand law.

   c) State the difference between 'change in demand' and 'change in quantity demanded'.

   d) If price changes from Rs. 8/- to Rs. 12/-, the quantity demanded changes from 20 kgs to 16 kgs. Calculate price elasticity of demand at the initial price.

   3 + 3 + 4 + 5

9. a) With the help of a diagram explain how profit maximizing output and price is determined in the perfectly competitive market.

   b) Are such firms, while in equilibrium, always earn profit ? 10 + 5

10. a) Using a diagram (or otherwise) explain the relations between average cost (AC), average fixed cost (AFC), and average variable cost (AVC).

    b) What do you understand by short run production function ?

    c) Define marginal cost and explain why it passes through the minimum of AVC and AC. 5 + 5 + 5

11. Write notes on any *two* of the following : $2 \infty 7\frac{1}{2}$

a) Cross-price elasticity of demand

b) Monopoly

c) Marginal use of production function

d) Objectives of price policy.

END