



Name :

Roll No. :

Invigilator's Signature :

CS/BHM (OLD)/SEM-4/HM-411/2010
2010
HOTEL ECONOMICS

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for the following : $10 \times 1 = 10$
- 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.

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- 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) non government intervention.
- x) The demand curves for Giffen commodities are
- a) upward rising
 - b) downward sloping
 - c) both of these
 - d) none of these.

GROUP – B
(Short Answer Type Questions)

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

2. Define TC, TFC and TVC with the help of graph.
3. Explain the concept of elasticity of demand.
4. What do you mean by law of variable proportions ?
5. Define the concept of demand.
6. What are the main determinants of law of supply ?

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GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

7. a) State the law of demand.
b) Why the demand curve slopes downward from left to right ?
c) Highlight the exception of law of demand. $5 + 6 + 4$
8. a) Define opportunity cost.
b) Mention the benefits of opportunity cost.
c) How does it influence on cost of production ? $5 + 6 + 4$
9. a) What is price policy ?
b) What are the objectives of price policy ?
c) State the main factors governing determination of price policy. $2 + 5 + 8$
10. Show how profit maximizing output and price is determined in the perfectly competitive market. Explain in details with the help of diagram. 15
11. Write notes on any *two* of the following : $2 \times 7 \frac{1}{2}$
- i) Returns to scale
 - ii) Economies of scale
 - iii) Production function
 - iv) Cost plus or full cost pricing.
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