

**BACHELORS IN HOTEL MANAGEMENT
(BIHM)**

Term-End Examination

June, 2015

BHY-054 : HOTEL ECONOMICS

Time : 3 hours

Maximum Marks : 100

Note : *Attempt any five questions. All questions carry equal marks. Put the serial no. of the question neatly and cleanly attempted by you.*

1. What is market demand ? Discuss the factors affecting it. **20**
2. Define cross elasticity of demand. Explain different degrees of cross elasticity of demand with the help of diagrams. **20**
3. Write notes on : **10x2=20**
 - (a) Price elasticity of demand;
 - (b) Income elasticity of demand.
4. Distinguish between extension of supply and decrease in supply with the help of diagrams. Also explain their impacts on business. **20**
5. Explain in detail the change in prices of other commodities affect the supply of a good ? **20**

6. How is a pricing policy formulated ? What are the general considerations involved in it ? 20
7. Explain the full cost pricing theory. 20
8. Write notes on : 10x2=20
(a) Pricing for a rate of return
(b) Opportunity cost
9. Discuss various concepts of cost curves. Differentiate between short run and long run curves. 20
10. Discuss the law of variable proportions. What are the causes of operation of this law ? 20
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