



TECHNICAL UNIVERSITY OF MOMBASA
Faculty of Business & Social Studies

DEPARTMENT OF HOSPITALITY & TOURISM

DIPLOMA IN TOURISM MANAGEMENT
(DTM S13)

BHT 2202: TOURISM ECONOMICS

END OF SEMESTER EXAMINATIONS

SERIES: APRIL 2015

TIME: 2 HOURS

INSTRUCTIONS:

- This paper consists of Sections **A** and **B**.
- Section **A** is **Compulsory**. Answer any **TWO** questions in Section **B**.
- Mobile phones are not allowed into the examination room.
- Cheating leads to disqualification.
- *This paper consists of Two printed pages.*

SECTION A (Compulsory) 30 Marks

QUESTION 1

- a) Tourism economics studies various aspects of a tourist destination. Identify **TEN** such aspects. (10 marks)
- b) Explain **FIVE** factors that may determine the demand of tourist goods and services in a destination. (10 marks)
- c) Identify **FIVE** negative economic impacts of tourism in a destination. (10 marks)

SECTION B (Answer any TWO questions) 40 Marks

QUESTION 2

- a) The Kenyan **FOUR** operator industry exhibit an oligopolistic market characteristics. Explain **FIVE** of these characteristics. (10 marks)
- b) Explain **FIVE** factors that determine the supply of tourist goods and services in a destination. (10 marks)

QUESTION 3

- a) Explain the following laws common with the study of tourism economics
 - i) The law of diminishing returns (or marginal returns)
 - ii) The law of demand
 - iii) The law of supply
- b) Explain **FOUR** factors that determine the output of tourist goods in a tourism firm. (8 marks)

QUESTION 4

- a) As a tourism destination manager you requested to brief seminar participants on various ways of curbing inflation in a destination. Explain **SIX** such ways. (12 marks)
- b) i) Describe the various costs of production in a tourism firm. (4 marks)
ii) Differentiate between the terms isocosts and isoquants used in the study of tourism firms. (4 marks)

QUESTION 5

- a) Explain **FIVE** effects of tourism on the Gross Domestic Product (GDP) of a destination. (10 marks)
- b) Identify **FIVE** sources of tourism financing in a tourist destination. (10 marks)