

2912/201

**TOURISM ECONOMICS**

**July 2019**

**Time: 3 hours**



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**DIPLOMA IN TOURISM MANAGEMENT**

**MODULE I**

**TOURISM ECONOMICS**

**3 hours**

**INSTRUCTIONS TO CANDIDATES**

*This paper consists of SEVEN questions.*

*Answer any FIVE questions in the answer booklet provided.*

*All questions carry equal marks.*

*Candidates should answer the questions in English.*

**This paper consists of 2 printed pages.**

**Candidates should check the question paper to ascertain that both pages are printed as indicated and that no questions are missing.**

1. (a) Explain **five** roles of the study of Economics in tourism operations. (10 marks)
- (b) Identify **five** economic impacts of tourism in a destination. (10 marks)
2. (a) Describe **five** types of multipliers used in tourism economic analysis. (10 marks)
- (b) Outline **five** assumptions of the law of diminishing marginal utility. (10 marks)
3. (a) Explain **five** roles of financial institutions in tourism business operations. (10 marks)
- (b) Identify **five** factors causing changes in demand for tourism in Kenya. (10 marks)
4. (a) Explain **five** assumptions of the law of equimarginal utility. (10 marks)
- (b) Identify **five** characteristics of money that make it an appropriate mode of payment for tourism commodities. (10 marks)
5. (a) Explain **five** components of Micro Economics studies in tourism economics. (10 marks)
- (b) Identify **five** types of costs of production in a tourism firm. (10 marks)
6. (a) A consultant remarked that travel agencies in country X were operating in a perfect competition market. Identify **five** characteristics of the market that may have prompted such a remark. (10 marks)
- (b) Identify the **five** assumptions that a tourism manager should make when applying the law of variable proportion, in production operations. (10 marks)
7. (a) Explain **five** problems that can arise due to an anticipated inflation in a destination. (10 marks)
- (b) Describe **five** methods which tourism firms access financial services from banks. (10 marks)

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