

1. (a) Explain **five** negative effects of foreign investments in a touristic destination. (10 marks)
(b) Illustrate using graphs **five** probable types of price elasticity of demand for a tourist product. (10 marks)
2. (a) Outline **five** psychographic factors that can influence the spending patterns of tourists. (10 marks)
(b) Explain **five** financial sources from which tourism investors can get funds for tourism businesses. (10 marks)
3. (a) Identify **six** aspects of macro-economics that may be studied under tourism management. (12 marks)
(b) Outline **four** assumptions of the Law of Variable Proportions used in explaining the concept of production in tourism firms. (8 marks)
4. (a) Describe **four** approaches in the definition of economics that guide in understanding the subject (Tourism Economics). (8 marks)
(b) Identify **six** economic aspects of money that a destination manager should have knowledge about. (12 marks)
5. (a) Identify **four** macro-economic factors that affect the cost of recreation, leisure and tourism products in a destination. (8 marks)
(b) Explain **six** assumptions of the law of diminishing marginal utility used in explaining tourists consumption behaviour. (12 marks)
6. (a) Explain **four** assumptions that underlie the concept of consumer surplus which are important in describing tourist consumption behaviour. (8 marks)
(b) Outline **six** challenges that can be experienced by a newly formed savings and credit co-operative society owned by a community conservancy. (12 marks)
7. (a) Identify **six** ways through which tourism revenues may leak from the economy of a destination. (12 marks)
(b) Outline **four** modes of payment which a tourist may use other than liquid cash. (8 marks)

THIS IS THE LAST PRINTED PAGE.