

Uva Wellassa University
Faculty of Management



**Degree of Bachelor of Business Management in Hospitality Tourism and Events
Management**

SECOND YEAR FIRST SEMESTER EXAMINATION - JULY/AUGUST 2016

HTE 261 - 2 Tourism Economics



(05 marks)
(Total 25 marks)

(2). "Decision-making is at the heart of economics. People face **tradeoffs** when making decisions".

(a). Discuss the above statement by giving examples with travel and leisure industry.

(10 marks)

(b). What are the local government organizations that provide tourism services in Sri Lanka?

(7 marks)

(c). List the main problems face by

(i) a household

(4 marks)

(ii) an economy

(4 marks)

when making economic decisions?

(Total 25 marks)

(3). "Tourism is an umbrella industry which connects many competitive sectors to endure in. Black Market in tourism industry is badly influence on tourist demand and repeat visitation to the destination".

(a). Do you agree with the above statement? Justify your answer.

(12 marks)

(b). Describe Black market in tourism industry.

(05 marks)

(c). Discuss the government role in a situation with black market in tourism industry

(8 marks)

(Total 25 marks)



(4). The facet of tourism worldwide has an economical, social, cultural and environmental influence on tourism destination and influence is positive or negative.

(a). Explain the tourism demand with examples. (10 marks)

(b). Critically evaluate the impact of tourism industry on local community in Sri Lanka.

(15 marks)

(Total 25 marks)

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- (3).
(a). Discuss the effect of a tax on market price, market quantity and market equilibrium using graphs. (10 marks)
(b). Discuss the different types of tax applicable to tourism industry in Sri Lanka and their effects on tourism industry in Sri Lanka. (15 marks)
(Total 25 marks)
- (4).
Briefly discuss any five (5) of the following (5 marks for each)
- (a). Practicability of achieving 2.5 million tourist arrivals by the end of 2016
 - (b). Externalities and tourism industry in Sri Lanka
 - (c). Public Goods.
 - (d). Role of the government in tourism industry
 - (e). Pigovian tax and environmental controls
 - (f). Economic contribution of tourism industry to the total GDP of Sri Lanka
 - (g). Ability of tourism industry in supporting alleviating poverty in Sri Lanka
- (Total 25 marks)**

