

CHUKA

UNIVERSITY



UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
PROCUREMENT AND LOGISTICS MANAGEMENT AND BACHELOR OF
COMMERCE (PROCUREMENT AND LOGISTICS OPTION)**

BPLM 425: TRANSPORT ECONOMICS

STREAMS: BPLM (Y4S1) ODEL

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 06/10/2021

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS

Answer question one (Compulsory) and any other TWO Questions.

Question one

Required:

- a) Explain 3 differences between fixed and variable cost, using examples. (6 marks)
- b) Discuss 5 ways in which changes in road fares affect the revenue of a company.
(6 marks)
- c) Enumerate 2 government actions that may encourage people to use Rail opposed to cars.
(4 marks)
- d) Illustrate ways in which air transport contributes to the economic development of Kenya.
(6 marks)
- e) Discuss whether or not there should be monopoly provision of rail; infrastructure in Kenya.
(8 marks)

Question two

- a) Analyze the difference between perfect competition and oligopoly market structure in transport.
(10 marks)

- b) Discuss the extent to which sea transport could be considered to be a sustainable mode of transport. (10 marks)

Question three

- a) Analyze the economic effects of an increase in the demand for the road transport on the environment. (10 marks)
- b) Discuss 5 policies implemented in Kenya to encourage the use of road transport. (10 marks)

Question four

- a) Explain 5 reasons for privatizing transport in Kenya. (10 marks)
- b) Explain the major transport financing models in Kenya today. (10 marks)
-