

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF  
PROCUREMENT AND LOGISTICS MANAGEMENT**

**BPLM 425: TRANSPORT ECONOMICS**

**STREAMS: BPLM Y4S1**

**TIME: 2 HOURS**

**DAY/DATE: THURSDAY 13/12/2018**

**2.30 P.M. – 4.30 P.M.**

**INSTRUCTIONS:**

- **Answer question ONE (compulsory) and any other two questions.**

**QUESTION ONE**

- (a) Explain 5 reasons why increased public participation in the Kenyan transport sector would improve the economy. (10 marks)
- (b) Analyze how barriers to entry would determine the degree of competition in the transport sector. (10 marks)
- (c) Discuss 5 ways in which increased taxes in transport would reduce the impact of negative externalities caused by transport. (10 marks)

**QUESTION TWO**

- (a) Explain 5 reasons why demand for rail travel can be 'derived demand'. (10 marks)
- (b) Comment on the extent to which deregulation of the bus industry in Kenya can be beneficial. (10 marks)

**QUESTION THREE**

- (a) Explain 5 factors that may lead to an increased government subsidy in the bus transport sector in Kenya. (10 marks)
- (b) Describe the difficulties in using regulation to correct market failure. (10 marks)

**QUESTION FOUR**

- (a) Explain the effectiveness of an increase in fuel prices a strategy to reduce the use of cars in the Kenyan roads. (10 marks)
- (b) Enumerate 5 economic factors implications of privatizing the rail transport in Kenya. (10 marks)
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