

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF ECONOMICS & STATISTICS, ECONOMICS & SOCIOLOGY, BACHELOR OF ARTS (ECONOMICS & MATHEMATICS) & BACHELOR OD ARTS (ECONOMICS & HISTORY)**

**ECON 325: ECONOMICS OF TRANSPORT AND INFRASTRUCTURE**

**STREAMS: ECON, STAT, ECON SOCI, ECON MATH & ECON HIST**

**TIME: 2 HOURS**

**DAY/DATE: WEDNESDAY 18/04/2018**

**11.30 A.M. – 1.30 P.M.**

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**INSTRUCTIONS:**

- **Answer question ONE and any other TWO**

**QUESTION ONE (COMPULSORY)**

- (a) Differentiate between the following terms:
- (i) Modal supply and intermodal supply (2 marks)
  - (ii) Stable transport demand and unstable transport demand. (2 marks)
  - (iii) Transport infrastructure and transport type. (2 marks)
  - (iv) Own account transportation and third-party transportation. (2 marks)
- (b) Discuss various reasons why transport is important in an economy. (8 marks)
- (c) Discuss the impacts of transports and infrastructure on the economic systems. (9 marks)
- (d) Define the term transport yield management and describe different conditions on which it leans on. (5 marks)

**QUESTION TWO**

- (a) ABC Investment is a multinational corporation intending to invest in Kenya. One of the policy measures is considering is the transportation of its goods and services. As an economist which are the factors do you think will determine the demand of transport by ABC Investment? (10 marks)
- (b) Discuss the advantages and disadvantages of offering Subsidies in passenger transport. (10 marks)

**QUESTION THREE**

- (a) Discuss the criticism associated with the Computer based method (COBA) of appraising the roads. (6 marks)
- (b) Describe how the concept of scarcity, choice and opportunity cost is helpful in coming up with appropriate policies in the transport sector. (6 marks)
- (c) Describe various reasons why the government finds it necessary to implement different policies in transport sector. (8 marks)

**QUESTION FOUR**

- (a) Define the term public policy. (2 marks)
  - (b) Describe the various policy instruments that can be used by the government in ensuring efficiency in transport systems. (10 marks)
  - (c) The standard gauge railway as one of the government biggest project is argued to cause more curse than blessing in an economy. As transport economist, argue for or against this statement. Give reasons for your opinion. (8 marks)
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