CHUKA   **UNIVERSITY**

UNIVERSITY EXAMINATIONS

THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE
OF BACHELOR OF SCIENCE IN ECONOMICS AND STATISTICS

ECON 344: TRANSPORT AND INFRASTRUCTURE ECONOMICS

STREAMS: BSC (ECON STATS, ECON SOCI & ECON MATH)   TIME: 2 HOURS

DAY/DATE: WEDNESDAY 15/04/2020   11.30 A.M. – 1.30 P.M.

INSTRUCTIONS: Answer question ONE and any other TWO

QUESTION ONE

(a)   Define the following terms as used in transport economics

      (i)   Demand for transport and supply for transport   [3 marks]

      (ii)   Potential demand and realized demand   [4 marks]

      (iii)   Scarcity in transport   [3 marks]

(b)   Explain the relationship between scarcity, choice and opportunity cost in transport

[10 marks]

(c)   Describe the barriers to entry in the monopoly market involving transport infrastructure

[10 marks]

QUESTION TWO

(a)   Human beings have in the past realized that transport is essential to smooth running of the economy. Discuss   [10 marks]

(b)   Discuss five arguments for and five arguments against air transport in the economy.

[10 marks]

QUESTION THREE

(a)   Transportation and environment are paradoxical in nature since transportation conveys substantial socio-economic losses. Discuss this statement   [10 marks]

(b)   Discuss the factors that facilitates the determination of the demand for transport in an economy.   [10 marks]

QUESTION FOUR

(a)   Transportation yield management is a variable pricing strategy based on understanding, anticipating and influencing consumer behaviour in order to maximize profits. Discuss transport yield management with a well labeled diagram.   [10 marks]

(b)   Transport congestion is affecting the economy negatively and thus most economies try to eliminate this menace by employing different strategies. Discuss different ways of controlling congestion problems.   [10 marks]

QUESTION FIVE

Discuss the theories of market structure in transport economics   [20 marks]