

**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.**

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**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)
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