

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS
CHUKA/EMBU**

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

BPSM 401/BPLM 425: TRANSPORT ECONOMICS

STREAMS:

TIME: 2 HOURS

DAY/DATE: MONDAY 4/12/2017

2.30 P.M – 4.30 P.M

INSTRUCTIONS:

- **Answer question one and any other two questions**

1. (a) Explain the need for the substantial growth in air transport in Kenya. [10marks]
(b) Explain how the strength of the barriers to entry can affect the market structure of an industry. [10marks]
(c) Comment on the effectiveness of increasing fuel prices as a way of reducing car use. [5marks]
(d) Explain why road congestion represents an example of a market failure. [5marks]
2. (a) Give example on how the demand for transport is derived . [10marks]
(b) Describe the difficulties in using regulations to correct market failures. [10marks]
3. (a) Discuss the extent to which the deregulation of buses in Kenya has been beneficial. [10marks]
(b) Analyze the economic argument for rail privatization in Kenya. [10marks]
4. (a) Discuss the transportation metrics that influence supply chain performance. [10marks]

(b) Explain the economic justification of forecasting future growth in transport.[10marks]
