



# **MURANGA UNIVERSITY COLLEGE**

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

**MAIN CAMPUS**

## **ORDINARY UNIVERSITY EXAMINATIONS**

**2014/2015 ACADEMIC YEAR**

**SECOND YEAR FIRSTSEMESTER EXAMINATIONS**

**FOR THE DEGREE**

**OF**

**BACHELOR OF COMMERCE**

**COURSE CODE: HPS 2214**

**COURSE TITLE: TRANSPORT ECONOMICS**

**DATE: 19<sup>th</sup> AUGUST 2015**

**TIME: 2 HOURS**

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### **INSTRUCTIONS TO CANDIDATES**

Question ONE (1) is compulsory

Answer TWO (2) questions

MRUC observes ZERO tolerance to examination irregularities

## QUESTION ONE

- a) In main cities of Kenya there has been persistent traffic congestion mainly during peak hours. Discuss the costs associated with traffic congestion in Kenya. **(10 marks)**
- b) Define transport economics and explain the reasons that may necessitate the understanding of transport economics in the modern world **(8 marks)**
- c) Various transport modes have been adopted in various countries across the globe. Discuss the factors that influence demand of the specific mode of transport. **(8 marks)**
- d) Explain cross price elasticity in transport economics giving a relevant example **(4 marks)**

## QUESTION TWO

- a) Discuss why the road transport sector may be described as a perfect competitive market. **(10 marks)**
- b) Explain any two modes of transport that may not be considered to fit the description of competitive markets in Kenya and explain why. **(10 marks)**

## QUESTION THREE

- a) Transport is faced with possibility of various costs as any other good or service. Describe the different types of transport cost. **(10 marks)**
- b) Transport infrastructure development is rampant and more so in developing countries like Kenya. Explain the two types of truck cost and the forms of payment for them. **(10 marks)**

## QUESTION FOUR

- a) Policy analyst of transport department use Cost benefit analysis to appraise and evaluate inter-urban road schemes to assess their viability. Explain the shortcomings of this method of evaluation. **(10 marks)**
- b) Discuss the criticism leveled against cost benefit analysis method of evaluation roads **(10 marks)**

## QUESTION FIVE

- a) Discuss the features of investment in transport infrastructure. **(10 marks)**
- b) Define the external cost of transport and discuss the numerous external costs as identified in transport. **(10 marks)**