



MURANGA UNIVERSITY COLLEGE

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

MAIN CAMPUS

SPECIAL 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: TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory

Answer TWO (2) questions

MRUC observes ZERO tolerance to examination irregularities

Question one

- a) Efficient Transport is vital for movement of goods, services and people which boost trade and the economy. Discuss the causes of negative externalities that emanate from transport. **(10 marks)**
- b) The nature of Transport is wide and complex; explain the two main areas of concern for transport. **(6 marks)**
- c) There are different elements of quality service in each mode of transport, explain the aspects of quality in travel. **(10 marks)**
- d) Discuss the importance of forecasting transport needs. **(4 marks)**

Question two

- a) Explain the main sources of economies of scale in transport and state the how the economies of scale can be measured. **(10 marks)**
- b) Define the external cost of transport and discuss the numerous external costs as identified in transport. **(10 marks)**

Question three

- a) Explain your understanding of subsidizing transport and discuss how subsidizing can contribute to social benefits. **(10 marks)**
- b) Explain why transport infrastructure may be considered as a public good. **(6 marks)**
- c) Explain cross price elasticity in transport economics giving a relevant example **(4 marks)**

Question four

- a) Discuss the features of investment in transport infrastructure. **(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 five

Policy analyst of transport department use Cost benefit analysis to appraise and evaluate inter-urban road schemes to assess their viability. Exhaustively discuss how Cost benefit analysis is applied stating the strengths and criticism of the method. **(20 marks)**