



MURANG'A UNIVERSITY OF TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF COMMERCE

UNIVERSITY ORDINARY EXAMINATION

2017/2018 ACADEMIC YEAR

**SECOND YEAR FIRST SEMESTER EXAMINATION FOR THE BACHELOR
OF PURCHASING AND SUPPLY MANAGEMENT (BPSM)**

BCE 211 – TRANSPORT ECONOMICS

DURATION: 2 HOURS

DATE: 6TH DECEMBER, 2017

TIME: 2.00 P.M – 4.00 P.M.

Instructions to Candidates:

1. Answer **Question 1** and **Any Other Two** questions.
2. Mobile phones are not allowed in the examination room.
3. You are not allowed to write on this examination question paper.

SECTION ONE - COMPULSORY

QUESTION ONE

- a) Identify the three major modes of transport. (5 marks)
- b) Outline three reasons for promoting transport services (5 marks)
- c) List three economic factors that affect operations of transport firms. (5 marks)
- d) Differentiate pricing strategies between two market structures (5marks)
- e) Explain three factors that influence the demand and supply for transport services. (10 marks)

SECTION TWO – ANSWER ANY TWO QUESTIONS

QUESTION TWO

- a) With specific reference to two modes of transport, explain their contribution to economic development. (10 marks)
- b) Compare two sources of capital for investment in the transport sector. (10 marks)

QUESTION THREE

- (a) Breakdown cost structure in transport economics. (10 marks)
- (b) Assess the state of the transport sector in Kenya and propose five measures for improvement. (10 marks)

QUESTION FOUR

- (a) Explain the four elements of the promotion mix as they relate to the transport sector.(10 marks)
- (b) Discuss the concept of elasticity based on its application in transport economics. (10 marks)