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University Examinations 2015/2016

SECOND YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE
OF
BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT

BEC 3325: TRANSPORT ECONOMICS

DATE: NOVEMBER 2015

TIME: 2 HOURS

INSTRUCTIONS: Answer question *one* and any other *two* questions

QUESTION ONE (30 MARKS)

- a) In relation to modes of transport discuss the following legal forms of transport.
- (i) Common carriers (3 marks)
 - (ii) Contract carriers (3 marks)
 - (iii) Private carriers (3 marks)
 - (iv) Exempt carriers (3 marks)
- b) State and explain the factors that determine the demand for transport. (10 marks)
- c) Explain the sources of supply of transport services (4 marks)
- d) Explain any four modes of transport (4 marks)

QUESTION TWO (20 MARKS)

- a) Discuss the duties of a transport manager (10 marks)
- b) Discuss the effect of economies of scale on cost in the transport industry (10 marks)

QUESTION THREE (20 MARKS)

- a) Define the term elasticity. Explain the four types of elasticity of demand in relation to transport. (10 marks)
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- b) Discuss factors affecting elasticity of demand in transport sector. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Different modes of transport adopt a pricing policy whereby a firm distinguishes the prices charged to different groups of customers. Justify this act of price discriminatory policy. (6 marks)
- b) Explain the two main economic principles that impact transportation efficiency (8 marks)
- c) Discuss the disadvantages of transporting goods over the sea. (6 marks)

QUESTION FIVE (20 MARKS)

- a) Explain how a good transport network can be a basis of growth and development in a given region (10 marks)
- b) Define joint costs. Discuss the operational circumstances under which joint costs exists. (10 marks)