

**MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**P.O. Box 972-60200 – Meru-Kenya.**

**Tel: 020-2069349, 061-2309217. 064-30320 Cell phone: +254 712524293, +254 789151411**

**Fax: 064-30321**

**Website:** [**www.must.ac.ke**](http://www.must.ac.ke) **Email:** **info@must.ac.ke**

**University Examinations 2014/2015**

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

**BEC 3225: TRANSPORT ECONOMICS**

**DATE: AUGUST, 2015 TIME:** $2 $**HOURS**

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

**QUESTION ONE (30 MARKS)**

1. Explain the following terms in relation to transport: (10 Marks)
2. Transport Economics
3. Price Discrimination
4. Avoidable cost
5. Integrated transport
6. Peak
7. Discuss the effects of economies of scale on cost in the transport industry. (8 Marks)
8. State and explain the four types of elasticities of demand. (8 Marks)
9. Explain the cost-revenue elements in the analysis of public transport schemes. (4 Marks)

**QUESTION TWO (2O MARKS**)

1. State and explain the factors that determine the demand for transport. (10 Marks)
2. Discuss the measures that operators can adopt to reduce the impact of the peak problem on their operations. (10 Marks)

**QUESTION THREE (20 MARKS)**

1. Outline the sources of supply of transport services. (4 Marks)
2. State and explain the factors that determine elasticity of supply of transport. (8 Marks)
3. Information, interchange and investment are the key elements in the development of an integrated passenger transport system. Discuss. (8 Marks)

**QUESTION FOUR (20 MARKS)**

1. Good transport infrastructure is a necessary but not sufficient condition for economic growth and development. Discuss. (15 Marks)
2. Explain five reasons to justify the need for constructing a new road. (5 Marks)

**QUESTION FIVE (20 MARKS**)

1. A variety of operational factors affect cost levels in airline operation. Discuss the output and productivity measures that are available in this structure. (14 Marks)
2. State and explain some specific cost savings that result from a service reduction in the public transport. (6 Marks)