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UNIVERSITY EXAMINATIONS 2024/2025

THIRD YEAR, FIRST SEMESTER EXAMINATION FOR DEGREE OF BACHELOR SCIENCE
IN ECONOMICS

BEC 3305: ECONOMICS OF TRANSPORT AND INFRASTRUCTURE

DATE: JANUARY 2025

TIME: 2 HOURS

INSTRUCTIONS: *Answer Question ONE and any other TWO Questions.*

QUESTION ONE – (30 MARKS)

- a) Discuss the two elements of transport. (6 Marks)
- b) Discuss five factors that influence demand for transport. (10 Marks)
- c) Discuss two importance of implementing public policies in transport sector. (4 Marks)
- d) Discuss the three benefits of cost-benefit analysis method of appraising roads. (10 Marks)

QUESTION TWO – (20 MARKS)

- a) Discuss any five socioeconomic importance of transportation. (10 Marks)
- b) Discuss any five simple methods of combating congestion in transport. (10 Marks)

QUESTION THREE - (20 MARKS)

- a) Discuss efficiency of public policies on transport and infrastructure. (10 Mark)
- b) Using a well labeled production possibility frontier, explain the concept of scarcity, choice and opportunity cost. (10 Marks)

QUESTION FOUR - (20 MARKS)

- a) Discuss five variables that help in measuring transport supply and demand for freight or passengers. (10 Marks)
- b) A table showing two projects all with an initial investment of Kshs.14 Million.

Year	Project A Returns (Million Ksh)	Project B Returns (Million Ksh)
1	2.4	3.2
2	3.6	4.4
3	3.0	4.0
4	3.0	4.0
5	2.2	3.2

- i) Use the payback model to select the best project (show your working) (6 Marks)
- ii) Discuss your selection in b(i) above. (4 Marks)

QUESTION FIVE – (20 MARKS)

- a) Discuss importance of transport in economic development. (10 Marks)
- b) Discuss any three determinants of elasticity of demand for transport and infrastructure. (10 Marks)