



PAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY
FACULTY OF MANAGEMENT SCIENCES

DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE

QUALIFICATION: BACHELOR OF ECONOMICS	
QUALIFICATION CODE: 12BECO	LEVEL: 7
COURSE CODE: TEC711S/TEC411S	COURSE NAME: TRANSPORT ECONOMICS
SESSION: JUNE 2019	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	EDEN TATE SHIPANGA
MODERATOR:	ANTHONY ADEYANJU

INSTRUCTIONS
1. Answer ONLY FOUR questions. 2. Write clearly and neatly. 3. Number the answers clearly.

PERMISSIBLE MATERIALS

1. PEN,
2. PENCIL
3. CALCULATOR

THIS QUESTION PAPER CONSISTS OF 2 PAGES (Including this front page)

QUESTION 1

[Total: 25]

1. Explain the concepts of scarcity, choice and opportunity cost in relation to transport market in an economy. (15)
2. Transport economics is different from other branches of economics. Critically elaborate on the three economic features of transport. (10)

QUESTION 2

[Total: 25]

1. Demonstrate with graphs and clear explanations how the owner of a Freight company who is experiencing financial trap can make use of elasticity of demand to make decisions regarding the pricing strategy of his/her Firm. (10)
2. Given the demand for Bus services $Q = 4850 - 5P + 7P_p + 3P_T + 0.15Y$, where $Y = 10\ 000$ $P = 100$, price for train $P_T = 50$ and the price for planes $P_p = 100$.
 - a) Find the income elasticity of demand for Bus. (5)
 - b) Find the cross price elasticity of demand Bus. (10)

QUESTION 3

[Total: 25]

1. Differentiate between revealed demand and latent demand of transport services. (6)
2. Distinguish between private cost and public cost of transport by clearly making a distinction between the two. (10)
3. Explain the following concepts in transport economics: (9)
 - a) Technical efficiency
 - b) Cost efficiency
 - c) Allocative efficiency

QUESTION 4

[Total: 25]

“The proponents of monopoly argued that: if the market is a contestable market it could as well be left to a monopoly operator. This is because it does not really need to be operated by perfect competitive operator in order to produce economically efficient market behaviour”. Use the theory of contestability by Baumol (1982) to support the above statement.

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