



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF MANAGEMENT SCIENCES

DEPARTMENT OF MARKETING AND LOGISTICS

QUALIFICATION: BACHELOR OF TRANSPORT MANAGEMENT BACHELOR OF LOGISTICS & SUPPLY CHAIN MANAGEMENT	
QUALIFICATION CODE: 07BTMM 07BLSC	LEVEL: 5
COURSE CODE: PTE511S	COURSE NAME: PRINCIPLES OF TRANSPORT ECONOMICS
SESSION: JULY 2019	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

SUPPLEMENTARY / SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	Ms. Ester Kalipi (FM) Mr. Heikky Amwele (PM) Ms. Hilma Nuuyandja (DI)
MODERATOR:	Ms. Emilia Salomo

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

THIS QUESTION PAPER CONSISTS OF 3 PAGES (Including this front page)

QUESTION 1

1.1. Transport is the backbone to the economy of any country. Elaborate on this statement. (12 marks)

1.2. Name and discuss three role players in the Transport industry? Mention one example for each player. (12 marks)

Sub-total: 24 Marks

QUESTION 2

2.1. Indicated whether the Supply or Demand curve would shift to the right (increase), shift to the left (decrease) or movement along the demand/supply curve under each of the following instances.

(10 marks)

<u>Factors affecting Demand</u>	<u>Effects on Demand</u>
1. The local media announces that the ticket price for the city of Windhoek municipality public bus has increased from N\$6 to N\$8.	
2. Most of the Namibian prefers to use public bus instead of taxi. What will happen to the demand curve for bus as well as for taxis?	
<u>Factors affecting Supply</u>	<u>Effects on Supply</u>
1. The Namibian Government has decided to subsidise TransNamib as this is the only railway service provider in Namibia and requires great support from the government.	
2. The local media announced that the manufacturers of Polo car parts have increased the price of the parts by 30%. What will happen to the supply of Polo cars?	
3. Several foreign railways decide to enter the transport market by opening an office and operating in Namibia.	

2.2. On 23 November 2018, Air Namibia sold return tickets for one of its flights (between Windhoek and South Africa) at a discount of **50% off the normal fare (price) of N\$3500.00** because of **Black Friday's Promotion**. As a result the **demand** for air transport increased from **1500 to 3000**, hence the supply

was also 3000. On 24 November 2018, the return ticket fare went back to normal, which is N\$3500 and the quantity supplied was 2000. (26 marks)

- a) Draw the demand curve at the normal fare (price), label the curve D (2 marks)
- b) Draw the shift (increase) in the demand at discounted fare (price), label the curve D1 (2 marks)
- c) Draw the supply curve at the normal fare (price), label the curve S (2 marks)
- d) Draw the shift (increase) in supply at discounted fare (price), label the curve S1 (2 marks)
- e) Indicate the equilibrium point at the Normal fare price, and Name the point E (2 marks)
- f) Indicate the equilibrium point at the discount fare (price) and Name it E1 (2 marks)
- g) Is the normal fare (price) of the return ticket showing excess supply or excess demand? (2 marks)
- h) Is the discounted fare (price) of the return ticket showing excess supply or excess demand? (2 marks)
- i) Calculate the elasticity of demand? (6 marks)
- j) Do you think the change in demand was elastic, inelastic or unitary? (2 marks)
- k) The response of the demand to the change in the price of the return tickets affected the demand for other modes of transports, namely road and rail transport during December holiday until June 2019. What do you call this type of elasticity (2 marks)

Sub-total: 36 Marks

QUESTION 3

- 3.1. Define the term "intermodal transport"? Discuss the benefits and challenges of intermodal transport? (10 marks)
- 3.2. Briefly assess the positive and negative externalities arising from the usage of any transport system (inclusive all modes)? (10 Marks)
- 3.3. Walvis Bay harbour can be seen as an important link in the development of Namibia and Southern Africa. Explain the role of transport system in this respect? (10 marks)

Sub-total: 30 Marks

QUESTION 4

- 4.1. Mention the characteristics of the perfectly competitive market? (5 marks)
- 4.2. Monopolistic competition is a market where there is a large number of firms, each having a small proportion of the market share and slightly differentiated products. List the characteristics of this market? (5 marks)

Sub-total: 10 Marks

Grand Total: 100 Marks