



*(Knowledge for Development)*  
**KIBABII UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**2020/2021 ACADEMIC YEAR**

**FOURTH YEAR SECOND SEMESTER**

**MAIN EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF EDUCATION ARTS**

**COURSE CODE: ECO 410**

**COURSE TITLE: PUBLIC FINANCE AND FISCAL POLICY**

**DATE: 8<sup>TH</sup> OCTOBER, 2021**

**TIME: 9.00AM – 11.00AM**

**INSTRUCTIONS TO CANDIDATES**

Answer Question One in Section A and Any other TWO (2) Questions in Section B

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 4 Printed Pages. Please Turn Over. 

### **QUESTION ONE (COMPULSORY)**

- a) A budget is a forecast financial statement which shows expected revenues and expenditure for a financial year. Suggest five policy measures that developing countries should take in order to reduce budget deficits. (10marks)
- b) Explain factors determining the taxable capacity. (4marks)
- c) Explain the factors that cause the growth of public expenditure (4marks)
- d) Public finance is related to economics and statistics. Discuss (4marks)
- e) Differentiate between public finance and private finance (8marks)

### **SECTION B (ANSWER ANY TWO QUESTIONS)**

#### **QUESTION TWO**

- (a) Discuss five methods that Kenya has applied in attempting to minimize the problem of debt management. (10 marks)
- (b) Statement Other than privatization, discuss any other alternative that the government can use to improve management in the public sector (10 marks)

#### **QUESTION THREE**

- a) For government to defray expenses incurred in the common interest all without reference to any special benefit conferred. Explain five role of taxation as a special finance (10 marks)
- b) Discuss how parliament and treasury control and manage finance in the public sector. (10 marks)

#### **QUESTION FOUR**

- a. Discuss any four approaches that are employed when sourcing the financing of expenditure within the public sector (8 marks)
- b. State and explain four public finance functions (8 marks)
- c. Define the following terms i) Incidence of taxation (2 marks)  
ii) Impact of tax (2marks)

#### **QUESTION FIVE**

- a. List and explain the advantages of raising money through public debt for a government. (8 marks)
- b. Highlight the objectives of a fiscal policy in an economy. (4 marks)
- c. Discuss the principles of public expenditure (8 marks)