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(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2021/2022 ACADEMIC YEAR

THIRD YEAR SECOND SEMESTER

SUPPLEMENTARY/SPECIAL EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCF322

COURSE TITLE: PUBLIC FINANCE

DATE: 19TH JANUARY, 2022

TIME: 11.00 AM – 1.00PM

INSTRUCTIONS TO CANDIDATES

1. Answer Question One in Section A and Any other TWO (2) Questions in Section B
2. Question one carries 30marks and each of the other two questions carry 20 marks each.

TIME: 2 Hours



SECTION A

QUESTION ONE

- a) Explain the key objectives of public budget to a country (8mks)
- b) Explain the scope of public finance (8mks)
- c) Explain the characteristics of public goods (8mks)
- d) Distinguish between equity and equality in taxation (4mks)
- e) Explain tax incidence in the case of inelastic demand and elastic supply (2mks)

QUESTION TWO

- i. Distinguish between public finance and private finance (8mks)
- ii. Explain various sources of public borrowings to a country like Kenya (5mks)
- iii. Explain the causes of market failure and the solutions (7mks)

QUESTION THREE

- i. Explain the objectives of public expenditure (8mks)
- ii. Explain the effects of public expenditure on the economy (12mks)

QUESTION FOUR

- i. Describe the role of public debt on economic development (10mks)
- ii. Account for the growth of public expenditure (10mks)

QUESTION FIVE

- i. Describe the resource allocation in a mixed economic system (10mks)
- ii. Explain tax incidence in the case of inelastic supply and elastic demand (5mks)
- iii. Describe the efficiency principals of taxation (5mks)