



(Knowledge for Development)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS

2021/2022 ACADEMIC YEAR

FOURTH YEAR SECOND SEMESTER
MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF EDUCATION

COURSE CODE: ECO410

COURSE TITLE: PUBLIC FINANCE AND FISCAL POLICY

DATE: 5TH SEPTEMBER, 2022

TIME: 9.00AM - 11.00AM

INSTRUCTIONS TO CANDIDATES

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

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 6 Printed Pages. Please Turn Over.

SECTION A

QUESTION ONE (COMPULSORY)

- a) Distinguish between a balanced and unbalanced budget. (6marks)
- b) Explain the genesis of external debt crisis in developing countries. (8marks)
- c) A tax is a financial charge imposed on an individual or legal entity by a state. Discuss features of a tax. (6marks)
- d) Explain principles which govern public expenditure decisions. (10marks)

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) Dalton has explained the effect of taxation on production under three categories. Discuss these categories(10 marks)

QUESTION THREE

- a) Discuss the advantages and disadvantages of types of taxes in Kenya. (10 marks)
- b) 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)

QUESTION FOUR

- a. State and six policy measures that developing countries should take in order to reduce budget deficits. (12 marks)
- b. Discuss any four approaches that are employed when sourcing the financing of expenditure within the public sector(8marks)

QUESTION FIVE

- a. Statement Other than privatization, discuss any other alternative that the government can use to improve management in the public sector (10 marks)
- b. Discuss how parliament and treasury control and manage finance in the public sector (10 marks)