



(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: ECO411

COURSE TITLE: PUBLIC FINANCE AND POLICY ANALYSIS

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.

QUESTION ONE (30 MARKS)

- a) Analyse two functions of economic and financial policies in Kenya (4 Marks)
- b) Asses the role of public finance in both developing and developed nations (8 Marks)
- c) Explain four instruments of the monetary policy used to control and regulate money supply by the central banking authorities (8 Marks)
- d) Asses the perspectives of the public choice theory (5 Marks)
- e) Argue how fiscal policy can be used to influence the performance of an economy (5 Marks)

QUESTION TWO (20 MARKS)

- a) Evaluate the policies which can be adopted by developing nations for proper functioning of Structural Adjustment Programs (10 Marks)
- b) Argue on the effectiveness of monetary and fiscal policies in Kenya (10 Marks)

QUESTION THREE(20 MARKS)

- a) Persistence increase in prices is a bad vice to any economy. Examine any two types of this problem and their main causes. (10 Marks)
- b) The market system is one of economic systems determining resource allocation and price determination, what are the challenges facing this system? (10 Marks)

QUESTION FOUR(20 MARKS)

- a) Prepare short notes on:
 - (i) Typologies of public policy (4 Marks)
 - (ii) Synthesis of Bottom up and Top-down approaches (8 Marks)
- b) Examine methods of policy evaluation (8 Marks)

QUESTION FIVE(20 MARKS)

- a) Explain four economic policies to alleviate the balance of payment deficit in the international trade (10 Marks)
- b) The forces of supply and demand may not allocate resources efficiently. Provide FIVE justifications. (10Marks)