



(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2017/2018 ACADEMIC YEAR

**FOURTH YEAR 1ST SEMESTER
MAIN EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF EDUCATION
(PAR TIME)**

COURSE CODE: ECO 410

COURSE TITLE: PUBLIC FINANCE AND FISCAL POLICY

DATE: 04/12/ 2018 TIME: 3.30 PM- 5.30 P.M

INSTRUCTIONS TO CANDIDATES

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

TIME: 2 Hours

SECTION A (COMPULSORY)

1. (a) Explain the meaning of the following:

- | | | |
|------------------------------|---|-----------|
| i. Public expenditure | - | (2 Marks) |
| ii. Tax incidence | - | (2 Marks) |
| iii. Public debt | - | (2 Marks) |
| iv. Direct money debt burden | - | (2 Marks) |
| v. Indirect tax | - | (2 Marks) |

(b) Explain the functions of public finance in developing nations. (12 Marks)

(c) Describe with examples the different sources of public debt. (8 Marks)

SECTION B (CHOOSE ANY TWO QUESTIONS)

2. Explain the differences and similarities between public finance and private finance. (20 Marks)

3. Write short notes on the following:

- | | |
|--|------------|
| a) Funded debts. | (5 Marks). |
| b) Progressive tax. | (5 Marks). |
| c) The Canon of Certainty in taxation. | (5 Marks). |
| d) Consumer surplus. | (5 Marks). |

4. Describe with details the various sources of public finance. (20 Marks).

5.

a) Explain the reasons that have led to increased borrowing by developing countries in the recent years. (12 Marks).

b) Explain the techniques employed by governments in debt management. (8 Marks).