



(Knowledge for Development)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2017/2018 ACADEMIC YEAR
THIRD YEAR SECOND SEMESTER

SUPPLEMENTARY/SPECIAL EXAMINATION

FOR THE DEGREE OF BACHELOR OF EDUCATION

COURSE CODE: ECO 410

COURSE TITLE: PUBLIC FINANCE AND FISCAL POLICY

DATE: 12/10/2018

TIME: 8.00 - 10.00 AM

INSTRUCTIONS TO CANDIDATES

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

TIME: 2 Hours

KIBUCO observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over. ►

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SECTION A (COMPULSORY)

QUESTION ONE

- a) Identify **THREE** instruments of Fiscal policy as a balancing factor in the development of the economy. (3mks)
- b) State **FIVE** main objectives of the fiscal policy. (5mks)
- c) Highlight **THREE** assumptions of Fiscal policy. (6mks)
- d) Outline **FOUR** advantages of Bonds in the management of government spending. (8mks)
- e) Identify **FOUR** reasons behind the persistent increase in public expenditure. (4mks)
- f) State **FOUR** principal purposes of taxation in meeting the vast increase in government spending. (4mks)

SECTION B (CHOOSE ANY TWO QUESTIONS)

QUESTION TWO

- g) Discuss **FIVE** influences of the principles of Government expenditure on business activities (10mks)
- h) Explain **FIVE** demerits of direct taxes in the economy of Kenya. (10mks)

QUESTION THREE

- a) Describe **FIVE** limitations of Fiscal Policy in the Economic development of Kenya. (10mks)
- b) Explain **FIVE** targets that Fiscal Policy is made to streamline. (10mks)

QUESTION FOUR

- a) Discuss **SIX** functions of a budget as a tool of economic planning. (12mks)
- b) Explain the significant impact of indirect taxes to the economic planning of Kenya. (10mks)

QUESTION FIVE

- a) Describe **FIVE** types of direct taxes imposed on a taxpayers income in Kenya. (10mks)
- b) In a nutshell, explain how deficit financial is carried out in the economy by the Government. (10MKS)