



(Knowledge for Development)
KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2020/2021 ACADEMIC YEAR

FOURTH YEAR SECOND SEMESTER

MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF EDUCATION ARTS

COURSE CODE: ECO 410

COURSE TITLE: PUBLIC FINANCE AND FISCAL POLICY

DATE: 8TH OCTOBER, 2021 TIME: 9.00AM – 11.00AM

INSTRUCTIONS TO CANDIDATES

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

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 4 Printed Pages. Please Turn Over. ▶

QUESTION ONE (COMPULSORY)

- a) A budget is a forecast financial statement which shows expected revenues and expenditure for a financial year. Suggest five policy measures that developing countries should take in order to reduce budget deficits. (10marks)
- b) Explain factors determining the taxable capacity. (4marks)
- c) Explain the factors that cause the growth of public expenditure (4marks)
- d) Public finance is related to economics and statistics. Discuss (4marks)
- e) Differentiate between public finance and private finance (8marks)

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) Statement Other than privatization, discuss any other alternative that the government can use to improve management in the public sector (10 marks)

QUESTION THREE

- a) 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)
- b) Discuss how parliament and treasury control and manage finance in the public sector. (10 marks)

QUESTION FOUR

- a. Discuss any four approaches that are employed when sourcing the financing of expenditure within the public sector (8 marks)
- b. State and explain four public finance functions (8 marks)
- c. Define the following terms i) Incidence of taxation (2 marks)
ii) Impact of tax (2marks)

QUESTION FIVE

- a. List and explain the advantages of raising money through public debt for a government. (8 marks)
- b. Highlight the objectives of a fiscal policy in an economy. (4 marks)
- c. Discuss the principles of public expenditure (8 marks)