



*(Knowledge for Development)*

**KIBABII UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**2021/2022 ACADEMIC YEAR**

**THIRD YEAR SECOND SEMESTER**

**SUPPLEMENTARY/SPECIAL EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF COMMERCE**

**COURSE CODE: BCF322**

**COURSE TITLE: PUBLIC FINANCE**

**DATE: 25<sup>TH</sup> NOVEMBER, 2022**

**TIME: 2.00PM – 4.00PM**

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**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**

## SECTION A

### QUESTION ONE

- a) Explain the key objectives of public budget to a country (8mks)
- b) Explain the scope of public finance (8mks)
- c) Explain the characteristics of public goods (8mks)
- d) Distinguish between equity and equality in taxation (4mks)
- e) Explain tax incidence in the case of inelastic demand and elastic supply (2mks)

### QUESTION TWO

- i. Distinguish between public finance and private finance (8mks)
- ii. Explain various sources of public borrowings to a country like Kenya (5mks)
- iii. Explain the causes of market failure and the solutions (7mks)

### QUESTION THREE

- i. Explain the objectives of public expenditure (8mks)
- ii. Explain the effects of public expenditure on the economy (12mks)

### QUESTION FOUR

- i. Describe the role of public debt on economic development (10mks)
- ii. Account for the growth of public expenditure (10mks)

### QUESTION FIVE

- i. Describe the resource allocation in a mixed economic system (10mks)
- ii. Explain tax incidence in the case of inelastic supply and elastic demand (5mks)
- iii. Describe the efficiency principals of taxation (5mks)