



MURANG'A UNIVERSITY OF TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF COMMERCE

UNIVERSITY ORDINARY EXAMINATION

2020/2021 ACADEMIC YEAR

**THIRD YEAR FIRST SEMESTER EXAMINATION FOR, BACHELOR OF
MATHEMATICS AND ECONOMICS**

BCE 311– PUBLIC FINANCE AND FISCAL POLICY

DURATION: 2 HOURS

Instructions to candidates:

1. Answer question One and Any Other Two questions.
2. Mobile phones are not allowed in the examination room.
3. You are not allowed to write on this examination question paper.

SECTION A: ANSWER ALL QUESTIONS IN THIS SECTION

QUESTION ONE (30 MARKS)

- a) Discuss five functions of public finance. (5Marks)
- b) State six objectives of fiscal policy. (6Marks)
- c) Outline six factors that affect tax incidence. (6Marks)
- d) Explain four effects of public expenditure. (4Marks)
- e) Budget is a major tool that any government uses to manage its finances. Discuss six objectives of budgeting. (6Marks)
- f) Highlight three responsibilities of National Treasury. (3Marks)

SECTION B – ANSWER ANY TWO QUESTIONS IN THIS SECTION

QUESTION TWO (20 MARKS)

- a) Discuss three effects of internal debt to the citizens. (3Marks)
- b) Explain six types of public debt. (6Marks)
- c) Budget committee of the National assembly plays a big role in finance controls. List six matters that this committee handles. (6Marks)
- d) Advise how a government would bridge a budget deficit. (5Marks)

QUESTION THREE (20 MARKS)

- a) Highlight the importance of public finance management Act 2012. (10Marks)
- b) Discuss Canons of a good taxation system and the effects of taxation on tax payers.(10Marks)

QUESTION FOUR (20 MARKS)

- a) Discuss four categories of tax classification according to rate. (8Marks)
- b) List five advantages of indirect tax. (5Marks)
- c) Differentiate between public and private finance. (7Marks)