



# **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)