



# MURANG'A UNIVERSITY OF TECHNOLOGY

## SCHOOL OF BUSINESS AND ECONOMICS

### DEPARTMENT OF COMMERCE

#### UNIVERSITY ORDINARY EXAMINATION

2017/2018 ACADEMIC YEAR

#### THIRD YEAR FIRST SEMESTER EXAMINATION FOR BACHELOR OF SCIENCE IN MATHEMATICS AND ECONOMICS

BCP 403: PUBLIC FINANCE AND FISCAL POLICY

DURATION: 2 HOURS

DATE: 15<sup>TH</sup> DECEMBER 2017

TIME: 2.00.P.M - 4.00 P.M

#### **Instructions to Candidates:**

1. Answer **Question 1** 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 ONE - COMPULSORY**

### **QUESTION ONE**

- a) Outline three key attributes of the theory of public finance (5 Marks)
- b) Outline three approaches that are used to measure changes in public expenditure (5 Marks)
- c) Describe three roles of treasury as an institutional framework. (5 marks)
- d) Classify the nature of public revenue (5 Marks)
- e) Evaluate three roles of Kenya's Fiscal policies in supporting economic development (10 Marks)

### **SECTION TWO – ANSWER ANY TWO QUESTIONS**

#### **QUESTION TWO**

- a) Assess three roles of government in an Economy (10 Marks)
- b) Explain three limitations of using taxation as a special finance (10 Marks)

#### **QUESTION THREE**

- a) Discuss three adjustment policies used to control public expenditure (10 Marks)
- b) Evaluate three roles of the legislature in influencing Public Revenue (10 Marks)

#### **QUESTION FOUR**

- a) Examine three different sources of government income apart from taxation (10 Marks)
- b) Public debt is a growing concern in Kenya; propose three ways to address the problem. (10 marks)