



KIBABII UNIVERSITY COLLEGE

(A Constituent College of Masinde Muliro University of Science Technology)

P.O. Box 1699-50200 Bungoma, Kenya

UNIVERSITY REGULAR EXAMINATIONS

2013 /2014 ACADEMIC YEAR

3RD YEAR 2ND SEMESTER EXAMINATIONS

(MAIN EXAMINATION)

FOR THE DEGREE OF BACHELOR OF

COMMERCE

COURSE CODE: BCF 326

COURSE TITLE: PUBLIC FINANCE

DATE: APRIL 2014

TIME:

INSTRUCTIONS TO CANDIDATES:

- Answer question ONE and any other THREE questions

QUESTION ONE

- i) Explain the burden of Public debt. (4mks)
- ii) Account for the growth of Public expenditure. (4mks)
- iii) Explain factors determining the taxable capacity. (4mks)
- iv) Explain the solutions to externality problem. (4mks)
- v) Describe the free rider problem and its solutions. (4mks)
- vi) Explain the functions of Public Finance in developed nations. (5mks)

QUESTION TWO

- a) Dalton has explained the effect of taxation on production under three categories. Discuss these categories. (9mks)
- b) The term balanced budget has been assigned meanings and associated with several policy interpretations. Explain arguments for balanced budget. (6mks)

QUESTION THREE

- a) Explain the differences between private and public finance. (8mks)
- b) Public finance is related to economics and statistics. Discuss. (6mks)

QUESTION FOUR

- a) Explain at least seven principles which govern public expenditure decisions. (7mks)
- b) Explain the factors that cause the growth of public expenditure. (5mks)

QUESTION FIVE

- a) A tax is a financial charge imposed on an individual or legal entity by a state. Discuss features of a tax. (6mks)
- b) Explain the genesis of external debt crisis in developing countries. (9mks)

End