

**UNIVERSITY OF KABIANGA**

**UNIVERSITY EXAMINATONS**

**2013/2014 ACADEMIC YEAR**

**THIRD YEAR SECOND SEMESTER EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT AND BACHELOR OF ARTS (ECONOMICS)**

**COURSE CODE*: ECO 323***

**COURSE TITLE: PUBLIC FINANCE AND FISCAL POLICY**

**Instruction to candidates:** Answer question **ONE** and any other **THREE** questions.

**QUESTION ONE (25 MARKS)**

1. With the help of a diagram, explain the principle of maximum social advantage and maximum social sacrifice. (6 marks)
2. Distinguish between:
3. Tax and price. (2 marks)
4. Price and fees. (2 marks)
5. Tax and special assessment. (2 marks)
6. Gifts and borrowing. (2 marks)
7. Distinguish between public and private expenditure. (4 marks)
8. Explain the role of public finance in a developing economy. (7 marks)

**QUESTION TWO (15 MARKS)**

1. State the various canons of a good tax system. (7 marks)
2. Explain the social and economic objectives of taxation. (8 marks)

**QUESTION THREE**

1. Discuss the principles of public expenditure. (7 marks)
2. Discuss the reasons for the increase in public expenditure. (8 marks)

**QUESTION FOUR (15 MARKS)**

1. Explain how tax system can be used to influence the direction the economy can take. (8 marks)
2. Discuss the factors determining tax incidence. (7 marks)

**QUESTION FIVE (15 MARKS)**

1. Discuss the various methods of public debt redemption. (8 marks)
2. Explain the role of public borrowing in a developing economy. (7 marks)

**QUESTION SIX (15 MARKS)**

1. Explain the role of fiscal policy in achieving economic stability. (6 marks)
2. Discuss the uses and consequences of deficit financing. (9 marks)