

**UNIVERSITY OF KABIANGA**

**UNIVERSITY EXAMINATIONS**

**2014/2015 ACADEMIC YEAR**

**THIRD YEAR SECOND SEMESTER EXAMINATION**

**SUPPLIMENTARY/SPECIAL EXAMINATION**

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

**COURSE CODE: *ECO 323***

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

**INSTRUCTIONS:**

Answer question **ONE** and any other **THREE** questions.

**QUESTION ONE**

1. Differentiate between public finance and private finance. (2 marks)
2. Explain the following:
3. Tax incidence. (4 marks)
4. Progressive tax. (4 marks)
5. Explain any two-different kind of taxes and discuss any three main reasons why governments levy taxes. (7 marks)
6. Discuss the objectives of fiscal policy. (8 marks)

**QUESTION TWO**

Discuss the following as main instruments of fiscal policy:

1. Public revenue. (7 marks)
2. Public borrowing. (8 marks)

**QUESTION THREE**

1. Discuss the importance of budget as an instrument of planning. (10 marks)
2. Explain the different types of budget. (5 marks)

**QUESTION FOUR**

1. Discuss the characteristics of an optimum tax system. (7 marks)
2. Explain any three short terms strategies for financing a budget deficit. (8 marks)

**QUESTION FIVE**

Explain the income tax structure in Kenya and comment on its administration. (15 marks)

**QUESTION SIX**

Discuss the effects of public expenditure on the following:

1. Production. (5 marks)
2. Distribution of income. (5 marks)
3. Economic stability. (5 marks)