Scott Christian UNIVERSITY

A Dynamic Centre of Academic Excellence

SCHOOL OF EDUCATION

COURSE CODE AND TITLE FIN 324: PUBLIC FINANCE

SEPTEMBER – DECEMBER 2020/2021

TIME: 2 HOURS

INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

SECTION A (compulsory)

QUESTION ONE

(a) Define the term public finance (2marks)

(b) Highlight the role of public sector in economic development (6 marks)

(c) Briefly explain the role of public borrowing in a developing economy (10 marks)

(d) Explain six principles of public finance in Kenya (6 marks)

(e)Examine four importance of Public Financial Management in any given country (4 marks)

(f) Explain the term public sector (2 marks)

SECTION B

QUESTION TWO

(a) Government exists to provide essential services to the citizens; provision of these services is highly dependent on the amount of revenue the governments collects. Discuss four sources of government receipts (8 marks)

(b) Explain the different types of taxes used to raise revenue for the government (7 marks)

QUESTION THREE

(a) A public budget is a plan of expected incomes and expenditures for the upcoming fiscal year. Discuss with examples the steps followed in public Budget preparation (8 marks)

(b) Explain the importance of budgeting in public finance (7 marks)

QUESTION FOUR

(a) Government expenditure is classified into current expenditure and development expenditure. Discuss the two terms giving examples for each. (8 marks)

(b) Briefly discuss the four steps of budget execution process (7 marks)

QUESTION FIVE

(a) Public debt refers to borrowing by a government to fulfill some of its obligations. Discuss with examples Causes of Increase in Public Debt in Kenya (10 marks)

(b) Highlight the difficulties of public borrowings in underdeveloped countries (5 marks)

QUESTION SIX

(a) In a free market economy, forces of demand and supply dictate transactions; there is no justification for state intervention. Explain some of the reasons that necessitate the government's intervention in the economy. (10 marks)

(b) Highlight the differences between Public Finance and Private Finance (5 marks)