



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY  
SCHOOL OF BUSINESS AND ECONOMICS  
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS  
ADMINISTRATION WITH IT (FINANCE AND ACCOUNTING OPTIONS)  
4<sup>th</sup> YEAR 1<sup>st</sup> SEMESTER 2023/24 ACADEMIC YEAR  
MAIN CAMPUS.**

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**COURSE CODE: BAB 1410.**

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

**EXAM VENUE:**

**STREAM: BBA**

**DATE:**

**EXAM SESSION:**

**TIME:**

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**Instructions**

1. Answer question ONE (COMPULSARY) and ANY other two (2) questions
2. Candidates are advised not to write on the question paper.
3. Candidates must hand in their answer booklets to the invigilator while in the examination room.

### **QUESTION ONE 30 MARKS (COMPULSORY)**

- a) Discuss the theory of Public Goods and why governments' must provide them? **(5 marks).**
- b) Explain concisely the concept of the "Size of Government" **(5 marks).**
- c) How is a revenue budget essential in the formulation of the government's fiscal policy? **(5 marks).**
- d) Examine the role of a Budget Policy Statement. **(5 marks).**
- e) Examine the role of Public Investment in social and economic development? **(5 marks).**
- f) What is the role multi-lateral financial assistance? **(5 marks).**

### **QUESTION TWO (20 MARKS)**

- a) Discuss the relationship between the tax rate, tax revenue and economic performance? Illustrate using the Laffer curve? **(12 marks).**
- b) Why would increasing VAT not help in boosting Kenya's economic growth? **(8 marks).**

### **QUESTION THREE (20 MARKS)**

The national treasury has been accused of burdening Kenyans with excess borrowing, essentially putting Kenya in potentially debt default situation, and lacking in development expenditure.

- Discus: i) The implications of sovereign debt default? **(10 marks).**  
ii) Possible measures for managing the Kenya's total debt portfolio? **(10 marks).**

### **QUESTION FOUR (20 MARKS)**

- a) Discuss the concept of monetization of the budget deficit? **(10 marks)**
- b) Critically discuss the role of parliament in over sighting government expenditure? **(10 marks)**

### **QUESTION FIVE (20 MARKS)**

- a) How does fiscal space differ from debt ceiling? **(10marks).**

b) From the recent government debt statistics. Kenya has surpassed her debt ceiling; i) what is the implication of this from a fiscal consolidation point of view? **(8 marks).**

ii) Discuss the non-debt options to financing government development expenditures.

**(12 marks).**