



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**SCHOOL OF BUSINESS & ECONOMICS**  
**UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE**  
**4<sup>TH</sup>YEAR 1<sup>ST</sup> SEMESTER 2015/2016 ACADEMIC YEAR**  
**KISII CAMPUS-PART TIME**

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**COURSE CODE: AEC 402**

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

**EXAM VENUE: LR 17**

**STREAM: (BBA )**

**DATE: 16/12/16**

**EXAM SESSION: 2.00 – 4.00 PM**

**TIME: 2 HOURS**

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**Instructions:**

- 1. Answer Question ONE (COMPULSORY) and ANY other 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**

- i. Explain the scope of public finance (10 marks)
- ii. Explain the characteristics of public goods (10 marks)
- iii. Distinguish between equity and equality in taxation (4 marks)
- iv. Explain factors determining the taxable capacity (6 marks)

**QUESTION TWO**

- i. Explain the differences between public finance and private finance (8 marks)
- ii. Explain the sources of public borrowings (12 marks)

**QUESTION THREE**

- i. Explain the objectives of public expenditure (9 marks)
- ii. Explain the effects of public expenditure on the economy (11 marks)

**QUESTION FOUR**

- i. Describe the role of public debt on economic development (10 marks)
- ii. Account for the growth of public expenditure in Kenya (10 marks)

**QUESTION FIVE**

- i. Explain the types of externalities (6 marks)
- ii. Explain the implications of externality (4 marks)
- iii. Discuss the tools of fiscal policy (10 marks)