



MERU UNIVERSITY OF SCIENCE & TECHNOLOGY

Foundation of innovations

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

P.O Box 972-60200 –Meru-Kenya.

Tel: 020-2069349, 061-2309217, 064-30320 Cell phone: +254 712524293, +254 789151411

Fax: 064-30321

Website: www.must.ac.ke Email: info@must.ac.ke

University Examination 2016/2017

**THIRD YEAR, FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR
OF SCIENCE IN FOOD SCIENCE AND MANAGEMENT**

BFB 3304: FINANCIAL MANAGEMENT IN AGRICULTURE

DATE: DECEMBER 2016

TIME: 2 HOURS

INSTRUCTIONS: Answer question **one** and any other **two** questions.

QUESTION ONE (30 MARKS)

- a) Discuss the principles affecting effective public financial management in Kenya. (5 marks)
- b) Distinguish between the following terms:
 - i) Private financial management and public financial management. (5 marks)
 - ii) Private and public goods. (5 marks)
 - iii) Incidence and burden of taxation. (5 marks)
- c) Discuss the mechanisms for government intervention in the economy. (5 marks)
- d) Briefly explain the prediction of Wagner's Law in relation to Kenya government expenditure. (5 marks)

QUESTION TWO (20 MARKS)

- a) Briefly explain the advantages of budget. (12 marks)
- b) Explain the functions of the commission on revenue allocation. (8 marks)

QUESTION THREE (20 MARKS)

- a) By use of examples, discuss the role of fiscal policy instruments in Kenya. (12 marks)
- b) Explain the objectives of monetary policy in Kenya in the recent past. (8 marks)

QUESTION FOUR (20 MARKS)

- a) Explain the advantages and disadvantages of using progressive taxes by the government. (8 marks)
- b) In its quest to promote equitable sharing of national revenue, the Kenya government uses certain criteria. Briefly explain these criteria according to the new constitution. (12 marks)