

**UNIVERSITY OF KABIANGA**

**UNIVERSITY EXAMINATION**

**2013/2014 ACADEMIC YEAR**

**THIRD YEAR SECOND SEMESTER EXAMINATION**

**SUPPLIMENTARY/SPECIAL EXAMINATION**

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

**COURSE CODE: *ECO 323***

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

**INSTRUCTIONS:**

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

**QUESTION ONE**

1. Explain the various functions of a functioning government. (8 marks)
2. Discuss the nature and scope of public finance. (10 marks)
3. Using appropriate examples as possible, explain your understanding of neighbour effects in regard to provision for public goods. (7 marks)

**QUESTION TWO**

There are inherent tendencies for the activities of Kenyan government to increase both intensively and extensively with growth of the economy. Explain the reasons that have been advanced for this argument. (15 marks)

**QUESTION THREE**

1. Give your understanding for the term tax equity. (2 marks)
2. Explain approaches to tax equity that a country can use. (13 marks)

**QUESTION FOUR**

1. Discuss the principle for maximum social advantage using illustration. (9 marks)
2. Indicate the limitations of the principles for maximum social advantage. (6 marks)

**QUESTION FIVE**

Give a critical evaluation of the following methods of taxation: proportional tax and progressive tax and regressive tax and digressive tax. (15 marks)

**QUESTION SIX**

1. Discuss the major objectives of fiscal measures applied in Kenyan economy. (7 marks)
2. Describe the procedures followed in the development of the budgetary system in both the county and national governments of Kenya. (8 marks)