MACHAKOS UNIVERSITY COLLEGE

(A Constituent College of Kenyatta University)
University Examinations for 2015/2016 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ENTREPRENEURSHIP AND MANAGEMENT SCIENCES

SECOND SEMESTER EXAMINATION FOR DEGREE OF BACHELOR OF COMMERCE

SPECIAL EXAMINATION

EAE 313: PUBLIC FINANCE

Date: 1/8/2016 **Time: 2.00-4.00 PM**

INSTRUCTIONS

Answer Question ONE and any other TWO questions

QUESTION ONE

a) Discuss various methods of raising resources by government (6 marks)

b) Discuss the principle of maximum social advantage as applied in public finance (10 marks)

c) Differentiate between private goods and public goods (4 marks)

d) Explain five methods which the government can adopt to repay the public debt (10 marks)

QUESTION TWO

a) Explain why public goods should be produced under the public sector (10 marks)

b) Discuss five principals of public expenditure (10 marks)

QUESTION THREE

a) Discuss the role played by public enterprises in developing countries like Kenya. (10 marks)

b) Discuss the arguments' advanced against the policy of progressive taxation (10 marks)

QUESTION FOUR

a) The characteristics of a good tax system do not end with canoon of taxation, but there are some other determination or factors which can also influence the nature of a good tax system. Discuss (10 marks)

b) List five differences between private expenditure and public expenditure (10 marks)

QUESTION FIVE

a) Discuss five advantages of indirect tax (10 marks)

b) Why is it that in a supposedly private enterprises economy, a substitute part of the economy is subject to some form of government direction, rather than left to the "invisible hand" of market forces (10 marks)