



GARISSA UNIVERSITY

UNIVERSITY EXAMINATION **2017/2018** ACADEMIC YEAR **THREE**
SECOND SEMESTER EXAMINATION

SCHOOL OF BUSINESS AND ECONOMICS

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: ECO 323

COURSE TITLE: PUBLIC FINANCE AND FISCAL POLICY

EXAMINATION DURATION: 3 HOURS

DATE: 12/04/18

TIME: 09.00-12.00 PM

INSTRUCTION TO CANDIDATES

- The examination has **SIX (6)** questions
- Question **ONE (1)** is **COMPULSORY**
- Choose any other **THREE (3)** questions from the remaining **FIVE (5)** questions
- Use sketch diagrams to illustrate your answer whenever necessary
- Do not carry mobile phones or any other written materials in examination room
- Do not write on this paper

This paper consists of **TWO (2)** printed pages

please turn over



QUESTION ONE (COMPULSORY)

- (a) Describe the following terms as used in taxation.
- i. Impact tax [3 marks]
 - ii. Base of tax [3 marks]
 - iii. Rate of tax [3 marks]
- (b) Discuss the merits, demerits of direct, and indirect tax pointing out their impacts in tax collection. [8 marks]
- (c) Briefly highlight the role and functions of the following as stipulated in the constitution of Kenya 2010 and Public Finance Management Act 2012:
- i. County Chief Officer [4 marks]
 - ii. The Auditor General [4 marks]

QUESTION TWO

- (a) Bring out clearly the differences between public sector finance and private sector finance [6 marks]
- (b) Define fiscal policy and how is it designed and implemented [9 marks]

QUESTION THREE

- (a) Who are the accounting officers in the Government departments and what specifically are their functions [5 marks]
- (b) Outline reasons why the government should participate in public activities? [10 marks]

QUESTION FOUR

- (a) Define the concept of taxation and outline what a good tax system seeks to achieve. [6 marks]
- (b) What roles do Parliamentary Committees play in controlling public finance? [9 marks]

QUESTION FIVE

- (a) Explain five major public policy objectives. [5 marks]
- (b) Describe the functions and the duties of the National Treasury and its relations with County Governments under the Constitution 2010. [10 marks]

QUESTION SIX

- (a) Explain how national budget development process is handled and by who? [6 marks]
- (b) Discuss clearly the scope of public finance stipulating the functions of each arm of public finance [9 marks]

