

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS
RESIT/SPECIAL EXAMINATIONS**

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 335/333/BBAM 333: PUBLIC FINANCE

STREAMS:

TIME: 2 HOURS

DAY/DATE: THURSDAY 26/07/2018

2.30 P..M – 4.30 P.M

INSTRUCTION:

- **Answer question one and two others**

1. (a) The 2016 budget was 15 million this was a 30% increase in expenditure as compared to the 2015 budget. Explain the reason for increase in expenditure. [8marks]
(b) Describe 4 solutions to externalities [8marks]
(c) Describe the functions of public finance. [10marks]
(d) Distinguish between public good and private good. [4marks]
2. (a) Clearly discuss these limitations of fiscal policy as a tool in balancing expenditure and revenue collection. [8marks]
(b) Describe the functions of controller of budget. [4marks]
(c) Describe the principles of an optimal tax system. [8marks]
3. (a) The government always strives to manage the money in its economy in order to achieve economic goals. Discuss the reasons why. [8marks]
(b) Describe the functions of commission on revenue collection. [6marks]
(c) Highlight the effects of using public debt for any country. [6marks]
4. (a) Using a diagrammatic representation explain how the government should limit its operations in order to ensure maximum advantage to the society. [8marks]

(b) Describe the purpose of taxation to any country. [8marks]

(c) Outline the limitations of using budgets. [4marks]
