

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATION

RESIT/SPECIAL EXAMINATION

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF

ECON 446: PUBLIC FINANCE AND FISCAL POLICY

STREAMS:

TIME: 2 HOURS

DAY/DATE: TUESDAY 02/11/2021

11.30 A.M – 1.30 P.M

INSTRUCTIONS:

Answer question ONE and any other TWO questions

Questions One (Compulsory)

- a) Compare and contrast public finance and public finance [10marks]
- b) Explain the disadvantages of indirect tax [10marks]
- c) Explain the reasons why government intervenes in the markets. [10marks]

Question Two

Discuss the public policy objectives showing clearly the extent to which your country has achieved them. Explain how some of those objectives conflict with each other

[20marks]

Question Three

- a) Discuss the following theories of growth of public expenditure
 - i) Musgrave-Rostow's theory [5marks]
 - ii) Ratchet effect theory [5marks]
- b) What are the effect of government borrowing on an economy [10marks]

Question Four

- a) Explain different ways of committing tax fraud [10marks]
 - b) Explain the main sources of market failure in an economy [10marks]
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