



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY EXAMINATIONS FOR DEGREE IN
BACHELOR OF COMMERCE/BUSINESS ADMINISTRATION

BFI 4309: PUBLIC FINANCE II

END OF SEMESTER EXAMINATIONS

SERIES: AUGUST 2019

TIME: 2 HOURS

INSTRUCTIONS:

You should have the following for this examination

- Answer Booklet, examination pass and student ID
- Attempt Question ONE and any other TWO Questions.

Do not write on the question paper

Question ONE

- (a) Discuss scope of Government activities in public finance (10 Marks)
- (b) Explain the principle of maximum social advantage (10 Marks)
- (c) Highlight the canons of a good tax system (10 Marks)

Question TWO

- (a) Explain **four** conditions under which the market may fail to be efficient (10 Marks)
- (b) Discus **Three** major forms of externalities (10 Marks)

Question THREE

(a) Examine **Four** main restraints to the growth of public expenditure **(8 Marks)**

(b) Discuss the consequences of the growth of public expenditure **(12Marks)**

Question FOUR

(a) Explain the principles of budgeting **(10 Marks)**

(b) Highlight factors that affects effective incidence of tax **(10 Marks)**

Question FIVE

(a) Why is public debt incurred **(10 Marks)**

(b) Can a country become bankrupt through public debt **(10 Marks)**