# TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of BUSINESS ADMINISTRATION

**UNIVERSITY EXAMINATION FOR:**

BCOM

BFI 4309: PUBLIC FINANCE II

END OF SEMESTER EXAMINATION

**SERIES: APRIL, 2025**

**TIME:**2HOURS

**DATE:**Pick DateApr2025

**Instructions to Candidates**

You should have the following for this examination
-*Answer Booklet, examination pass and student ID*
This paper consists of **FIVE** questions. Attemptquestion ONE (Compulsory) and any other TWO questions.
**Do not write on the question paper.**

**Question ONE**

**(a)** Discuss the scope of government activities in an economy. **(10 Mks)**
(b) With the help of diagrams show how positive and negative externalities lead to market failure.**(10 Mks)**
**(c)** Explain the **four** budgetary policies of the government. **(10 Mks)**

**Question TWO**

(a) Describe **four** policy instruments that are used to stabilize the economy. **(10 Mks)**
**(b)** Using suitable examples, explain **three** characteristics of a public good. **(10 Mks)**

**Question THREE**

**(a)** Explain **four** sources of market failure. **(10 Mks)**
**(b)** Discuss **three** ways in which public expenditure is used to solve macroeconomic problems. **(10 Mks)**

**Question FOUR**

(a) Explain **three** roles of parliament in the budgetary process in Kenya **(10 Mks)**
(b) Explain **four** effects of elasticity of demand and supply on the tax burden of sellers and buyers.**(10Mks)**

**Question FIVE**

(a) Discuss **four** effects of public debt in an economy. **(10 Mks)**

(b) Elaborate **four** ways in which the public expenditure leads to inflationary pressure in the economy. **(10 Mks)**