



KISII UNIVERSITY
UNIVERSITY EXAMINATIONS
SPECIAL/SUPPLEMENTARY EXAMINATIONS
SECOND YEAR EXAMINATION FOR THE AWARD OF
BACHELORS OF ARTS IN DEVELOPMENT STUDIES
SECOND SEMESTER 2024/2025
(AUGUST, 2025)

BADS 207: PUBLIC FINANCE MANAGEMENT

STREAM: Y2 S2

TIME: 2 HOURS

DAY: MONDAY, 12.00 – 2.00 P M

DATE: 11/08/2025

INSTRUCTIONS:

- 1. Do not write anything on this question paper.***
- 2. Answer Question One(Compulsory) and Any Other TWO Questions.***

QUESTION ONE

- Define a public good and explain its characteristics. (5mks)
- Explain the arguments advanced in favour of government intervention in the management of national resources of a country. (8mks)
- What do you understand by a tax incidence of a commodity tax and what determines it? (5mks)
- What do you understand by “Shadow Prices” in relation to evaluation of public projects? (4mks)
- What is the role of Public Debt in economic development? (3mks)

QUESTION TWO

- Explain concisely the major functions of the public sector in a country. (8mks)
- Explain the implications of externality (3mks)
- Discuss the effects of public expenditure on the economy (4 marks)

QUESTION THREE

- a) Clearly explain the concept of budgetary controlling. (4mks)
- b) Even though Kenya's fiscal strategy has been to achieve a balanced budget, budget deficits are inevitable. Highlight any five of the government's response measures when budget deficits persist. (5mks)
- c) Describe the optimal taxation theory (6mks)

QUESTION FOUR

- a. Explain the difference between public finance and private finance. (4mks)
- b. Public Expenditure has been on the increase in most of the Countries in Africa. Discuss the factors that have contributed to this upward trend in public expenditure especially in Kenya (6 mks)
- c. Account for the growth of public expenditure (5 mks)

QUESTION FIVE

- a) Define Public Debt and explain the main causes of its increase particularly in Less Developed countries. (9mks)
- b) Briefly explain various ways of checking Government spending in Kenya (6 mks)