



**KISII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**

**FIRST YEAR EXAMINATION FOR THE AWARD OF THE**  
**MASTER OF ART IN PUBLIC ADMINISTRATION AND PUBLIC POLICY**  
**FIRST SEMESTER, 2021/2022**  
**(FEBRUARY - JUNE, 2022)**

**MPPA 822: PUBLIC FINANCE**

**STREAM: Y1 S1**

**TIME: 2 HOURS**

**DAY: WEDNESDAY, 2:00 – 5:00 PM**

**DATE: 25/05/2022**

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**INSTRUCTIONS**

- 1. Do not write anything on this question paper.***
- 2. Answer Question ONE [Compulsory] and any other THREE Questions.***

**QUESTION ONE (25 MARKS)**

- Explain the scope of public finance. (6 marks)
- Explain the functions of public expenditure. (6 marks)
- Explain the major objectives of monetary policy. (7 marks)
- Explain the reasons why the Government of Kenya should increase public expenditure. (6 marks)

**QUESTION TWO (15 MARKS)**

- Many techniques have been suggested by economists to achieve the objectives of debt management. Discuss the practical and important techniques of public debt management. (8 marks)
- Explain the role of public debt in Kenyan economy. (7 marks)

**QUESTION THREE (15 MARKS)**

- Adams Smith was noted to have been the first person to mention the principles of taxation, but he called them cannons of taxation in his book “The Wealth of Nations” in 1776. Explain such principles. (7 marks)
- Critically explain the reasons for undertaking the Government expenditure. (8 marks)

#### **QUESTION FOUR (15 MARKS)**

Monetary policy guides the central bank's supply of money in order to achieve the objectives of price stability (or low inflation rate), full employment, and growth in aggregate income. This is necessary because money is a medium of exchange and changes in its demand relative to supply, necessitate spending adjustments. Discuss such Instruments of Monetary Policy in Kenya.

(15 marks)

#### **QUESTION FIVE (15 MARKS)**

a. Explain the six sources of State Government revenue. (6 marks)

b. Discuss the methods of public debt redemption. (9 marks)