



"Investing in Africa's Future"

COLLEGE OF BUSINESS PEACE LEADERSHIP AND GOVERNANCE

MPM 205 Strategic Planning and Management

END OF SEMESTER EXAMINATION

April/May 2018

LECTURER: (A.M. Gumbo)

DURATION: (3 Hours)

INSTRUCTIONS

Answer ALL Questions in Section A and Choose and answer any 2 essay Questions from Section B.

SECTION A

1. (a) Distinguish between economic and non-economic rationale for the existence of government [4 Marks]
- (b) Justify the first and second theorem of welfare economics as the basis of government existence. [4 Marks]
- (c) Why are externalities a valid reason for government intervention? [4 Marks]
- (d) Suggest practical ways a business can utilize to internalize externalities. [4 Marks]
- (f) Explain the following concepts in taxation:
 - i. Vertical and horizontal equity [4 Marks]
 - ii. Tax evasion and tax avoidance [4 Marks]
 - iii. Tax incidence and tax equity [4 Marks]
 - iv. Progressive and regressive tax [4 Marks]
 - v. Non-taxable bracket and zero rated goods [4 Marks]
 - vi. Direct and indirect taxes [4 Marks]

SECTION B

2. Taxation is the main source of government revenues in Africa
 - (a) Why is the tax base in Africa shrinking? [5 Marks]
 - (b) What are the problems associated with a government budget deficit? [5 Marks]
 - (c) Make a clear distinction between sustainable and unsustainable debt [5 Marks]
 - (d) Suggest practical ways that African governments may adopt to expand the tax base [5 Marks]
3. (a) What are the sources of non-tax revenues? [7 Marks]
- (b) Critique each source which you mentioned in item (a) above [7 Marks]
- (c) Why is corruption harmful in effectiveness and efficiency of taxing authorities? [6 Marks]
4. (a) State the various forms of intergovernmental assistance [5 Marks]
- (b) Discuss the main guidelines for intergovernmental assistance [10 Marks]
- (c) Why are levels of intergovernmental assistance different in different economies? [5 Marks]
5. (a) What is cash management systems? [6 Marks]