



COLLEGE OF BUSINESS, PEACE, LEADERSHIP & GOVERNANCE

COURSE CODE AND TITLE: PSM 535- Public Finance

END OF FIRST SEMESTER EXAMINATION

NOVEMBER 2018

LECTURER: Mr L. NGENDAKUMANA

DURATION: 3 HOURS

INSTRUCTIONS

Answer **any five questions**

Total possible mark is 100

Start **each** question on a new page in your answer booklet.

The marks allocated to **each** question are shown at the end of the section.

Show all your workings.

Credit will be awarded for logical, systematic and neat presentations.

Question 1

- (a) State and explain the features and functions of a public budget. [10]
- (b) Outline and explain the effects government budget on the public services. [10]

Question 2

State and explain the three arms of the government and their specific roles in the budgetary process. [20]

Question 3

Outline and explain the importance of legal and policy framework for enhanced participation of the three arms of government in the budgetary process. [20]

Question 4

- (a) State and explain the different types of economic inequalities and provide their measurements. [10]
- (b) What are the causes of such economic inequalities explained in part (a)? [10]

Question 5

Briefly explain the effects of economic inequalities on citizens of a Nation and suggest strategies to mitigate those inequalities. [20]

Question 6

Use well labelled diagram to explain the work of a free market and show how subsidies and taxes lead to market failure. [20]

Question 7

- (a) Modern governments provide a variety of services via the budget". Assess this statement using the various types of government expenditures [10]
- (b) Outline and explain the rationale for a modern state. [10]

Question 8

(a) State and explain the major sources of government revenues and distinguish between government revenues from government receipts **[10]**

(b) Suggest policies which governments can implement to increase revenue generation **[10]**

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