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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
FOURTH YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 15th August, 2023

Time: 11.30am –1.30pm

KFI 404 - PUBLIC FINANCE

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

Budget Statement 2023/24 Finance Bill: Kenya

Sec VI: Resource Allocation Under the Bottom-Up Economic Transformation Agenda (BETA)

The budgeting process for the priority programmes under the Bottom-Up Economic Transformation Agenda (BETA) has been done through a value chain approach. In this regard, the Government has identified nine key value chain areas for implementation, namely: Leather, Cotton, Dairy, Edible Oils, Tea, Rice, Blue economy, Natural Resources(including Minerals and Forestry) and Building Materials. This approach will ensure that there is no break in the cycle of resource allocations and that adequate resources are allocated to the entities along the value chain.

This will help to eliminate duplication of roles and enhance efficiency of available budgetary resources. In recognition of the need to restrain borrowing and utilize the revenues and grants projected in the fiscal framework, the proposed total programmed expenditures for the FY 2023/24 has been capped at Kshs 3.68 trillion. (*Njuguna S.Ndung'u, Prof, CBS Cabinet Secretary, The National Treasury and Economic Planning, June 15, 2023*).

Required:

- i) Explain the budgeting process for the National Government of Kenya. (5 Marks)
- ii) Outline five focal areas under Bottom-Up Economic Transformation Agenda in Kenya. (5 Marks)
- iii) Describe five contributions to inequalities in distribution of productive resources in an economy. (5 Marks)
- iv) Illustratively explain glaring wastages in public spending at both County and National levels in Kenya. (5 Marks)

- v) Illustratively explain factors that may cause the government of Kenya to borrow. (5 Marks)
- vi) Describe other sources of revenue apart from taxation for the government of Kenya (5 Marks)

QUESTION TWO (20 MARKS)

- a) Discuss techniques of managing public debt. (8 Marks)
- b) Distinguish public goods from private goods. (5 Marks)
- c) Discuss reasons for the general increase of Public Expenditure over time. (7 Marks)

QUESTION THREE (20 MARKS)

- a) Explain why the government requires finance. (8 Marks)
- b) Discuss characteristics of private goods. (6 Marks)
- c) Explain the terms 'Recession Period' and 'Boom Period'. (6 Marks)

QUESTION FOUR (20 MARKS)

- a) Describe the relevance of Discounted Cost of Capital in regard to public projects. (6 Marks)
- b) Explain the role of Development Expenditure in a developing economy. (6 Marks)
- c) Discuss Key Restraints to the Growth of Public Expenditure in any economy. (8 Marks)

QUESTION FIVE(20 MARKS)

- a) Discuss the reasons for government borrowing. (6 Marks)
- b) Explain various criteria of evaluating a public investment. (6 Marks)
- c) Discuss principles of public budgeting. (8 Marks)