

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF COMMERCE
DEPARTMENT OF FINANCE
BACHELOR OF COMMERCE HONOURS DEGREE IN FINANCE AND FISCAL
STUDIES

Optional to Finance

PART II - 2nd SEMESTER SUPPLEMENTARY EXAMINATION – OCTOBER 2009

PUBLIC FINANCE [CFS 2202]

TIME ALLOWED: 3 HOURS

Instructions

1. Attempt any four Questions
2. All questions carry equal marks
3. Write legibly

Question 1

Discuss in greater detail the principles that should guide states in the branch of public expenditure [20 marks]

Question 2

In modern times public finance has grown much beyond its original conception. The old view that public finance is concerned only with the income and expenditure of the state and that it has nothing to do with welfare, is no longer held. Infact public finance has come to be regarded as a powerful instrument for promoting social justice and economic welfare. Elucidate. [20 marks]

Question 3

- (i) What is deficit financing? [5 marks]
- (ii) Under what situation can it be justified? [20 marks]

Question 4

- a) What is meant by Pareto efficiency? [10 marks]
- b) Through a diagram show how Pareto efficiency can be achieved? [15 marks]

Question 5

- a. The equity of a tax system cannot be judged without reference to a system of public expenditure? Discuss. [25 marks]

The End