



**ALUPE UNIVERSITY
COLLEGE**

Bastion of Knowledge...

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**OFFICE OF THE DEPUTY PRINCIPAL
ACADEMICS, RESEARCH AND STUDENTS' AFFAIRS**

UNIVERSITY EXAMINATIONS

2018 /2019 ACADEMIC YEAR

FIRST YEAR FIRST SEMESTER REGULAR EXAMINATION

FOR THE DIPLOMA IN ECONOMICS

COURSE CODE: DECO 018

COURSE TITLE: PUBLIC FINANCE

DATE:13/12/2018

TIME: 9.00 am-12.00 pm

INSTRUCTION TO CANDIDATES

- **SEE INSIDE**



THIS PAPER CONSISTS OF 2 PRINTED PAGES

PLEASE TURN OVER

COURSE CODE: DECO 018: PUBLIC FINANCE

DURATION: 3 HOURS

INSTRUCTIONS TO CANDIDATES

- Answer Question **ONE** and any other **TWO** questions
- Time allowed: 3 hours

QUESTION ONE

- Outline and explain the functions of taxation (10 marks)
- What are the possible impacts of a progressive income tax system (10 marks)
- State and explain Adam Smith's canons of taxation. Give local example as appropriate in each. (10 marks)

QUESTION TWO

- What is meant by inflation (2 marks)
- Discuss the major causes of inflation (10 marks)
- Explain the economic problems that arise from a high rate of inflation (8 marks)

QUESTION THREE

- Discuss the micro and macro objectives of the government in maximising social welfare of the economy (10 marks)
- Define a budget and explain its function (10 marks)

QUESTION FOUR

- Discuss the various types of public debt (10 marks)
- Explain the effects of government borrowing on the economy (10 marks)

QUESTION FIVE

- Define fiscal policy and explain measures that can be employed in fiscal policy to curb inflation (10 marks)
- Discuss how the central bank can use monetary policy to regulate money supply in the economy (10 marks)