GRETSA UNIVERSITY – THIKA

UNIVERSITY EXAMINATIONS

JANUARY – APRIL 2026 SEMESTER

BACHELOR OF ARTS IN PUBLIC ADMINISTRATION AND GOVERNANCE

COURSE CODE: BCFI 304

COURSE TITLE: PUBLIC FINANCE

DATE: 08 APRIL 2026 **TIME: 2 HOURS**

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY.**
2. SECTION B: ANSWER ANY OTHER **TWO** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: *All exam rooms are under CCTV surveillance during the examination period*

SECTION A: COMPULSORY

QUESTION ONE [30 MARKS]

a) Explain four strategies used in principles of New Public Management (NPM) to improve the efficiency and effectiveness of Public Finance collection and utilization. Provide specific examples where necessary. **[4 Marks]**

b) Distinguish the following terms as used in Public Finance.

- **i.** Tax evasion and tax avoidance. **[2 Marks]**
- **ii.** Custom duty and excise duty. **[2 Marks]**
- **iii.** Lumpsum tax and regressive tax. **[2 Marks]**
- **iv.** Impact of tax and incidence of tax. **[2 Marks]**
- **v.** Taxable income and taxable persons. **[2 Marks]**

c) Advancements in Information Communication Technology (ICT), Artificial Intelligence (AI) among other areas have resulted in both positive and negative effects on the administration of tax. Discuss six positive effects and five negative effects of technological advancement on administration of tax in your country.

[4 Marks]

d) The Kenya Revenue Authority (KRA) is geared towards a function-based organization rather than one structured along the types of taxes. This is evidenced by the integration of VAT, Income Tax and Excise departments into the Domestic Taxes Department. Assess the likely benefits and drawbacks to KRA arising from integration. **[6 Marks]**

e) Discuss six ways in which a balanced budget can promote economic stability in Kenya **[6 Marks]**

SECTION B: ANSWER ANY TWO QUESTIONS

QUESTION TWO [20 MARKS]

a) Explain eight internal sources of revenue for the Kenyan government, and evaluate their sustainability on economic development. **[8 Marks]**

b) Explain two roles of the International Monetary Fund (IMF) in supporting Kenyan economic development **[4 Marks]**

c) Describe four ways in which public debt can finance development projects in Kenya **[4 Marks]**

d) Suppose you have been appointed as the head of tax collection department. Explain four measures you would put in place to curb tax frauds among citizens **[4 Marks]**

QUESTION THREE [20 MARKS]

a) Discuss the role of public sector in promoting sustainable development to spur economic stability in Kenya. **[8 Marks]**

b) within the context of public finance, list four challenges of implementing e-tax systems in Kenya **[6 Marks]**

c) Discuss six challenges of foreign aid dependency **[6 Marks]**

QUESTION FOUR [20 MARKS]

a) Describe three ways in which technology is transforming public finance in Kenya **[8 Marks]**

b) Explain two benefits of a surplus budget for the Kenyan government, and evaluate the implications for fiscal sustainability. **[8 Marks]**

c) List and explain four challenges of public debt management in Kenya **[4 Marks]**

QUESTION FIVE [20 MARKS]

a) Discuss the benefits and challenges of grant financing in Kenya. **[8 Marks]**

b) Describe four types of ethical challenges faced by public officials in Kenya, their causes, and the consequences of unethical behavior. **[8 Marks]**

c) Highlight four key drivers of change in Kenyan public finance **[4 Marks]**