

**UGANDA MARTYRS UNIVERSITY
FACULTY OF SOCIAL SCIENCE**

PUBLIC FINANCE AND BUDGETING

30th APRIL 2019

Instructions:

- i) Attempted any **Four (4)** questions.
 - ii) Time Allowed is three hours. **[4:00 PM - 7:00 PM]**
 - iii) Provide explicit explanations, justifications and examples where necessary.
 - iv) Additional instructions are provided in the answer booklets.
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Question One:

- a) Canon of Public Expenditure, give guidelines on how the national budget can be distributed a long various government Sectors. State Ten Canons of public Expenditures, clearly showing how they guide spending. **[5 marks]**
- b) Recent analysis of financial reports of many government units indicate that the absolute financial figures of the government units increased intensively and extensively over successive years. Discuss the statement in context of your government's budgetary allocation over the past 5 years **[8 Marks]**
- c) Explain the primary role of government **[4 Marks]**
- d) There has been phenomenal increase in public expenditure over the years. Provide an elaborate explanation as to why there ever increasing public expenditure in Uganda. **[8 Marks]**

Question Two:

- a) The discussion on the frameworks and practices of corruption remain conflicting in light of the ever increasing vice. Discuss **[8 Marks]**
- b) With evidence, present the most recent measures taken by your government in combating corruption **[10 Marks]**
- c) Discuss the effects and/or consequences of corruption in Uganda. **[7 marks]**

Question Three:

- a) Define the term “Accountability” in relation to Public Finance and explain the Five Principles that are followed to enhance proper Accountability.

[10 Marks]

- b) Discuss the general and specific criteria for effective Accountability.

[8 Marks]

- c) Explain the difference and similarities between public and private finance.

[7 Marks]

Question Four:

Public debt is a debt or loan taken by the Government from its own people as well as from foreign countries or both. Borrowing may be short-term as well as long-term. The Government may borrow from banks, business organizations, business houses, individuals and foreign countries. As mentioned in the “Encyclopedia Britannica”, Public debt refers to “Obligations of Governments, particularly those evidenced by securities to pay certain sums to the holders at some future date.” Government needs to borrow when current revenue falls short of public expenditure since current public revenue is usually insufficient to meet the current and development expenditure of the modern Government, the Government has no alternative except to borrow money.

- a) Considering the said definition of Public Debt, Discuss six Categories of public Debt, clearly showing circumstances that may lead to use of a particular category as opposed to the other.

[10 marks]

- b) Define the Term “National Debt Capacity”

[5 marks]

- c) Discuss factors that determine debt Capacity of any developing country.

[10 marks]

Question Five:

- a) Public Revenue is about raising and management of Public Funds. State and explain the various types of, tax and Non-tax sources of revenue. **[7 marks]**
- b) A good tax system is the one designed on the basis of an appropriate set of principals. Critically explain the principles of a good tax system as pointed out by Adam Smith. **[8 marks]**
- c) Beside raising public revenue, What are the other objectives of taxation? **[5 marks]**
- d) Explain the meaning of tax “Impact and Incidence”, according to Philip Taylor and discuss the external factors that affect the shift-ability of tax incidence. **[5 marks]**

Question Six:

- a) Discuss the basic principles of budgeting **[5 marks]**
- b) Budgeting is an essential tool in management, state and explain the importance of budgeting to a public institution. **[5 marks]**
- c) Examine the fundamental processes that have to be followed in the preparation and passage of the Government Budget. **[5 marks]**
- d) What are the budgeting challenges in Uganda? **[5 marks]**
- e) Explain the relationship between the budget and poverty status of the country. **[5 marks]**