



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

FORUETH YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF ECONOMICS

EAE 404: ECONOMICS OF PUBLIC ENTERPRISES

DATE: 19/10/2020

TIME: 2:00 – 4:00 PM

INSTRUCTIONS:

Answer question ONE (COMPULSORY) and any other TWO Questions

QUESTION ONE (COMPLSORY) (30 MARKS)

- a) How do public enterprises help in reducing the economic inequalities in the country Use examples to argue your case. (10 marks)
- b) In what ways has the code of governance for state corporations (Mwongozo) improved management of public enterprises in Kenya? (12 marks)
- c) How has corruption affected the performance of public enterprises in developing economies. (8 marks)

QUESTION TWO (20 MARKS)

- a) Account for the various public enterprise reforms undertaken in Kenya since independence. (10 marks)
- b) Enumerate the various principles of Government – Public enterprises relationship in Kenya. (10 marks)

QUESTION THREE (20 MARKS)

- a) Explain the various criteria that are used to determine the performance of public enterprises. (10 marks)
- b) Explain why you think privatization of public enterprises is not desirable. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Discuss the various benefits in public sector enterprises valuation. (10 marks)
- b) Discuss any three services that are being taken care of by department undertakings. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Discuss five advantages of privatization of public enterprises. (10 marks)
- b) Discuss the role of government in a capitalist system. (10 marks)