KENYATTA UNIVERSITY

UNIVERSITY EXAMINATION 2017/2018

DIGITAL SCHOOL OF VIRTUAL AND OPEN LEARNING

SECOND SEMENSTER EXAMINATION FOR THE DEGREE OF BACHELOR OF ECONOMICS

EAE 404: ECONOMIC OF PUBLIC ENTERPRICES

DATE: TUESDAY, 19TH JUNE 2018 TIME: 11.00AM – 1.00PM

INSTRUCTIONS:

Answers question **ONE** and any other **TWO.**

Question One-(30 marks)

a) Distinguish between
   i) Goods and services (2 marks)
   ii) Intermediate and final project (2 marks)
b) National Environment Management Authority (NEMA) is a public enterprise. What is the biggest point against privatizing this enterprise?
c) Define the:

i) Social discount rate (2 marks)
ii) Internal rate of return (2 marks)
iii) Payback period (2 marks)

d) Kenya Housing Corporation acquires a new technology for Kes.500, 000.Because of this purchase; the corporation begins earning Kes.50, 000 a year. Find the ROI for the first year. (5 marks)
e) Briefly discuss the similarities between commercial and public enterprises (10 marks)

Question two-(20 marks)

a) Explain the economic rationale for using Public Private Partnerships (PPPs) as a means of delivering important public infrastructure projects. (10 marks)
b) Discuss five contributions of public enterprises in Kenya since 1963. (10 marks)