

University of Ruhuna
2017/2018 Academic Year Master of Arts in Economics
2nd Semester End Examination - August 2019
MAE 5201 - Public Sector Economics

Answer only **four (04)** questions.
Selecting two (02) questions from each section.

Time: 3 Hours

Section I

01. (i) Examine the principles of an effective tax system. (08 marks)
- (ii) Evaluate the recent trend of tax structure in Sri Lanka. (07 marks)
02. (i) Differentiate between tax incidence and budget incidence. (07 marks)
- (ii) Explain the effects of market structure and demand and supply elasticities on shifting of tax. (08 marks)
03. Provide descriptive notes any three (03) of the following. (5 x 3 marks)
- (a) Tax evasion and avoidance
 - (b) Public debt management
 - (c) Value Added Tax
 - (d) Fiscal reform in Sri Lanka under the liberalized economic policy

Section II

04. (i) What are the most important factors behind the evaluation of public expenditure. (05 marks)
- (ii) "Before, implementation of the mega projects, the government should pay greater attention to the Cost Benefit Analysis." Discuss this statement emphasizing the principles of the Cost Benefit Analysis. (05 marks)

(iii) Write advantages and disadvantages of the mega projects in Sri Lanka given below.

(a) Mattala Air Port

(b) Moragahakanda Kaluganga Project

(2.5 x 2 marks)

05. (i) Explain the economic effects of widening budget deficits experienced by Sri Lanka, since recent past.

(07 marks)

(ii) What is important of the Capital Account in public finance? Analyze considering the recent budget experience in Sri Lanka.

(08 marks)

06. (i) What are the reasons to increase public debt?

(05 marks)

(ii) Explain the effects of the increases of public debt in Sri Lanka.

(05 marks)

(iii) How can reduce huge of public debt burden experienced by Sri Lanka at present.

(05 marks)

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