

UNIVERSITY OF RUHUNA

Master of Arts in Economics Degree Programme
2nd Semester End Examination –June /July 2018

MAE 5201 – Public Sector Economics

Selecting Two (02) Questions from Each Section.
Answer **Four (04)** Questions Only.

Time: 03 Hours

Section I

- 01.
- i. What are the salient features of public revenue in Sri Lanka?
(10 Marks)
 - ii. Do you think that the current tax structure should be changed? If so, suggest the changes required.
(05 Marks)
- 02.
- i. Differentiate between productive and unproductive public debt
(05 Marks)
 - ii. Examine the recent trends of public debt in Sri Lanka.
(05 Marks)
 - iii. "Public debt is invariably a burden on the future generation." Do you agree with this statement, and why?
(05 Marks)
03. Provide descriptive notes on any three (03) of the following.
- i. Tax Incidence
 - ii. Excess burden of taxation
 - iii. Fiscal reforms in developing countries
 - iv. General equilibrium model on distribution of public good.
(15 Marks)

Section II

04.

- i. "Social cost – Benefit Analysis is a very useful technique in appraising projects in both developed and developing countries." Explain this statement.
(05 Marks)
- ii. Briefly describe the general principles of the different types of evaluation methods of the public expenditures.
(05 Marks)
- iii. What are the key issues and constraints that limit the progress of the infrastructure development projects in Sri Lanka?
(05 Marks)

05.

- i. Briefly explain the significance of studying public choice theory in public sector economics.
(07 Marks)
- ii. Are public choice theories relevant to the analysis of the economic behavior of governments in developing economies with democratic political systems? Explain your answer with appropriate examples.
(08 Marks)

06.

- i. "Capital Expenditure of the Government Budget is a productive and a powerful tool for economic growth" Explain this statement.
(05 Marks)
- ii. How budget and fiscal policy contribute to economic development in Sri Lanka?
(05 Marks)
- iii. What are the factors visible in recent government budgets that impede economic growth of Sri Lanka?
(05 Marks)

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