EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT
SPECIAL EXAMINATION IN BBA/COM 2007/08 (FEB/MAR 2010)
(SPECIAL REPEAT)
DDE 301- PUBLIC SECTOR ECONOMICS

Answer the all questions

Time: 03 hours

1. A.(i) What do you understand by the term "Public Sector Economics"?.

(05 marks)

   (ii) Explain the importance of the study of Public Sector Economics in developing countries.

(05 marks)

  B. Briefly explain the following

   (i) Regulatory Role of the government.

   (ii) Stabilization Role of the government.

(10 marks)

2. (i) What is meant by "market failure"? List out the reasons for market failure.

(05 marks)

  (ii) What are the differences between Public good and Private good.

(05 marks)

  (iii) What is meant by Pareto efficiency? Briefly explain the optimal provision of a public good under general equilibrium analysis.

(10 marks)

3. (i) Explain the objectives of taxation.

(05 marks)

  (ii) List out the Adam Smith's cannon of taxation.

(05 marks)

  (iii) Briefly Explain the Ability to pay approach.

(05 marks)

  (iv) Briefly describe the VAT practiced in Srilanka.

(05 marks)

4. (i) Explain the term of "Public Expenditure"?

(05 marks)

(ii) Briefly explain the consequences of the government Expenditure on the Infrastructure development.

(05 marks)

(iii) List out the components of public Expenditure in Sri Lanka

(10 marks)

5. (i) Briefly explain the assumptions under the Arrow's social choice analysis.

(05 marks)

(ii) Briefly explain the majority voting system in social choice analysis.

(07 marks)

(iii) Discuss the Impacts of War expenditures on Sri Lankan economy.

(08 marks)