

**Al-Saudia Virtual Academy**  
**Pakistan Online Tuition – Online Tutor Pakistan**

**M.A PREVIOUS EXTERNAL ANNUAL EXAMINATION 2003**

**“ECONOMICS” PAPER-II 2000**

**(PUBLIC FINANCE)**

**Time allowed: Three Hours.**

**Max.Marks:100**

Instructions: 1) Attempt any FIVE questions.

2) All questions carry equal marks.

3) Draw diagrams where necessary.

1. What are the two fundamental causes of market failure? Why does Government intervention become necessary in each of the cases?
2. Give a detailed account of the structure and growth of public expenditure in Pakistan over the last twenty years.
3. Explain the meaning of tax incidence. What factors determine the incidence of a certain tax?
4. Give a detailed account of Cost-benefit analysis as a tool of public policy.
5. Explain why fiscal policy may remain unable to change the rate of inflation and Unemployment in the Long run?
6. Explain the concept of 'pare to Optimality'. What conditions need to be satisfied for the existence of pare to Optimality.
7. "The Ultimate justification of fiscal policy lies in its distributive and allocation roles only". Discuss.
8. Use the income – leisure trade off frame work to compare the effects of a lump-sum income tax with a proportional income tax.
9. Write note on any TWO of the following:-
  - (a) Management of Domestic Debt in Pakistan.
  - (b) Samuelson principle.
  - (c) Equity and the Ability to pay.