

**Al-Saudia Virtual Academy**  
**Pakistan Online Tuition – Online Tutor Pakistan**  
**“ECNOMICS” 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. Explains in detail the factors that necessitate state intervention in the Market Economy. Give specific examples.

2. What is 'Fiscal policy'? What are its objectives? How should the tools of fiscal policy be used to achieve these objectives?

Compare the various approaches to measure 'The Ability to pay' for an individual for the purpose of 'Taxation'. Which one of these approaches do you consider most suitable and why?

4. 'Privatization, Deregulation and User charges' are being considered as alternative sources of financing development expenditure, critically examine these policies.

5. Explain with the help of diagram, how levying of Income Tax can alter individual choice between leisure and work?

6. Discuss 'Borrowing versus Taxation' as a source of financing government expenditure, which one is more suitable for Pakistan? Give reasons for your answer.

7. Explain the economic implications of 'External Debt'. And 'Aid' for Pakistan and critically examine the effects of IMF conditionality's on the economic development of Pakistan.

8. Give a detailed account of Cost Benefit analysis. Why is it relevant for decision making in the public Sector?

9. Explain the basic causes of alarming increase in the Budget Deficit in Pakistan. Suggest suitable remedial measures.

10. Write short notes on any TWO of the following.

(i) Merit Goods.

(ii) Externalities.

(iii) Tax incidence.