

Public Finance
Annual Examination 1997
University of Karachi

Time allowed: 3 hours

Maximum Marks: 100

- 1) Attempt any five questions.
- 2) All questions carry equal marks.
1. Why do economies fail to attain a Pareto Optimum Allocation of Resources? In what way can government intervention help the economies move towards a **PARETO OPTIMALITY**?
2. State and explain the important **SOURCES OF REVENUE OF THE GOVERNMENT OF PAKISTAN**. Suggest new sources of revenue which government should tap to meet its growing needs.
3. Explain with the help of diagram how can individual choice between work and leisure be altered by **IMPOSITION OF INCOME TAX**.
4. Explain the economic **IMPLICATIONS OF THE INTERNAL AND EXTERNAL DEBT** in a developing country like Pakistan.
5. Explain with the help of **LAFFER CURVE**, how lowering of tax rates will estimate incentive to work, save and invest, resulting in substantial expansion of national output and income?
6. Define **INCIDENCE OF TAX**, and explain how the ability of the sellers to shift and ability of buyers to avoid incidence of tax depends upon price elasticity of supply and demand respectively?
7. Explain the basic causes of alarming increase in the **BUDGET DEFICIT IN PAKISTAN**. Suggest suitable remedial measure.
8. How can **FISCAL POLICY** alter different components of aggregate demand to accomplish the goal of full employment level of output?
9. Explain the allocation and distribution objectives of **BUDGET POLICY**.

10. Write short notes on any two of the following:

- (a) Public versus Private finance,
 - (b) Causes of the growth of public sector expenditure in Pakistan,
 - (c) Costs and benefits analysis,
 - (d) Merit goods.
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Annual Examination 1998

1. Differentiate between **PUBLIC FINANCE AND PRIVATE FINANCE**.
 2. Taxation is a **SOURCE OF FINANCING GOVERNMENT EXPENDITURE** is more suitable than Borrowings. Discuss with special reference to Pakistan.
 3. What **FACTORS CAUSES THE GROWTH IN PUBLIC EXPENDITURE** in an economy? Discuss.
 4. **PRIVATISATION, DEREGULATION AND USER CHARGES** are being considered as alternative sources of financing development expenditure. Critically examine these policies.
 5. How do **GOVERNMENT EVALUATE PUBLIC PROJECTS**? Discuss in the light of **COST-BENEFIT ANALYSIS**.
 6. How far does the **INCOME TAX** justify the principle of equal treatment of equals?
 7. Critically evaluate the role of **FOREIGN AID IN THE ECONOMIC DEVELOPMENT OF PAKISTAN**.
 8. Explain the salient features of an effective **FISCAL POLICY**.
 9. Write short notes on any two of the following:
 - (a) Sources of Financing KMC,
 - (b) Budget 1999-2000, a review,
 - (c) Pareto Efficiency.
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Annual Examination 1999

1. What are the problems, which confront an economy working for attaining Pareto Optimum Allocation of Resources? How can government intervention help to achieve **PARETO OPTIMUM?**
2. Discuss merits and demerits of at least three methods of **PUBLIC SECTOR PROJECT EVALUATION**. Which in your opinion is superior method and why?
3. Compare various approaches to measure the 'ability to pay' of an individual for the purpose of **TAXATION**. Which one of these approaches do you consider as the most suitable? And why?
4. How can **FISCAL POLICY** alter different components of aggregate demand to accomplish the goal of full employment level of output?
5. Explain the **ECONOMIC IMPLICATIONS OF EXTERNAL AND INTERNAL DEBT** for a developing country like Pakistan.
6. Explain with the help of diagram how levying of **INCOME TAX** alter individual's choice between leisure and work?
7. What are essentials of a '**GOOD BUDGET**'? Should the government always aim at **BALANCED BUDGET**?
8. Distinguish between '**IMPACT**' AND '**INCIDENCE**' OF **TAX**. Explain how:
 - (a) sellers' ability to shift the tax,
 - (b) buyers' ability to avoid the depend upon price elasticity of supply and price elasticity of demand respectively?
9. Elucidate how does **GOVERNMENT EXPENDITURE** influence the distribution of income?
10. Write short notes on any two of the following:
 - (a) Merit goods,
 - (b) Causes of growth of Public Sector Expenditure in Pakistan,

- (c) Principle of taxation,
 - (d) Public versus private finance.
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Annual Examination 2000

1. Explain 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?
3. 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. **PRIVATISATION, 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 **INCOME TAX** can alter individual's 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 conditionalities 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 **BUDGET DEFICIT IN PAKISTAN**. Suggest suitable remedial measures.
10. Write short notes on any two of the following:
 - (a) Merit goods,
 - (b) Externalities,
 - (c) Tax incidence.

Annual Examination 2001

1. What are the two **FUNDAMENTAL CAUSES OF MARKET FAILURE**? Why does government intervention become necessary in each of the causes?
 2. Give a detailed account of the **STRUCTURE AND GROWTH OF PUBLIC EXPENDITURE IN PAKISTAN** over the last 20 years.
 3. Explain the meaning of **TAX INCIDENCE**. What factors determine the incidence of 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 **PARETO OPTIMALITY**. What conditions need to be satisfied for the existence of Pareto Optimality?
 7. The ultimate justification of **FISCAL POLICY** lies in its distributive and allocational roles only. Discuss.
 8. Use the income-leisure trade off framework to compare the effects of a lump-sum **INCOME TAX** with a proportional income tax.
 9. Write short notes on any two of the following:
 - (a) Management of domestic debt in Pakistan,
 - (b) Samuelson principle,
 - (c) Equity and the ability to pay.
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Annual Examination 2002

1. Define the concept and definition of **PUBLIC FINANCE**. Also define the scope of Public Finance.
 2. What is the role of **BUDGET POLICY** in modern state? Is there any conflict in it?
 3. Define **DIRECT AND INDIRECT TAXES**, and explain their merits and demerits.
 4. Explain the main heads of **GOVERNMENT EXPENDITURE IN PAKISTAN**.
 5. Discuss the economic importance of **GOVERNMENT BUDGET**.
 6. Discuss the critical evaluation of **FISCAL POLICY**, instrument of Fiscal Policy and its objectives.
 7. Explain the meaning of **PUBLIC DEBTS** and classification of Public Debts. Also define the sources of Public Debts.
 8. Discuss the salient features of **TAXATION SYSTEM OF PAKISTAN**. Give suggestions to improve taxation of Pakistan.
 9. Write short notes on any two of the following:
 - (a) Principles of taxation,
 - (b) Market failure and its causes,
 - (c) Private versus public finance,
 - (d) Sources of public debts.
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