



University of Sri Jayewardenepura

Faculty of Humanities and Social Sciences

Bachelor of Arts Third Year First Semester Examination – August / September, 2019

Economics

ECON 3151.3 / ECON 3151.03 – Public Economics

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Time: **Three (03)** hours.

Answer **only five (05)** questions. Clear handwritings are needed.

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1. a) How do you identify the role of public sector in a market economy? Explain. (10 marks)
- b) What are the key economic functions of a government? (06 marks)
2. a) What is a market failure? Explain with examples. (08 marks)
- b) Discuss the role of government in correction of market failures. (08 marks)
3. a) Why public goods cannot be provided through market mechanism? Explain. (08 marks)
- b) “Externalities can be corrected only through the government intervention.” Do you agree? Explain. (08 marks)

4. Why tax is important as a source of public revenue? Explain your answer with the use of public revenue of Sri Lanka.

(16 marks)

5. Examine the trends in public expenditure of Sri Lanka during the past decade.

(16 marks)

6. Critically explain the impact of public tax burden in the economy of Sri Lanka.

(16 marks)

7. Write short notes.

i). Demand curve of a public good

ii). Tax reforms of Sri Lanka in 2019

(08 marks each)

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