



# UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Seventh Semester – Spring 2022

Roll No. ....

Paper: Public Sector Economics

Course Code: ECON-401A

Time: 3 Hrs. Marks: 60

**THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED**

**Q.1. Answer the following short questions:**

**(6x5=30)**

- i. What is meant by the term TAX?**
- ii. What are the main sources of public revenue?**
- iii. Explain the concept of optimal Taxation.**
- iv. Explain the concept of Moral hazard with examples.**
- v. Explain the difference between public and private goods with the help of examples.**
- vi. Differentiate between progressive and proportional taxes.**

**Q.2. Answer the following questions.**

**(3x10=30)**

- i. Discuss; how Govt. debt and budget deficit is used to stabilize the economy?**
- ii. What are the fiscal reforms taken by Govt. of Pakistan during the last five years?**
- iii. Discuss, how can market failures be corrected through government intervention?**