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1. Under which circumstances the demand side policies face limitations in fiscal management?

Explain the alternative policy actions that can be implemented in such situations.

- 2. Explain the "Tax Base" and explain how taxes are categorized according to tax base by using examples.
- 3. "Government expenditure of Sri Lanka can be categorized according to various criteria". Explain this statement.
- 4. The following are some fiscal information of a government in a hypothetical economy.

(Rs.Million)

Revenue 10,000
Grants 2,000
Total expenditure 15,000
Debt repayment 1,000

- (a) Compute the overall balance of the budget by using above data.
- (b) What is the net cash deficit of the economy according to these data?
- 5. What can be said about the recent changes in government debt in Sri Lanka? Examine the consequences of the situation.