8. State some differences between direct taxes and indirect taxes. Graphically show why direct taxes are less burdensome than indirect taxes.

4/6/25 morning

[This question paper contains 4 printed pages.]

Your Roll No...............

Sr. No. of Question Paper : 6363   **J**

Unique Paper Code   : 2923102003

Name of the Paper   : Public Finance, DSE

Name of the Course   : **B.A. (H). Business Economics**

Semester   : IV

Duration : 3 Hours   Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.

2. **All** parts of each question must be done together.

3. Use diagram wherever required.

4. Attempt **five** questions in all.

5. **All** questions carry equal marks.

1. Answer the questions based on the following case-let provided below :

   The government of Country X is facing an economic downturn. To stimulate the economy, the government plans to increase public expenditure on infrastructure projects and provide subsidies to small businesses. However, critics argue that this will lead to excessive government borrowing and an increase in public debt.

   (a) Analyze the role of public finance in addressing the economic downturns.

   (b) Discuss the principle of maximum social advantage in the context of this situation.

2. Discuss the different sources of revenues for the government. What are their advantages and disadvantages?

3. "One Nation, One Tax". How has the implementation of the Goods and Services Tax (GST) transformed India's taxation system, and what have been its economic, business, and consumer implications?

4. "Finance is not merely about making money. It's about achieving our deep goals and protecting the fruits of our labor." In this context, what were the key recommendations of the 15th Finance Commission, and how have they influenced fiscal federalism and resource allocation in India?

5. "A sound public finance system is the foundation of a strong and prosperous state." In this context, what is the role of Indian states in public finance, and what challenges do they face in maintaining fiscal stability and economic growth.

6. Taxation should be based on one's capacity to contribute without causing undue hardship." In light of this statement, explain the Ability-to-Pay Principle of taxation. How does it promote equity, and what are its advantages and limitations in modern tax systems?

7. "A good tax system should be efficient, productive, and diverse to ensure economic stability." In light of this statement, explain the following canons of taxation- Canon of Economy, Canon of Productivity and Canon of Diversity