7. Graphically explain who will bear the tax burden when a specific tax is being imposed on sellers and it is given that the demand curve is relatively inelastic and supply curve relatively elastic.

8. Adam Smith outlined key principles that define an efficient and fair tax system. In this context explain these canons of taxation in detail- Canon of Equality or Equity and Canon of certainty.

[This question paper contains 4 printed pages.]

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

Sr. No. of Question Paper : 6210 **J**

Unique Paper Code : 2923100010

Name of the Paper : Public Finance, DSE

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

Semester : VI

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- Country Y recently introduced a new tax system that increased indirect taxes while reducing direct taxes. While this has improved government revenue, it has also led to a rise in the cost of living, disproportionately affecting low-income groups.

   (a) Explain the elementary theory of product and factor taxation in light of this scenario.

   (b) Explain the various sources of government revenue, including taxes, loans, grants, and aid.

2. (a) Elaborate the meaning and scope of public finance. Why is it significant for Indian economy?

   (b) Discuss the Principle of Maximum Social Advantage. How does it guide government decisions in public finance?

3. "Taxation is the price we pay for a civilized society." In light of this, what are the various types of direct taxes in India, and how do they contribute to economic stability while also posing certain challenges?

4. Does the Goods and Services Tax (GST) in India function as a progressive, regressive, or proportional tax? Moreover, what are the key benefits and drawbacks of its taxation structure?

5. Explain the framework of Center-State fiscal relations in India. How does it define the distribution of Consolidated Fund of India (CFI) and State Consolidated Fund and Sharing of Specific Taxes (like GST). What challenges are faced in defining these fiscal relations?

6. What is meant by horizontal and vertical tax devolution in India?