



**Pakistan Institute of Public
Finance Accountants**

May Exam-2026

[08.May.2026] [09:30 am – 12:15 pm]

Additional time – 15 min for Paper Reading

Public Finance

CGA | PMAD | PRAD

Marks-80

Subjective

Duration: 02 Hours 30 Minutes

[Instructions]

- Ensure that the question paper delivered to you is the same, in which you intend to appear.
- Read the instructions given on the title page of Answer Script.
- **Books are not allowed**
- Start each question from fresh page.

Attempt all questions

- Q.1.** (a) Explain how Public Finance contributes to equitable income distribution? **05**
(b) Discuss the characteristics of Public Goods and explain why the Private Market fails to provide them efficiently? **05**
- Q.2.** (a) Discuss the merits and demerits of Indirect Taxation. **08**
(b) Discuss how Tax Incidence effects equity and efficiency in the economy? **04**
- Q.3.** (a) Discuss the criteria used by the NFC for the distribution of revenues among provinces. **05**
(b) Evaluate the implications of Wagner's Hypothesis for fiscal management in Pakistan. **05**
- Q.4.** (a) Explain the difference between Merit Goods and Public Goods with suitable examples. **06**
(b) Examine the trade-offs between Fiscal Expansion and Long-term Debt Sustainability. **06**
- Q.5.** (a) Describe the difference between Internal and External Public Debt. **04**
(b) Examine the role of Public Expenditure Policy in reducing regional disparities. **06**
- Q.6.** (a) Discuss the relationship between Debt Burden, Inflation and Exchange Rate Stability. **08**
(b) Discuss the challenges of tax evasion and avoidance in Pakistan's Fiscal System. **04**
- Q.7.** Compare Surplus, Deficit and Balanced Budgets, giving one suitable example of each. **06**
- Q.8.** Differentiate between Straight Transfers and Grants-in-Aid, and explain their importance. **08**
