DATE: __/__/___

Outline

Loan

1) Introduction:
2) Loan is the major issue in Pakistan because of
i) Weak FDI
ii) High import & low export
iii) Political instability
iv) ~~Devaluation of currency~~
iv) Debt trap : Reliance on loan
vi) Poor fiscal Discipline
vi) Circular Debt
vii) Insufficient tax collection
3) Causes
i) Weak FDI bcz of security concern, weak infrastructure & political instability
ii) Corruption in taxation
iii) To Fund Development Project
iv) To cover Budget Deficit
v) Devaluation of currency
vi) To pay for import
vii) To pay old loans
viii) Market Based exchange rate adopted
4) Impact:
i) Worsening inflation : unable to afford essential goods
ii) Poverty
iii) Rising debt burden
iv) Trap in Circular debt
v) Social unrest : public protest

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vi) Loss of economic sovereignty

vii) Negative social impact like effect energy, transport, reduction in subsidies

Solution:

- Reform in Energy Sector
- Reform in taxation
- Reform in public sector & Governance
- Strengthening SMEs
- Export Diversification
- Financial Literacy Program
- Debt managment strategy
- Exchange Rate & Monetary Policy
- Encourage FDI
- Improve fiscal discipline