Essay:

When Aid becomes Cage: Burden of Foreign Debt

Outline

1. Introduction:

1.1. Attention Grabbar

1.2. Foreign debt: Lifeline or liability?

1.3. Thesis ~~statement~~: Foreign debt may appear as a remedy to crisis, yet it gradually transforms into a burden that erodes economic sovereignty and fuels instability and act as a cage for the country.

2. Introducing Foreign Debt:

2.1. Definition and nature of foreign borrowing

2.2. Historical reliance of developing countries

3. Debt as a tool to resolve crisis:

3.1. Borrowing to cover budget deficit and balance of payments

3.2 Loans for infrastructure, imports and emergencies.

4. Foreign Debt: Short-term Aid, long-term Burden

4.1. Debt servicing

4.2. Cycle of debt; debt trap

5. Debt conditionalities:

5.1. From International Institutions:

- Structural adjustment programs
- Austerity → unemployment, poverty, inflation

5.2. From other states:

- Loan's tied to donor's strategic or economic interests
- Prioritizing their agenda in foreign policy.

6. Erosion of Economic sovereignty:

7. Political Instability

8. Way Forward: Minimizing Burden of Debt

8.1. Economic reforms

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- Tax reforms
- Agriculture and industrial sector reforms

8.2. Governance Measures.

- Elimination of corruption
- Efficient utilization of ~~the~~ resources.

8.3. Human capital Development

- Education, skills and technology driven workforce

9. Conclusion

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