Question :- (06)

Topic :- When Aid Becomes a cage : The Burden of foreign Debt.

Outline :-

1) Introduction :-

Thesis Statement:

Foreign debt is a huge problem in Pakistan. In fact, this aid becomes a cage. The causes of rising foreign Debt include Lack of industrialization and exports. This results in economic instability. Resultantly, poverty rate rises. However, robust measures like increasing the IT exports can help solve the problem.

2) What is Foreign Debt?

3) Causes of burden of foreign debt on Pakistan:-

a) Lack of industrialization in the country.
b) Declining export voleum.
c) Limited forex reserves with the State Bank.
d) Increasing levels of brain drain.
e) Low tax net in the country.

4) How aid becomes a cage:-
a) Rise in taxes to satisfy the lenders.
b) Rise in the poverty rate of the country.
c) Decline in budget allocated for education.
d) Increase in levels of malnutrition

e) Rise in child Labour
f) Rise in child marriges

5) Wayforward in solving the crisis of debt:-

a) Increasing the Voleume of foreign remittances
b) Promoting industrial growth in Pakistan.
c) Boosting IT exports to improve economy.
d) Empowering women so that they can contribute towards the economy

6) Conclusion.

(1 paragraph of 120 words)

→ Lack of Industrialization:-

Lack of industrialization is a huge problem in the country. The decline of industrial sector poses a threat to the economy. This results in the rise of foriegn debt. This is because an industrial sector is the back bone of the financial structure of the state. When the government does not take steps to revive this sector, it starts to decline. Indeed, the rising costs of fuel and electricity has led to this crisis. The industrialists are unable to earn profits. Hence, they move their industries to other regions. For example, the GDP growth in FY25 was only 2.68%. In conclusion, the decline of industry has resulted in the rise of foreign debt.