

“Downfall Of Economic Condition Of Pakistan Due To Terrorism”

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ABSTRACT

The main purpose of this work is to find out the factors that will effect on Pakistan economy that will become the main reason of downfall of economy of Pakistan due to terrorism. Last few years, Pakistan is facing the different problems like terrorism is one of the big issue. Not only Afghan War affect Pakistan but also affected by various Sectarian Conflict, religious and linguistic conflicts which have increased terrorists' activities. Using data on terrorism on global terrorism database and analysis for the period of 2006-2015. Analysis shows that terrorism has badly effect the economy of Pakistan. However study find that different tools are use to remove the uncertainty by using high security system and infrastructure.

INTRODUCTION

Terrorism can be defined as the “the premeditated use or threat of use of violence by individuals or sub-national groups to obtain a political or social objective through the intimidation of a large audience, beyond that of the immediate victim” ” **(Sandler and Enders, 2005)**. The main terrorist activities start after the 9/11 attacks in US. Afghanistan was considered the base of these terrorist attacks. After these attacks US and NATO forces start operation in Afghanistan against Al-Qaeda. Pakistan is a neighboring country so; they are also effect US Afghan war.

The main reason for the increase of terrorist activities in Pakistan was on conflicts and instability between Pakistan and Afghanistan. The terrorist effect by leaps and bounds on decreasing the growth of economy. So, Pakistan faces the big losses in shape of foreign investment and the collection of tax. According to the Pakistan finance ministry appraisal the losses occurs approximately 45 billion dollars when the country is targets of their infrastructure. So the result is it will effect on their economy. “ Pakistan is fall 4 ranked with pointe 9.05 the most fatalities injured in Pakistan 2014 157 people killed and 131 people are injured in Peshawar APS school attack”. **(Global terrorism index 2015)**

Terrorism not only affected the economy of Pakistan but it also effect the living standard of people as well as the the working efficiency of the people. In fact, “terrorism affects developing country much more severely than developed ones, as developed countries have diverse economies and terrorism results only in reallocation of resources to more secure economy

sectors , while in case of developing countries, where there is much concentration of resources in certain sectors, are more affected" **(Sandler and Enders, 2005)** .

The most of effect by terrorism is Pakistan trade. Pakistan economy suffered directly or indirectly a huge loss of \$35 billion due to terrorism according to the **(US Business Council report)**. Pakistan tourism industry suffered a huge loss because of terrorism.

Pakistan also facing the sticky situation due to inflation, Power shortage and corruption. Because of terrorist activities foreign investors are reluctant to invest in Pakistan, domestic harmony, and stability is threatened, suicide bomb attacks create insecurity among people that deteriorate their confidence in the government. At present Pakistan is facing the problem of domestic safety and threats [**Pakistan Press Review, 2010, p.21**].

LITERATURE REVIEW

During the last two decades, Pakistan playing an important role in the war against terrorism. Terror is the aim of terrorism [**Sandman & Lanard, 2003**].

In the current situation the terrorism can be say that is the biggest mean of the damaging. The terrorist attacks directly affect the country internally & externally infrastructure. "There are many issues due to which terrorism can arise such as poverty, unemployment, lack of health related facilities, illiteracy and lack of justice" **(Altaf, A. 2013)'source** The tourism is play a vital role in every country economy. In Pakistan economy has also tourism industry play an important role. Pakistan tourism industry is height of peak in the mid of 1970s According to the daily "Dawn". The Pakistan tourism effect badly after the incident occurred in US DC Washington on 9/11 .According to the Pakistan tourism association before 2000s 1 million foreign tourist came Pakistan for visiting the valleys of Pakistan but after the incident of 9/11 only 10000 visitors seems its quite a big loss for the economy of Pakistan **(Amy Zalman .(2012).)**.

The terrorism effect on Pakistan education system badly. The terrorist hit the education institute In December 2014 terrorist attack Army public school Peshawar. In this incident the 157 students are killed by the terror and 131 students was injured but the whole nation students are mentally disturbed due to this incidents. After this the one more horrible attack by terrorist in Bacha Khan University killed 21 peoples. According to **(GLOBAL TERRORISM INDEX 2015)**.

As you know Pakistan is Agro based country exports the Agro product that highly contribute the GDP of Pakistan but after the terrorist activity the exports of Pakistan goes down and the GDP ratio also goes down.

Higher levels of terrorism risk are associated with lower levels of net FDI. In an integrated world economy where investors are able to diversify their investments, terrorism may induce large movements of capital across countries. " **(Dawn, October 16, 2009)**"

At last, the result of international or domestic terrorist attacks which appear to have a long-term effect is the change in policy and especially the reinforcement of security or military sectors. "**(Kugel, L. 2011)**"

OBJECTIVE OF STUDY

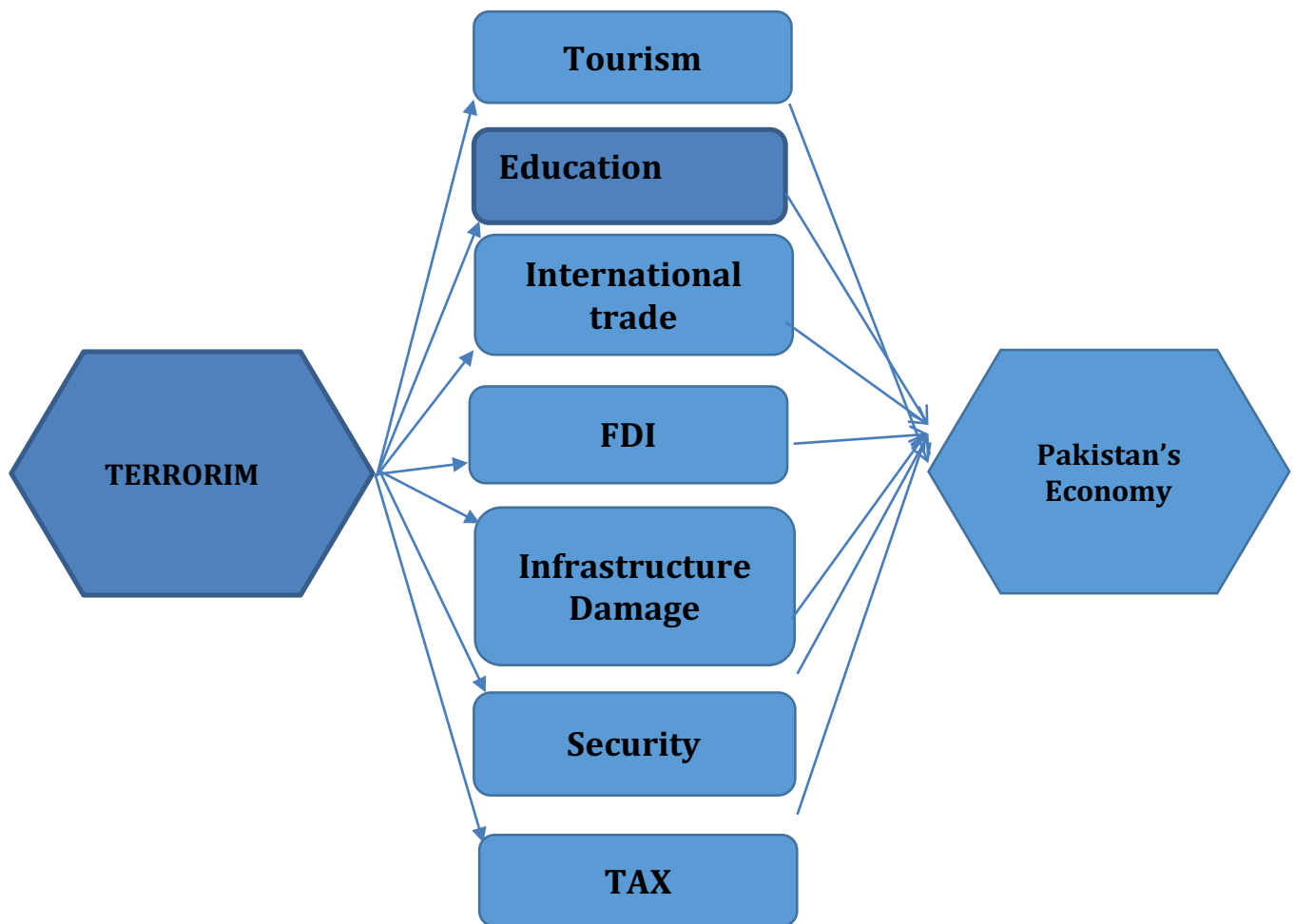
The objective of our study is to find out the factors that will affect the economy of Pakistan. Monitoring;

- To explore what is terrorism and what factors effects in a country.
- To explore in what way the terrorism affected the Pakistan economy.
- To find out what tools or technique to deal with terrorism.
- To determine the cost of war that Pakistan spend against terrorism.
- To find out the factor that will affect the growth of Pakistan economy due to war.

DATA COLLECTION & METHODOLOGY

The paper used descriptive methodology for analysis and collected data from various national (state bank of Pakistan, economic survey of Pakistan) and international sources. Only secondary researches are use in our study. This study is based on both qualitative and quantitative research.SPSS and Microsoft Excel software are used for the statistical analysis.

THEORETICAL FRAMEWORK



In the above diagram the theoretical framework include the total of nine parts. These parts are categories into two parts. The very first part is the effect of terrorist on different aspects of economy. Terrorism is an independent variable which effect on different aspects of Pakistan economy. We can see that how terrorism effect the economy of Pakistan.

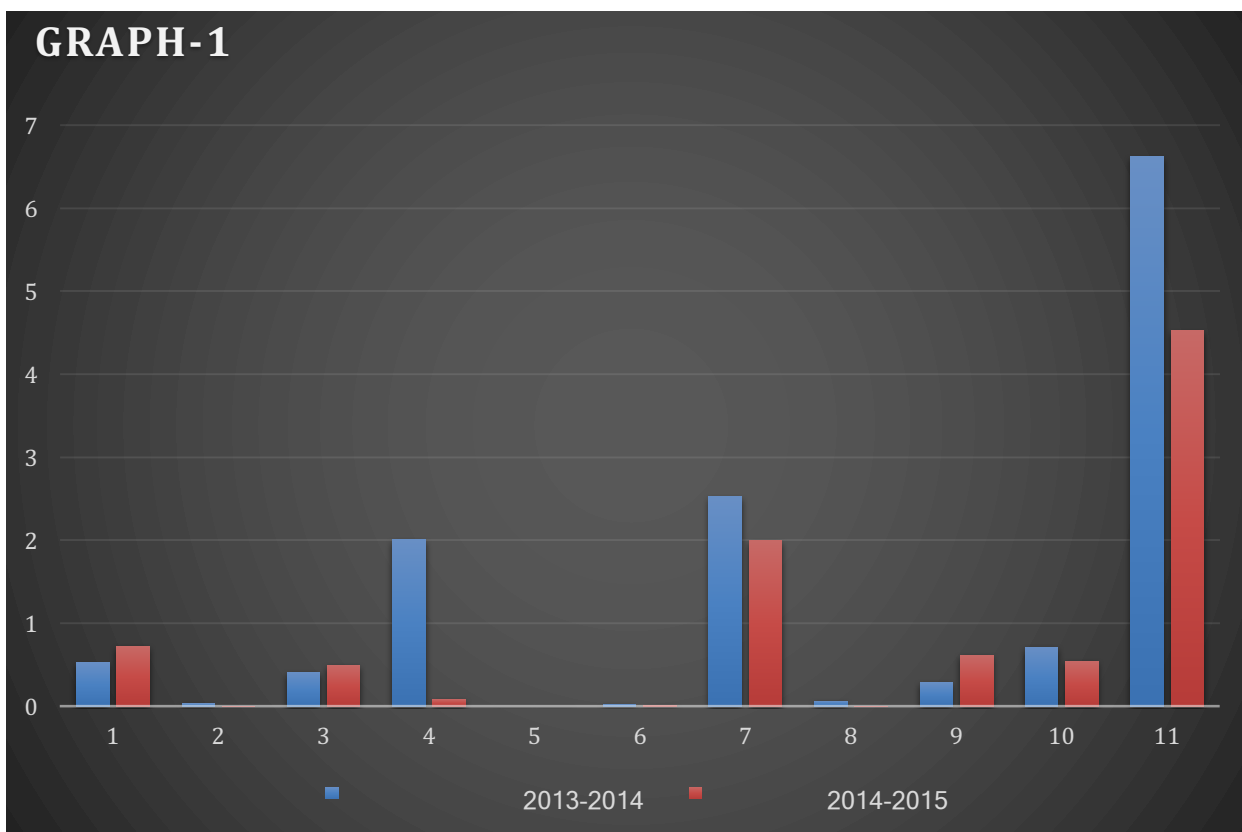
FINDINGS

In this study we can find the effect of terrorism on different sector of economy. As above in the theoretical framework the different sector plays a vital role and contributes major part in the economy of any country. Due to terrorist activities these sectors are highly disturb and his working is also down. The reputation of Pakistan is defamed in all over the world so we are not

access the international market. Due to these factors we face different problems like closing industries, depreciation of rupee and human losses in drone.

Table 1: Cost of War Estimate in 2001-02 and 2010-11(\$ Billion)

sr.no	Organization	Years		Total \$
		2013-2014	2014-2015	
1	Exports	0.53	0.73	1.26
2	Compensation to Affects	0.04	0.01	0.05
3	Physical Infrastructure	0.42	0.5	0.92
4	Foreign Investment	2.01	0.09	2.1
5	Privatization	0	0	0
6	Industrial Output	0.03	0.02	0.05
7	Tax Collection	2.52	2	4.52
8	Cost of uncertainty	0.07	0.002	0.07
9	Expenditure Over run	0.29	0.62	0.91
10	Others	0.72	0.55	1.27
1	Total Losses	6.63	4.53	11.16



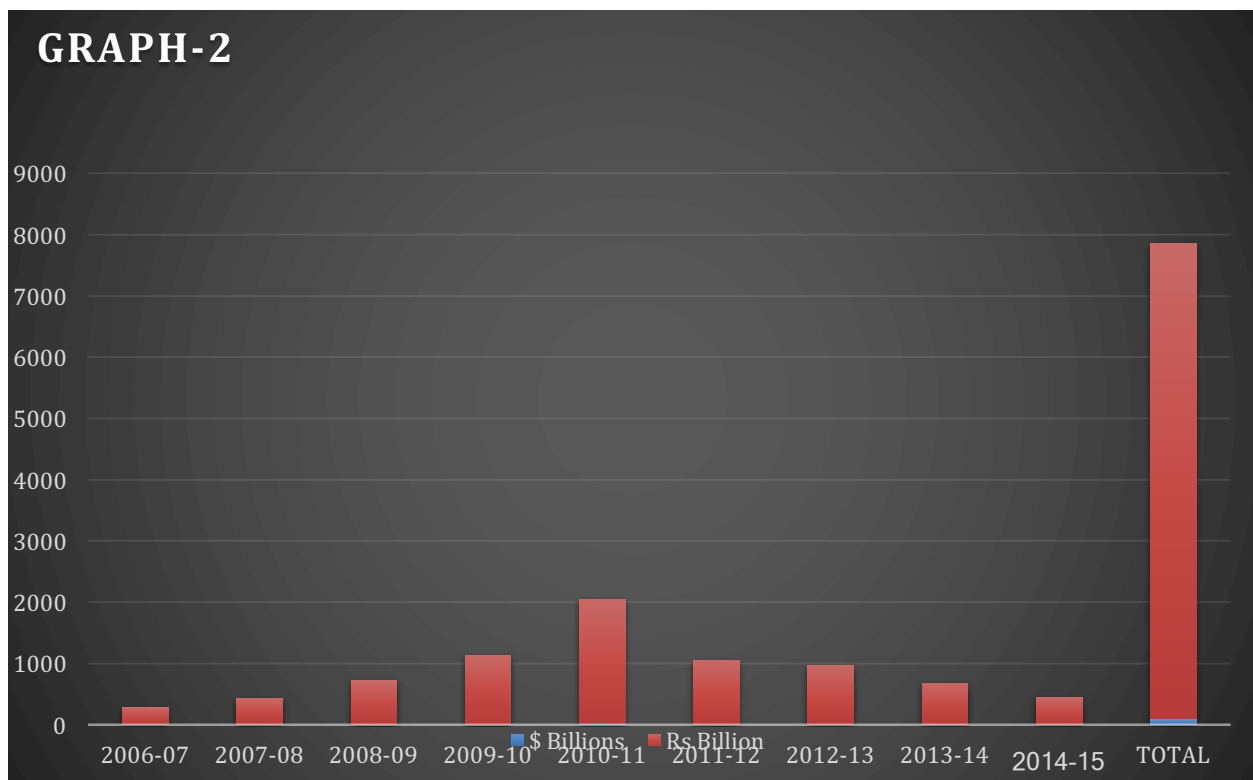
(Source: Ministry of finance)

Cost of War

Pakistan facing the terrorist activities last 20 years. To finish the terrorist activities Pakistan start different military operation like SWAT & other treble areas. The cost of these operations is much higher than its benefits.

Years	\$.Billion	Rs.Billion
2006-07	4.67	283.2
2007-08	6.94	434.1
2008-09	9.18	720.6
2009-10	13.56	1136.4
2010-11	23.77	2037.33
2011-12	11.98	1052.77
2012-13	9.97	964.24
2013-14	6.63	681.68
2014-15	4.53	457.93
TOTAL	91.23	7768.25

(Source: MoF, M/o Foreign Affairs Joint Ministerial Group)



CONCLUSION

Terrorism hit Pakistan badly which cause miserable death in different incidents. It is also damage the different sector of economy like foreign domestic investment, agriculture, education, mining research and development, industries and different other sector of economy. The climate of investment is not favorable. We remove the uncertainty from our atmosphere and provide the batter facilities to our investor. it is concluded that looking at the severity of problem the policy makers and powerful sections of society and governments must address this problem properly.

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