

## EXTREMIST AND RELIGIOUS VIOLENCE: AN ECONOMIC OVERVIEW OF PAKISTAN

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### ABSTRACT

Violent and religious extremism is rapidly increasing in Pakistan over the past few years. There is not only one factor that is responsible for the present economic crisis in Pakistan but frequently changing governments, ineffective policies, corruption, misallocation and underutilization of resources combined with government's failure to combat against terrorism and extremist violence has meltdown the economy since past decade. An economy that is struggling hard to survive in the competitive world has experienced low GDP growth rates, public and private investment, decline in FDI and tourism, unemployment and poverty levels that never existed before. This study is a qualitative one and it seeks to examine the impact of violent and religious extremism on the economy of Pakistan by doing a cost and benefit analysis of US-led war on terror that Pakistan joined in 2001. The study is based on the secondary data obtained from various Competitiveness Reports of World Economic Forum, Pakistan Institute for Peace studies, SBP, Handbook of Statistics and various issues of Economic Survey of Pakistan. The results of the study show that terrorism and violent extremism has created a bad name for the country thereby disturbing the investment climate adversely. Increased defense expenditure has reduced public and private investment and areas afflicted with extremism have faced downward spiral in economic activity.

**KEYWORDS:** Violent, Religious Extremism, Religious Terrorism