www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



Vol. 3 No. 8 (August) (2025)

Terrorism And Its Socio-Economic Impact On Pakistan: A Critical Analysis

Muhammad Shehzad Khan Niazi

PhD Scholar of Pakistan study in Pakistan study center, University of Peshawar, mshehzadkhan1982@gmail.com

Abrar Ahmad

M.Phil Pakistan Studies , Allama Iqbal Open University, Islamabad, abrarkundi508@gmail.com

Syed Tajammul Abbas

Departement of Politics and international studies, Karakorum international university Gilgit, syedkiu1822@gmail.com

Abstract

Terrorism has posed a persistent threat to Pakistan's socio-economic development over the past two decades. This study critically examines the multifaceted impact of terrorism on Pakistan's economy and social fabric. It explores in what way frequent terrorist incidents have disrupted economic activities, reduced foreign direct investment (FDI), increased security expenditures, and weakened the overall investment climate. The paper further investigates the social consequences, including psychological trauma, displacement of communities, erosion of public trust in institutions, and the deterioration of educational and healthcare services in conflict-affected regions. The study also evaluates government policies and counterterrorism strategies, assessing their effectiveness in mitigating the long-term damage to economic growth and social cohesion. Finally, the paper proposes a multi-dimensional policy framework emphasizing inclusive development, education reform, and institutional strengthening as key to addressing the root causes of terrorism. This critical analysis contributes to a deeper understanding of terrorism's pervasive impact on Pakistan and underscores the need for comprehensive, sustainable responses to restore stability and development.

Keywords: Terrorism, Socio-economic impact, Pakistan, Security and development, Counterterrorism policy

Background of study

Terrorism has emerged as one of the most pressing challenges facing Pakistan in

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



DIALOGUE SOCIAL SCIENCE REVIEW

Vol. 3 No. 8 (August) (2025)

the 21st century, deeply affecting the country's social fabric and economic trajectory. Since the onset of the global War on Terror in the aftermath of 9/11, Pakistan has found itself on the frontlines, grappling with a complex and evolving security landscape. The proliferation of militant networks, sectarian violence, cross-border insurgencies, and internal radicalization has not only resulted in a tragic loss of human life but has also imposed significant socioeconomic burdens on the nation.

The socio-economic impact of terrorism in Pakistan is multifaceted. On one hand, it has disrupted economic activity, deterred foreign investment, and strained public finances due to increased security and military expenditures. On the other, it has eroded social cohesion, displaced communities, and weakened public institutions. Education, healthcare, and infrastructure development—essential pillars of societal progress—have suffered considerable setbacks in regions most affected by militancy. Moreover, the psychological toll on civilians and the erosion of public trust in state institutions have long-term implications for governance and democratic stability.

On the social front, terrorism has sown fear, mistrust, and sectarian division within Pakistani society. Thousands of innocent civilians have lost their lives, while millions have been internally displaced due to military operations in terrorism-affected areas. Entire communities have been uprooted, and a generation of children in conflict zones has been deprived of education and healthcare. Women and minorities, in particular, have borne a disproportionate share of the burden, facing violence, displacement, and systemic marginalization. The psychological impact—manifested in trauma, anxiety, and a sense of hopelessness has further weakened the country's social fabric. Terrorism has influenced Pakistan's socio-economic development. By examining both the direct and indirect consequences of terrorism, it aims to unpack the intricate relationship between security and development in the Pakistani context. The state responses, international dynamics, and the broader implications for peace, stability, and policy-making in Pakistan.

The consequences of terrorism also extend into Pakistan's political domain. The rise of non-state actors has challenged state authority in certain regions, weakened the writ of the government, and exposed institutional deficiencies in

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



DIALOGUE SOCIAL SCIENCE REVIEW

Vol. 3 No. 8 (August) (2025)

counterterrorism strategy. While Pakistan has launched numerous military operations such as Zarb-e-Azb and Radd-ul-Fasaad to dismantle militant strongholds, the persistence of terrorism highlights the need for a more holistic approach that combines military action with political, economic, and ideological measures. The socio-economic impact of terrorism on Pakistan, exploring the nexus between insecurity, underdevelopment, and state response. It seeks to unravel the ways in which terrorism has hindered Pakistan's progress, exacerbated social inequalities, and undermined the potential for sustainable development. By drawing on empirical data, case studies, and scholarly literature, the study aims to provide a nuanced understanding of the structural and policy-related challenges in addressing terrorism's long-term implications. Ultimately, the redtop argues for comprehensive reforms that prioritize human security, institutional resilience, and inclusive growth as foundational elements of a lasting counterterrorism strategy.

Socio-economic Impact of Terrorism

Economic Impact

Terrorism has significantly undermined Pakistan's economic stability over the past two decades. Frequent attacks on infrastructure, businesses, and public spaces have discouraged both domestic and foreign investment. The resulting climate of insecurity has disrupted trade, slowed industrial productivity, and inflated security expenditures. Sectors such as tourism, construction, and services have been particularly hard-hit. These economic costs continue to hamper Pakistan's development and global economic integration.

Decline in GDP and economic productivity

Terrorism has had a substantial negative impact on Pakistan's Gross Domestic Product (GDP) and overall economic productivity. The frequent disruptions caused by terrorist attacks ranging from bombings to targeted killings have created an atmosphere of fear and uncertainty, deterring investment and halting economic activity in many sectors. According to the Ministry of Finance (2020), Pakistan suffered direct and indirect economic losses exceeding \$126 billion between 2001 and 2019 due to terrorism-related incidents.

These losses stemmed from damage to infrastructure, increased security expenditures, and the redirection of resources from development to defense. The World Bank (2019) noted that Pakistan's annual GDP growth was consistently

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



Vol. 3 No. 8 (August) (2025)

lower during peak years of terrorist violence, particularly between 2007 and 2014, when major urban centers were frequently targeted. Moreover, prolonged instability led to disruptions in industrial output, supply chains, and workforce participation, further dragging down productivity across key sectors of the economy (Khan, 2017).

Despite improved security conditions in recent years, the lingering effects of terrorism continue to weigh heavily on investor confidence and economic performance, especially in conflict-affected regions like Khyber Pakhtunkhwa and Baluchistan.

Reduction in foreign direct investment (FDI)

Terrorism has played a major role in reducing Foreign Direct Investment (FDI) in Pakistan by creating an environment of instability, unpredictability, and risk. Investors are typically risk-averse, and persistent terrorist attacks undermine investor confidence by threatening assets, supply chains, and personnel safety. According to Khan and Anwar (2014), terrorism significantly deters FDI inflows, especially in sectors like energy, telecommunications, and manufacturing that require long-term commitments and physical infrastructure.

Empirical evidence shows a sharp decline in FDI following peak periods of terrorism, such as 2008–2013. For example, FDI inflows fell from \$5.4 billion in 2008 to \$0.85 billion in 2012 (State Bank of Pakistan, 2013). This decline was largely attributed to escalating violence, law and order issues, and political instability, particularly in major economic hubs like Karachi and Peshawar. Moreover, multinational corporations either delayed projects or relocated operations to more secure regional markets such as Bangladesh or Vietnam. Although initiatives like the China-Pakistan Economic Corridor (CPEC) have aimed to boost foreign investment, the perception of Pakistan as a high-risk destination due to ongoing security concerns continues to limit diversified FDI inflows (Javaid, 2016).

Damage to infrastructure and public institutions

Damage to infrastructure and public institutions is a profound and long-lasting consequence of armed conflict, terrorism, and natural disasters. The destruction of roads, bridges, schools, hospitals, and government buildings severely disrupts the delivery of essential services and hampers socio-economic development. In conflict zones, strategic targeting of infrastructure can lead to the collapse of

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



Vol. 3 No. 8 (August) (2025)

public systems, making it difficult for communities to recover even after hostilities have ceased (World Bank, 2017). The damage to transport and communication networks often isolates affected populations, restricting access to aid and delaying reconstruction. Furthermore, health systems are particularly vulnerable; when hospitals are destroyed or rendered non-functional, public health crises can emerge rapidly, especially in already underserved areas (Watkins et al., 2020).

Public institutions suffer not only physical destruction but also a loss of capacity and legitimacy. Disruptions to administrative functions, judicial systems, and law enforcement undermine governance and erode public trust. The inability of institutions to deliver basic services contributes to social unrest and prolongs instability, often leading to a vicious cycle of underdevelopment and insecurity (Brinkerhoff, 2005). In post-conflict and disaster recovery efforts, rebuilding institutional capacity is as crucial as physical reconstruction. Effective governance is essential for mobilizing resources, implementing policies, and restoring public confidence. Without robust institutions, recovery remains fragile, and the risk of recurring crises increases significantly.

Increased defense and security spending

Increased defense and security spending is often a direct response to perceived or actual threats from terrorism, cross-border tensions, or internal instability. Governments tend to allocate a significant portion of national budgets to military and law enforcement sectors to ensure national security, maintain internal order, and combat insurgencies. While this may enhance short-term security, it often comes at the expense of social sector investments, such as education, healthcare, and poverty alleviation (Sandler & George, 2016). In developing countries, this trade-off can impede long-term economic growth and human development by diverting critical resources away from productive sectors of the economy (Gupta et al., 2002).

Moreover, sustained increases in defense budgets can contribute to regional arms races and exacerbate geopolitical tensions. In South Asia, for example, Pakistan and India have consistently escalated their military expenditures, particularly in response to cross-border conflicts and terrorist incidents. This defense-driven budgeting often reinforces a security-first mindset, marginalizing

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



Vol. 3 No. 8 (August) (2025)

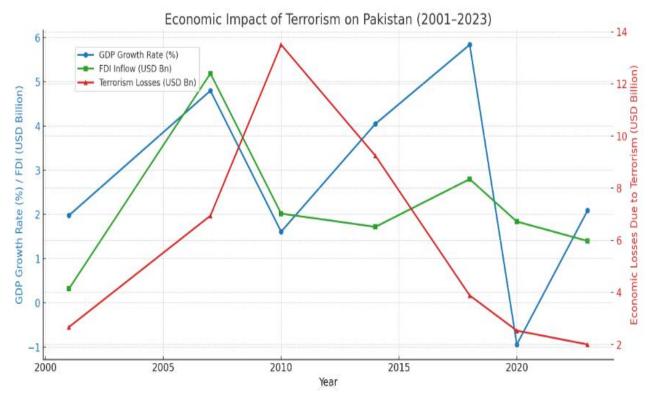
developmental priorities (Perlo-Freeman & Sköns, 2015). While national defense is a legitimate concern, an imbalance in spending may weaken institutional development and perpetuate cycles of insecurity, especially in fragile states that require investment in governance, education, and economic infrastructure to ensure long-term stability.

Sample Data Points (for visual reference):

| <u>Year</u> | GDP Growth | FDI (USD | <u>Terrorism-related Economic Losses</u> |
|-------------|-------------------|-------------|--|
| | <u>(%)</u> | <u>Bn)</u> | (USD Bn) |
| 2001 | 1.98 | 0.32 | 2.67 |
| 2007 | 4.80 | 5.19 | 6.94 |
| 2010 | 1.61 | 2.02 | 13.50 |
| 2014 | 4.05 | 1.72 | 9.24 |
| 2018 | 5.84 | 2.80 | 3.88 |
| 2020 | -0.94 | 1.84 | 2.53 |
| <u>2023</u> | <u>2.09</u> | <u>1.40</u> | 2.00 (approx.) |

Sources: (Data from Government of Pakistan Economic Surveys, Global Terrorism Index, World Bank, and SIPRI)

Terrorism-related Economic Losses



Social Impact

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



Vol. 3 No. 8 (August) (2025)

The social impact of conflict, terrorism, and instability is profound and multifaceted. It affects communities through loss of life, displacement, and psychological trauma. Basic services like education, healthcare, and employment are often disrupted, deepening poverty and inequality. Social cohesion weakens as trust in institutions and among community's declines. These consequences can persist long after the immediate crisis ends, hindering long-term recovery and development.

Loss of human lives and psychological trauma

Loss of human lives is one of the most tragic and immediate consequences of terrorism, armed conflict, and violence. Civilians often withstand the worst of such incidents, with many killed or severely injured in targeted attacks, bombings, or crossfire. This loss extends beyond individual tragedies, affecting families, communities, and national demographics. In countries like Pakistan, frequent terrorist attacks over the past two decades have resulted in thousands of civilian casualties, destabilizing society and eroding the sense of security (Abbas, 2014). The death of breadwinners in such incidents also leads to economic hardship for affected families, compounding the human cost with socioeconomic consequences.

Beyond physical loss, psychological trauma is a lasting and invisible wound of violence. Survivors, especially children and women, often experience post-traumatic stress disorder (PTSD), anxiety, depression, and long-term emotional distress (Neria et al., 2011). In conflict-affected areas, limited access to mental health services worsens the situation, leaving many untreated and vulnerable. In Pakistan, for example, recurring acts of terrorism have created widespread fear, altering daily life patterns and undermining public morale (Yusuf, 2013). The psychological scars of violence not only harm individuals but also impede collective healing and reconciliation in post-conflict societies.

Displacement and migration

Displacement and migration are critical social consequences of conflict, terrorism, and environmental disasters. People are often forced to flee their homes in search of safety, resulting in large numbers of internally displaced persons (IDPs) and refugees. In countries like Pakistan, military operations in conflict-prone regions such as the Federally Administered Tribal Areas (FATA) and Khyber Pakhtunkhwa have led to the mass displacement of civilians (IDMC,

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



DIALOGUE SOCIAL SCIENCE REVIEW

Vol. 3 No. 8 (August) (2025)

2020). These displaced populations frequently live in overcrowded camps or informal settlements with limited access to clean water, healthcare, education, and employment. The disruption of community structures and support networks significantly weakens their social and economic resilience.

Migration caused by insecurity can also strain host communities and urban centers, leading to competition over resources, rising unemployment, and social tensions. Displaced populations often face legal, economic, and social barriers in their new locations, making integration difficult and prolonging their vulnerability (Ferris & Winthrop, 2010). Prolonged displacement can create a lost generation, especially among youth who miss formal education and job opportunities. In the long term, the absence of durable solutions such as safe return, resettlement, or local integration can perpetuate cycles of poverty, marginalization, and instability, undermining national development and peacebuilding efforts.

Decline in educational attainment (especially in affected regions)

Armed conflict, terrorism, and prolonged insecurity severely disrupt educational systems, particularly in affected regions. Schools are often targeted or caught in crossfire, leading to their destruction or closure. Teachers and students may be killed, displaced, or too afraid to attend school regularly due to safety concerns (UNESCO, 2011). In regions like Pakistan's Khyber Pakhtunkhwa and former FATA areas, terrorist attacks on schools especially girls' schools—have significantly reduced enrollment and attendance rates (ICG, 2014). The loss of educational infrastructure and trained personnel results in a sharp decline in learning outcomes and long-term educational development.

The impact of such disruptions is especially harmful for children, as missed schooling can result in permanent learning gaps and reduced future opportunities. In displacement settings, educational facilities are often inadequate or entirely absent, further deepening educational inequality between conflict-affected and stable regions. Girls are disproportionately affected due to socio-cultural barriers and heightened insecurity, leading to lower literacy and enrollment rates compared to boys (Dryden-Peterson, 2011). Without urgent intervention and targeted support, the decline in educational attainment can hinder human capital development and perpetuate cycles of poverty and violence

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



Vol. 3 No. 8 (August) (2025)

in already vulnerable regions.

Distrust and social fragmentation

Conflict, terrorism, and prolonged insecurity often lead to deep-seated distrust among communities and between citizens and the state. When public institutions fail to protect citizens or are perceived as biased or complicit, trust in government, law enforcement, and the justice system erodes significantly. In countries like Pakistan, repeated incidents of sectarian violence, ethnic targeting, and selective law enforcement have contributed to widespread public skepticism and resentment, particularly in marginalized regions (Yusuf, 2012). This erosion of trust weakens the social contract, making communities less willing to cooperate with authorities or participate in governance processes.

Social fragmentation occurs when communities become polarized along ethnic, sectarian, or political lines. Violence and fear foster suspicion between groups, often leading to the breakdown of social cohesion and intergroup relations. Militancy and propaganda further reinforce divisive identities, promoting narratives of exclusion and "othering" (Pettigrew, 2015). In many cases, internally displaced persons and minority groups face discrimination and social isolation in host communities, intensifying divisions. Without meaningful reconciliation and inclusive governance, such fragmentation can persist long after the violence ends, undermining peacebuilding and national unity efforts.

<u>Socio-Economic Impact of Terrorism on Pakistan (2001–2023)</u> <u>Sample Data Points (Selected Years for Clarity)</u>

| <u>Year</u> | <u>GDP</u> (%) | <u>FDI (Bn</u> <u>\$)</u> | Poverty Rate (%) | <u>Unemployment</u> (%) | <u>Casualties</u> (approx.) |
|-------------|----------------|---------------------------|------------------|-------------------------|--------------------------------|
| 2001 | 1.98 | 0.32 | 34.5 | 6.3 | 130 |
| 2007 | 4.80 | 5.19 | 30.0 | 5.2 | 3599 |
| 2010 | 1.61 | 2.02 | 36.1 | 5.6 | 11,585 |
| 2014 | 4.05 | 1.72 | 29.5 | 6.0 | 5336 |
| 2018 | 5.84 | 2.80 | 24.3 | 5.8 | 676 |

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146

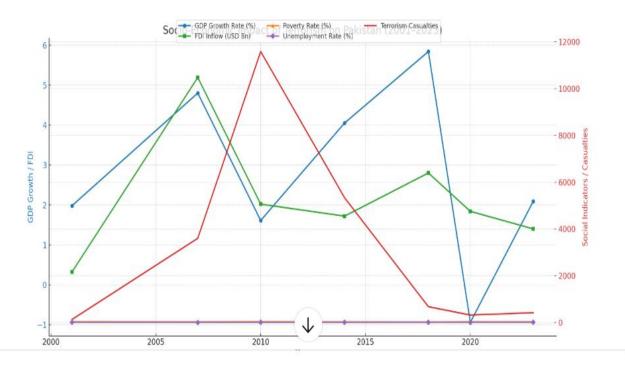


Vol. 3 No. 8 (August) (2025)

| <u>Year</u> | <u>GDP</u> (%) | FDI (Br <u>\$)</u> | <u>Poverty Rate</u> (%) | <u>Unemployment</u> (%) | <u>Casualties</u> (approx.) |
|-------------|-------------------|-----------------------|----------------------------|----------------------------|--------------------------------|
| 2020 -0 | 0.94 | 1.84 | 31.5 | 6.9 | 318 |
| 2023 2. | .09 | 1.40 | 32.2 | 7.5 | 420 |

Sources: World Bank, UNDP, Global Terrorism Database (GTD), Pakistan Economic Surveys

Socio-Economic Impact of Terrorism on Pakistan



Government Response and Counterterrorism Measures

In response to rising terrorism and internal insecurity, governments often implement a range of counterterrorism measures to restore order and protect citizens. These include military operations, intelligence gathering, and legislative reforms. Effective coordination among security agencies is essential to dismantle terrorist networks. However, overly militarized responses can raise concerns about human rights and civil liberties. A balanced approach is crucial to ensure both national security and public trust.

National Action Plan (NAP)

The National Action Plan (NAP) was introduced by the Government of Pakistan in December 2014 as a comprehensive counterterrorism strategy in response to the devastating Army Public School (APS) attack in Peshawar, which claimed the lives of over 140 people, mostly children. NAP consists of 20 points aimed at

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



DIALOGUE SOCIAL SCIENCE REVIEW

Vol. 3 No. 8 (August) (2025)

eliminating terrorism, extremism, and sectarian violence across the country. Its provisions include the establishment of military courts, regulation of religious seminaries (madrasas), dismantling of terrorist communication networks, and countering hate speech and terrorist financing (Rana, 2015). The plan also sought to strengthen coordination among federal and provincial governments, security agencies, and the judiciary to ensure a unified national response to terrorism.

While NAP marked a significant political consensus against terrorism, its implementation has faced challenges. Critics argue that progress has been uneven, particularly in reforming madrasas, regulating hate material, and rehabilitating extremist elements (Yusuf, 2016). Moreover, civil society and international observers have raised concerns over human rights abuses and lack of judicial oversight in military courts. Despite these issues, NAP remains a central pillar of Pakistan's counterterrorism policy, reflecting a shift from reactive to preventive strategies in the fight against militancy. For it to be effective, sustained political will, institutional reform, and community engagement are essential.

Military operations (Zarb-e-Azb, Radd-ul-Fasaad) Operation Zarb-e-Azb

Operation Zarb-e-Azb, launched in June 2014, was a major military offensive by the Pakistan Army against militant groups in North Waziristan, including the Tehrik-i-Taliban Pakistan (TTP), Al-Qaeda, and foreign fighters. It aimed to eliminate terrorist sanctuaries and restore state control over the tribal areas. The operation significantly disrupted militant infrastructure, reduced the number of terrorist incidents, and forced many insurgents to flee or go underground (Yousef, 2016). Zarb-e-Azb was seen as a turning point in Pakistan's counterterrorism strategy, signaling a more aggressive and comprehensive military approach. However, it also led to mass displacement of local populations, raising humanitarian and rehabilitation concerns.

Operation Radd-ul-Fasaad

The military launched Operation Radd-ul-Fasaad in February 2017 to consolidate gains and eliminate residual threats across the country. Unlike its

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



Vol. 3 No. 8 (August) (2025)

predecessor, Radd-ul-Fasaad was nationwide in scope, focusing on intelligence-based operations, de-weaponization, and counter-radicalization efforts (Rana, 2017). It aimed not only to dismantle sleeper cells and disrupt terrorist networks but also to combat extremism in urban centers and educational institutions. The operation highlighted the need for civil-military cooperation and long-term institutional reforms. While both operations contributed to a notable decline in terrorist activities, experts argue that sustainable peace requires addressing root causes such as radicalization, poverty, and governance failures.

Role of intelligence and police reforms

Effective intelligence gathering is a cornerstone of anv successful counterterrorism strategy. In Pakistan, the role of intelligence agencies such as the Inter-Services Intelligence (ISI), Intelligence Bureau (IB), and Military Intelligence (MI) has been central to identifying and dismantling terrorist networks. Intelligence-based operations (IBOs), particularly under Operation Radd-ul-Fasaad, have enabled more precise targeting of militants and have reduced large-scale military engagements (Rana, 2017). However, the lack of coordination among federal and provincial intelligence bodies has often led to information silos, undermining operational efficiency. To overcome these challenges, Pakistan has increasingly emphasized inter-agency cooperation and the modernization of surveillance technologies.

Police reforms are equally critical for sustaining internal security and maintaining law and order. Traditionally under-resourced and politicized, Pakistan's police forces have struggled to adapt to the demands of modern counterterrorism. Reforms aimed at improving training, enhancing forensic capabilities, and establishing counterterrorism departments (CTDs) in provinces have helped strengthen policing capacity (International Crisis Group, 2016). Nevertheless, deep-rooted issues such as corruption, lack of merit-based promotions, and poor working conditions continue to hinder progress. Sustainable police reform must focus on institutional autonomy, community policing, and integration with the broader national security framework to ensure long-term stability.

Conculsion

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



DIALOGUE SOCIAL SCIENCE REVIEW

Vol. 3 No. 8 (August) (2025)

Terrorism has posed one of the most formidable challenges to Pakistan's stability, development, and social cohesion over the past two decades. The widespread loss of human lives, destruction of public infrastructure, and constant threat to security have deeply shaken the country. These impacts go beyond physical harm they have eroded trust in institutions, restricted civil liberties, and disrupted the daily lives of millions. The magnitude and persistence of terrorism demand not only strong counterterrorism measures but also a deep understanding of its socio-economic roots and long-term consequences.

The economic toll of terrorism on Pakistan has been staggering. Foreign direct investment has declined, trade activities have been disrupted, and the tourism industry has suffered severe setbacks. Public funds that could have been invested in development have instead been diverted to defense and security. Infrastructure damage and the weakening of institutions have slowed down growth and reduced the effectiveness of governance. These setbacks have left already-vulnerable communities even more exposed to poverty, unemployment, and displacement.

Socially, the impacts are equally destructive. Terrorism has caused mass internal displacement, deepened educational inequality, and fostered psychological trauma, especially among children and women. Trust within and between communities has declined, while sectarian and ethnic fault lines have widened. Education systems in conflict-affected regions have suffered, weakening the country's long-term human capital. The cumulative result has been a fragmented society that struggles to recover and resist cycles of violence.

The government's response through military operations like Zarb-e-Azb and Radd-ul-Fasaad, and policy frameworks such as the National Action Plan (NAP), has yielded significant security improvements. However, gaps in implementation, lack of police and judicial reforms, and weak coordination have limited the full potential of these efforts. Furthermore, the over-reliance on military solutions without parallel socio-economic development and institutional reform has prevented a holistic and sustainable response to the roots of extremism.

To ensure lasting peace and development, Pakistan must pursue a balanced strategy that combines robust security measures with inclusive political, social, and economic reforms. Education, social justice, equitable development, and

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



DIALOGUE SOCIAL SCIENCE REVIEW

Vol. 3 No. 8 (August) (2025)

institutional accountability must be central to counterterrorism policy. Only through a coordinated and comprehensive approach—rooted in human rights and democratic governance can Pakistan hope to dismantle the infrastructure of terrorism and rebuild a resilient, inclusive society.

Terrorism has remained one of the most severe and persistent threats to Pakistan's national security, social stability, and economic progress. From bombings in urban centers to militant insurgencies in tribal regions, the impact has been wide-ranging and long lasting. The challenge is multidimensional rooted in regional instability, ideological extremism, weak governance, and socio-economic disparities. These factors, when left unaddressed, not only sustain cycles of violence but also deepen the country's structural vulnerabilities. The economic repercussions of terrorism are particularly debilitating. Over the years, Pakistan has witnessed a sharp decline in foreign investment and investor confidence due to the volatile security environment. According to various economic assessments, billions of dollars in potential revenue have been lost because of disrupted trade, damaged infrastructure, and increased defense spending. The tourism sector, once a promising source of national income, has nearly collapsed in several regions due to the threat of attacks. Additionally, development projects have slowed down or been abandoned in conflict-affected zones, contributing to regional inequality and underdevelopment.

From a social perspective, terrorism has devastated communities and altered the fabric of everyday life. Thousands of civilians, including women and children, have been killed or injured, while many more live under the constant shadow of fear and insecurity. The psychological trauma inflicted by terrorist violence has long-term consequences, particularly for youth, who grow up surrounded by violence, displacement, and instability. Disrupted education, family separation, and poverty all contribute to a cycle of alienation that may, in turn, foster radicalization and social breakdown.

The displacement of millions due to terrorism and military operations has created a massive humanitarian crisis. Internally Displaced Persons (IDPs) often lack access to basic services, including education, healthcare, and employment. Host communities, already economically strained, struggle to absorb large populations, leading to rising tensions and competition over limited resources.

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



Vol. 3 No. 8 (August) (2025)

The absence of long-term resettlement and rehabilitation programs has turned many temporary crises into protracted social challenges, threatening both integration and stability.

In response, the government has taken several major steps, including the launch of military operations such as Zarb-e-Azb and Radd-ul-Fasaad, and the formulation of the National Action Plan (NAP). These efforts have significantly reduced the number of large-scale terrorist attacks and improved coordination between civil and military institutions. However, a lack of comprehensive implementation, especially in areas like madrasa reform, hate speech control, and judicial accountability, has limited the impact of these policies. Without institutional reform and civilian oversight, these operations remain reactive rather than transformative. Moreover, security-focused approaches alone cannot dismantle the ideological and socio-economic roots of terrorism. Education systems must be reformed to promote critical thinking, tolerance, and civic responsibility. Marginalized communities must be empowered through job creation, access to healthcare, and representation in decision-making processes. Police and judicial systems must be depoliticized, professionalized, and equipped to handle modern security challenges while respecting human rights and due process.

It is also vital to engage civil society, media, and religious scholars in counternarratives that challenge extremist ideologies. Social cohesion can only be restored through trust-building between communities and the state, inclusive governance, and respect for diversity. Community-based peacebuilding and rehabilitation initiatives are essential for reintegrating former militants, supporting victims, and preventing future radicalization.

In sum, Pakistan's fight against terrorism is far from over, but it has reached a stage where strategic recalibration is essential. A purely militarized response cannot guarantee long-term peace. Only through a multidimensional approach—one that addresses education, justice, economy, governance, and community resilience—can the country hope to overcome the legacy of terrorism. By learning from past shortcomings and investing in inclusive, democratic solutions, Pakistan can pave the way for a more secure and prosperous future.

Policy Recommendations

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



Vol. 3 No. 8 (August) (2025)

• Strengthen Interagency Coordination and Intelligence Sharing:

Establish a centralized national security coordination body that ensures realtime intelligence sharing between civil and military agencies, improving the effectiveness of counterterrorism operations.

• Reform and Modernize the Police Force:

Implement comprehensive police reforms focused on training, merit-based recruitment, community policing, and improved working conditions to enhance professionalism and public trust.

• Invest in Education and Counter-Radicalization Programs:

Expand access to quality education, particularly in conflict-affected and rural areas, while introducing radicalization curricula and youth engagement initiatives to prevent extremist indoctrination.

Rehabilitate Conflict-Affected Communities:

Prioritize the resettlement, education, and economic empowerment of internally displaced persons (IDPs) and communities impacted by military operations through targeted development programs.

• Ensure Oversight and Human Rights Protections:

Enforce legal accountability in counterterrorism efforts by strengthening civilian oversight of military courts and security operations, ensuring that human rights are respected while maintaining security.

• Regulate and Reform Religious Seminaries (Madrasas):

Standardize madrasa curricula to include modern subjects and civic education, while ensuring registration, financial transparency, and oversight to prevent the spread of extremist ideologies.

• Enhance Socioeconomic Development in Vulnerable Regions:

Launch targeted development initiatives in terrorism-affected and underdeveloped regions, focusing on infrastructure, healthcare, education, and employment to address root causes of radicalization.

• Promote Civic Engagement and Social Cohesion:

Encourage dialogue and reconciliation between ethnic and sectarian communities through peacebuilding programs, interfaith forums, and inclusive political participation.

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



Vol. 3 No. 8 (August) (2025)

References

- Khan, A. Q. (2017). Impact of terrorism on economic development of Pakistan. Journal of Management Sciences, 4(1), 23–36.
- Ministry of Finance. (2020). *Pakistan Economic Survey 2019–20*. Government of Pakistan.
- World Bank. (2019). *Pakistan Development Update: Economic Resilience amid Uncertainty*. World Bank Group.
- Javaid, U. (2016). Zarb-e-Azb and the Development of FATA: Implications for Peace and Stability. Journal of Political Studies, 23(1), 113–125.
- Khan, M. A., & Anwar, S. (2014). Impact of terrorism on foreign direct investment in Pakistan. International Journal of Business and Economic Development, 2(1), 66–75.
- State Bank of Pakistan. (2013). Annual Report 2012–13: The State of Pakistan's Economy. Government of Pakistan.
- Brinkerhoff, D. W. (2005). Rebuilding governance in failed states and post-conflict societies: Core concepts and crosscutting themes. *Public Administration and Development*, 25(1), 3–14. https://doi.org/10.1002/pad.352
- Watkins, K., Hossain, N., & Beall, J. (2020). *The health effects of conflict: A review of the evidence*. World Health Organization.
- Gupta, S., Clements, B., Bhattacharya, R., & Chakravartty, S. (2002). Fiscal consequences of armed conflict and terrorism in low- and middle-income countries. IMF Working Paper No. 02/142. https://doi.org/10.5089/9781451856755.001

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



Vol. 3 No. 8 (August) (2025)

- Perlo-Freeman, S., & Sköns, E. (2015). Arms production, military spending and the arms trade in developing countries. The Economics of Peace and Security Journal, 10(1), 6–13.
- Sandler, T., & George, J. (2016). Terrorism and the economics of defense: Issues and perspectives. In K. Hartley & T. Sandler (Eds.), Handbook of Defense Economics (Vol. 2, 78). Elsevier.
- Abbas, H. (2014). *The Taliban revival: Violence and extremism on the Pakistan- Afghanistan frontier.* Yale University Press.
- Neria, Y., Nandi, A., & Galea, S. (2011). Post-traumatic stress disorder following disasters: A systematic review. *Psychological Medicine*, 38(4), 467–480. https://doi.org/10.1017/S0033291707001353
- Yusuf, H. (2013). *Conflict dynamics in Sindh*. United States Institute of Peace. https://www.usip.org/publications/2013/10/conflict-dynamics-sindh
- Ferris, E., & Winthrop, R. (2010). Education and displacement: Assessing conditions for refugees and internally displaced persons affected by conflict. Brookings Institution.
- Internal Displacement Monitoring Centre (IDMC). (2020). Global report on internal displacement 2020. https://www.internal-displacement.org/global-report/grid2020/
- Dryden-Peterson, S. (2011). Refugee education: A global review. UNHCR Policy Development and Evaluation Service.
- International Crisis Group (ICG). (2014). Education reform in Pakistan: Challenges and prospects. Asia Report No. 257. https://www.crisisgroup.org/asia/south-asia/pakistan/education-reform-pakistan
- UNESCO. (2011). the hidden crisis: Armed conflict and education (Education for All Global Monitoring Report 2011).
 https://unesdoc.unesco.org/ark:/48223/pf0000190701
- Pettigrew, J. (2015). Social fragmentation, conflict, and the building of peace in conflict-affected societies. Peacebuilding, 3(2), 193–210. https://doi.org/10.1080/21647259.2015.1026214

www.thedssr.com

ISSN Online: 3007-3154 ISSN Print: 3007-3146



Vol. 3 No. 8 (August) (2025)

- Yusuf, H. (2012). *Sectarian violence: Pakistan's greatest security threat?* United States Institute of Peace. https://www.usip.org/publications/2012/10/sectarian-violence-pakistans-greatest-security-threat
- Rana, M. A. (2015). The state of counter-terrorism in Pakistan. *Pak Institute for Peace Studies (PIPS)*. https://www.pakpips.com
- Yusuf, H. (2016). *Pakistan's counterterrorism challenge*. United States Institute
 of Peace. https://www.usip.org/publications/2016/02/pakistans-counterterrorism-challenge
- International Crisis Group. (2016). *Reforming Pakistan's criminal justice system* (Asia Report No. 196). https://www.crisisgroup.org/asia/south-asia/pakistan/reforming-pakistan-s-criminal-justice-system
- Rana, M. A. (2017). Radd-ul-Fasaad: The way forward. *Dawn*. https://www.dawn.com/news/1316645