

TERRORISM IMPACT ON FOREIGN DIRECT INVESTMENT WITH OTHER TWO ECONOMIC INDICATORS (INFRASTRUCTURE & INFLATION) IN PAKISTAN

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ABSTRACT

This paper examines the impact of terrorism, infrastructure and inflation on Foreign Direct investment in Pakistan. Using time series data from 1990 to 2015 and applying the ordinary least square method to determine the relationship between the variables. The finding indicates that 'terrorism and inflation have negative while infrastructure has a positive effect on FDI. And the results also show that 'terrorism and infrastructure were significant while inflation was insignificant statistically. Stable and sound country situation with a stable hike in the rate of inflation and reliable infrastructure with some other factors in a country helps in attracting more foreign direct investment. But in recent years in Pakistan the level of FDI decreases because terrorist attacks started at large number after 9/11 and Pakistan lost investors confidence.

KEYWORDS: Terroism, FDI, Inflation, Infrastructure