

## ABSTRACT

The issue of increasing transaction costs and pending cases continues to affect the effectiveness of the justice system, imposing burdens on both the government and the public. This study, aimed to investigate the transaction costs associated with litigation in trial and appellate courts of Lahore, Pakistan, and to understand the broader consequences of these costs on domestic businesses and households. Additionally, it sought to propose a pragmatic policy framework to minimize these transaction costs and improve the litigation culture to support economic activities. This study is mostly based on primary data obtained in compliance with the objectives and requirements of the study. Data has been collected from litigants and people who have faced different types of litigation matters here in the courts of Lahore. after a few guided modifications as per the need of this study, the research was conceded with a clearly explained questionnaire, and 309 random samples were collected, which included people who are dealing with courts for the sake of getting justice in different matters. To achieve its objective, this study has employed two different statistical techniques: Ordinary Least Squares (OLS) regression and Binary Logistic regression. For the quantitative aspect, the researcher utilizes two econometric models. The findings of the study identify several key factors influencing transaction costs in the pursuit of justice, including education, case duration, value of claim, opportunity cost, system trust, references, bribe, changed lawyers, and government aid. It becomes evident that engaging in negotiations to secure justice can further escalate transaction costs. The study suggested to create a legal system in Lahore, Pakistan, that is accessible, efficient, and supportive of economic activities, thereby fostering a just and prosperous society for all its citizens and businesses.