

ABSTRACT

This thesis examines the role of judicial efficiency in shaping economic and social outcomes in Pakistan, with a particular focus on contract enforcement in agricultural credit markets and firms' export behaviors. The study first measures the efficiency of 36 district courts in Punjab using Data Envelopment Analysis (DEA), considering judges' caseloads, administrative staff, and court expenses. These efficiency estimates are then applied to assess their impact on various economic and social dimensions. The quantitative analysis of these issues is not done so far dealing the efficiency issue of the Justice System both at higher and lower level of Judiciary in Pakistan. Therefore, this study embraces this novelty by measuring the efficiency of lower courts in Punjab's judiciary system considering the judges' caseloads, administrative staff, and court expenses as well as innovative in its issue and approach to discuss the quality of judicial services. The study found that registration or filing of new cases in civil courts is the most restrictive exogenous factors causing delays in the case disposition. By calculating pure, overall and scale efficiency of courts, the judicial bodies can have better understanding whether it's the issue of human and physical resources or the size of courts itself causing high rate of pendency of cases in district courts of Punjab. Afterwards the impact of judicial efficiency on societal well-being by using social, human and economic development indicators is found. Different variables were taken in three various models and cross-sectional methodology was used to assess the impact. The findings revealed that better judicial quality directly contributes to Economic Performance more comparing to human and social development through increased economic activity and employment opportunities. After analyzing this nexus, the credit markets in agriculture were associated with judicial efficiency considering all aspects of loans like disbursement, recovery, and outstanding amounts of loans across various landholding categories (small, economic, above economic, and overall). The analysis is further extended by analysing the impact of judicial quality on exporting behavior of production sectors focusing on forward (downstream industries) and backward industry (upstream industries) linkages of trading firms. This analysis was conducted using panel data for 36 districts of Punjab and from 27 firms of each district for the time span 2004 to 2014. Difference-GMM technique is used for estimation. The findings showed that delayed justice, representing inefficiencies in the legal system has significant impact on upstream industries involved in backward linkages because these are contract-intensive and rely on other industries for their inputs. Hence having a weak judicial system in commercial courts

can hamper the industry output. Furthermore study also found that past export performance significantly influences current exports of the industries which means once the industry is not protected in property rights by the judicial system of the nation, then this will cause the loss in investor's confidence for long term and vice versa. In contrast, the rule of law is positively associated with all types of more exports and is statistically significant, reinforcing the importance of institutional quality in enhancing firms' global value chain integration. The findings underscore the need for judicial and institutional reforms to reduce case backlogs, improve contract enforcement, and enhance economic competitiveness. Strengthening the judicial system can foster a more conducive environment for better economic performance, credit access, and global trade participation.

Keywords: Judicial efficiency, District Courts, Credit markets, Social Development, Human Development, Economic Development, Contract-intensive Industries, Exports, Wages.