

No Future No Trade: An Analysis of Future Trade Policies between India and Pakistan Post War like Situation in 2025

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Abstract: International trade is a means to maintain international relation, to continue friendly bonding and to think for the integrated development in the global arena. International trade is a significant phenomenon of showing interdependence not to be dependent. No any country has all the sufficient means to survive alone independently in the world, so the role of international trade is very important. It starts mainly with the neighbouring countries then it expands to the different countries. This research will focus on the bilateral trade and the relation of the two developing nations who are neighbouring enemies nowadays. India and Pakistan (part of India before Independence) have all cut throat aggression as well as the trade dependence in the past few decades. This research will try to do find the challenges and the opportunities of trade between these two nations. Moreover, this research will find the issues in the international relations and trade between these two neighbours which led to the reactive strikes on Pakistan under the head of Operation Sindoor. The researcher will try to find out the way for future trade in between these two countries after this operation by analysing past and present status of relation of these two nations.

Keywords: International Trade, International Relation, Operation Sindoor, Vishwaguru, Globalisation.

Introduction

International trade

The exchange of goods and services along with the trade of goods and services come under the ambit of International trade.ⁱ The International trade is a means of transaction of goods and services among different countries.ⁱⁱ According to Wasserman and Haltmanⁱⁱⁱ, it refers to the transaction between residents of different countries. It is the trade between nations in the words of Anatol Marad^{iv}. Nowadays, it includes the services in many different sectors also in the range of the digital context. In many different countries, it is also treated as a means to do analyse the status of country. The ratio of

import and export is very much relevant for the wellbeing of any nation in competing in the global society.^vSo definitely it has few advantages as well as disadvantages.

Advantages of the International Trade^{vi}

- Sustainable use of natural resources.
- Availability of almost all the products and services.
- Expansion of production at large scale.
- Price' stability.
- Technical and developmental plan exchange.
- Roadmap to compete in global society.
- Co-operation and understanding among countries.
- Other advantages.

Disadvantages of International Trade^{vii}

- Dependence.
- Less development of local markets.
- Dependence in politics.
- Harm to International peace.
- Challenges at the time of war like situations.

International Relation

International relation is simply a bonding of a nation with different nations.^{viii}As we all know that no nation is self -sufficient to do proceed in this global society without any help and assistance. In words of a great philosopher Aristotle, "Man by nature is a social animal, man can't live in isolation."^{ix}This is the same situation the countries as like men in the society. To survive in a good way, do integrate in a better way and keep relation in the best manner. International relations can be defined as the activities of the national importance among various States. Professor Charles Schleicher defined this ambit as the relation among States^x It is also defined as struggle of power among Nations in the words of Prof. Hans Morgenthau^{xi}. Padelford and Lincoln define it as the interaction of the policies of the State within the changing pattern of power relationships.^{xii}

Advantages of International Relations^{xiii}

- Management of conflicts.
- Diplomacy and Negotiations.
- Co-operation at international level.
- Reducing poverty & inequalities.
- Exchange of culture.

Disadvantages of International Relations^{xiv}

- Power dynamics in unequal manner.

- Imbalances in trade.
- Concern of security.
- Little loss of autonomy in terms of sovereign.
- Ill impact on local industries.

Historical Background of International Relation and International Trade between India and Pakistan



Figure 1: Before Partition Source- Uni Maps^{xv}

Before Partition, we are not able to discuss the International Relations and International Trade, because as per the definition of both of them, this integrated Bharat does not come under the ambit. But after partition we can easily analyse the very same after Partition. The researcher will focus on the historical aspect in the manner of the status after every war type situation. Initially after discussion of historical perspective, the researcher will focus on the trade after the war of 1971, then after Kargil war and lastly analyse the situation after this operation Sindoor.



Figure 2: After Partition Source- Shutterstock^{xvi}

Pakistan emerged as a separate state in 1947 on 15th August. The division is based on the Radcliffe line as a boundary between these two nations. Now after this partition the trade and the relation of India and Pakistan has changed into international relation as well as in the terms of trade^{xvii}.

International trade plays a great significance in the market as well as economic development for both the countries. India and Pakistan had that much strength to be the great markets of all time by engaging integrated trade, business and by building reasonable international relation. India as well as Pakistan both were in the place of friendship just after the partition too, because both the countries are interdependent on each other mostly in case of the natural resources.

We can trace the bilateral trade between India and Pakistan in last six decades with diverse ups and downs and the drastic changes in the situations in between these two nations.^{xviii} In 1948-49, approx 70 percents of the trading transactions of Pakistan were directly with the India.^{xix} But by the end of year 1949, we also saw a deep down in the relations of these two nations. By 1960s, approx eleven trade and related agreements were concluded between India and Pakistan.^{xx} In 1965 after a war like situation, the bilateral trade was at the lowest of all time and declined by approx of Rs. 10.53 (crore). After the war approx seven times, India has tried the best to rejoin the trade in the friendly manner but the efforts were not engaging and nothing good could be achieved.^{xxi} In 1974, a protocol of trade in the head of Shimla Agreement was signed for uplifting the trade. Moreover in 1981, Pakistan met hands in Delhi International Trade Fair.^{xxii} A commission for the joint business was constituted in the year 1983, for suggesting more alternatives in

bilateral trade. Now in the year 1986, these two countries came under the ambit of SAARC as signatory members^{xxiii}. In the year of 1989, these two countries attached approx 322 India goods to be imported in Pakistan.^{xxiv} This gave a great boost and upliftment of approx Rs. 350 Crore in the financial year of 1990-91 to 1992-93. This shows the importance of LPG schemes in these developing countries. In 1996, approx 300 new Indian items are added in the positive lists of Pakistan.^{xxv} In the year 2003, the trade complementarity index (TCI) of the India was 50 percent whereas the TCI index of Pakistan was only 14 percent with India^{xxvi}. It was highest for India in 2007 and in 2010 for the Pakistan^{xxvii}. In 2011, after the Mumbai attack again we see the Pakistan has decided to grant the status of most favoured nation to India to boost trade in the head of bilateral agreement.^{xxviii}

Now with the help of the data, we will analyse the relation in between these two countries in the early 21st century, then also in this era too the trade plays significant role in the developing the economy of these nations.

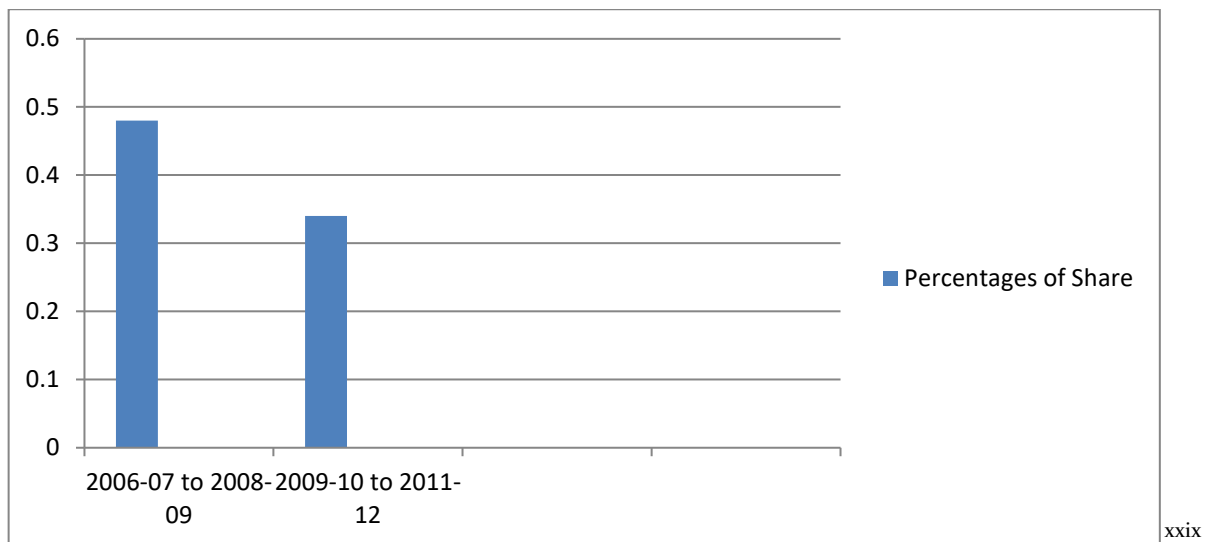


Figure 3: Pakistan's Share in India's total trade

Pakistan's share in the India total trade is not too good in this phase and also it used to decline because of the war like situations in these nations.

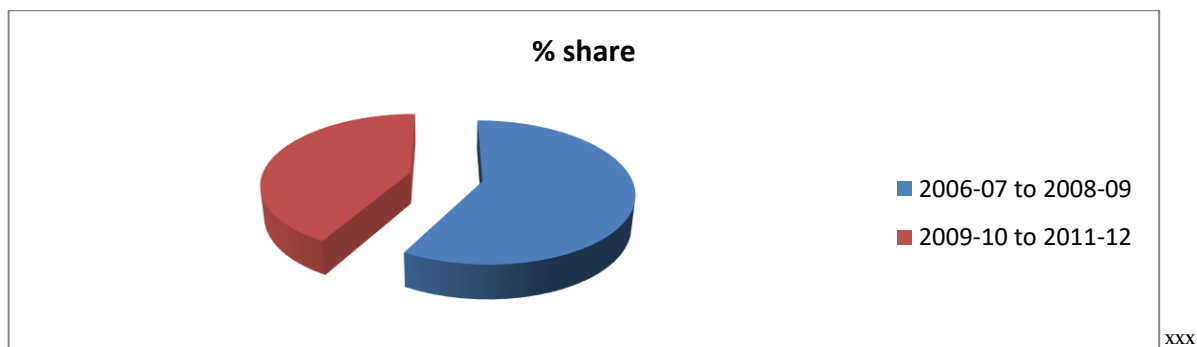


Figure 4: Export to Pakistan in India's Total Export

This Figure 4 clearly illustrated about the declination of the very same in the terms of export.

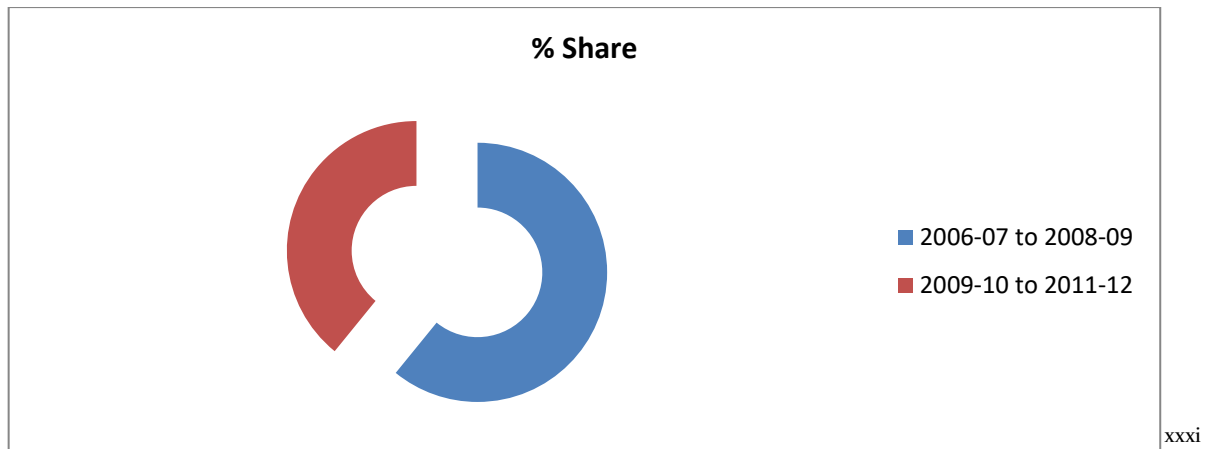


Figure 5: Imports from Pakistan in India's Total Imports

This figure 5 also stated clear analysing of declining in the imports from Pakistan.

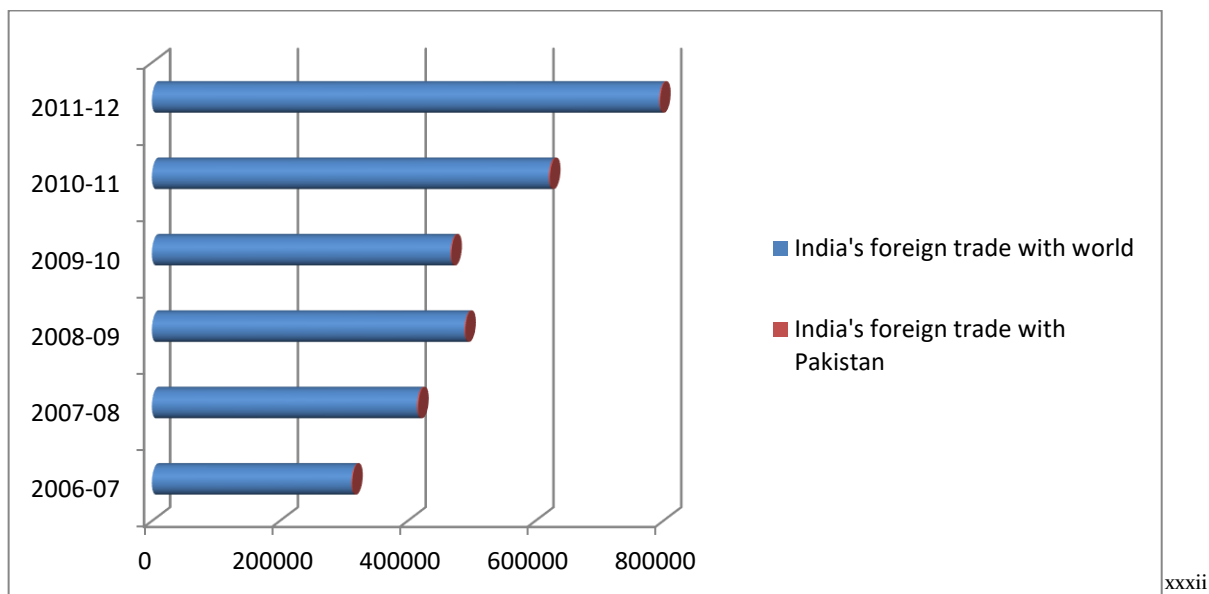


Figure 6: India's Foreign Trade

The figure 6 clearly illustrated the increasing of the foreign trade with world with decreasing of the very same in between India and Pakistan. This was not a drastic change but change was happened because of divergent relation with the Pakistan. The relations resulted in the barriers for the development of the Pakistan. Moreover this also resulted in the easy attraction of the China and USA towards Pakistan for their personal own benefits and also a means to ruin the market of the India but this was only a dream at that time.

Now this research focuses on the trade and import and export conditions in between Pakistan and India after a decade of the previous data i.e 2024. In this year, the researcher will analyse the conditions of trade in between India and Pakistan.

Present Scenario of International Trade between India and Pakistan

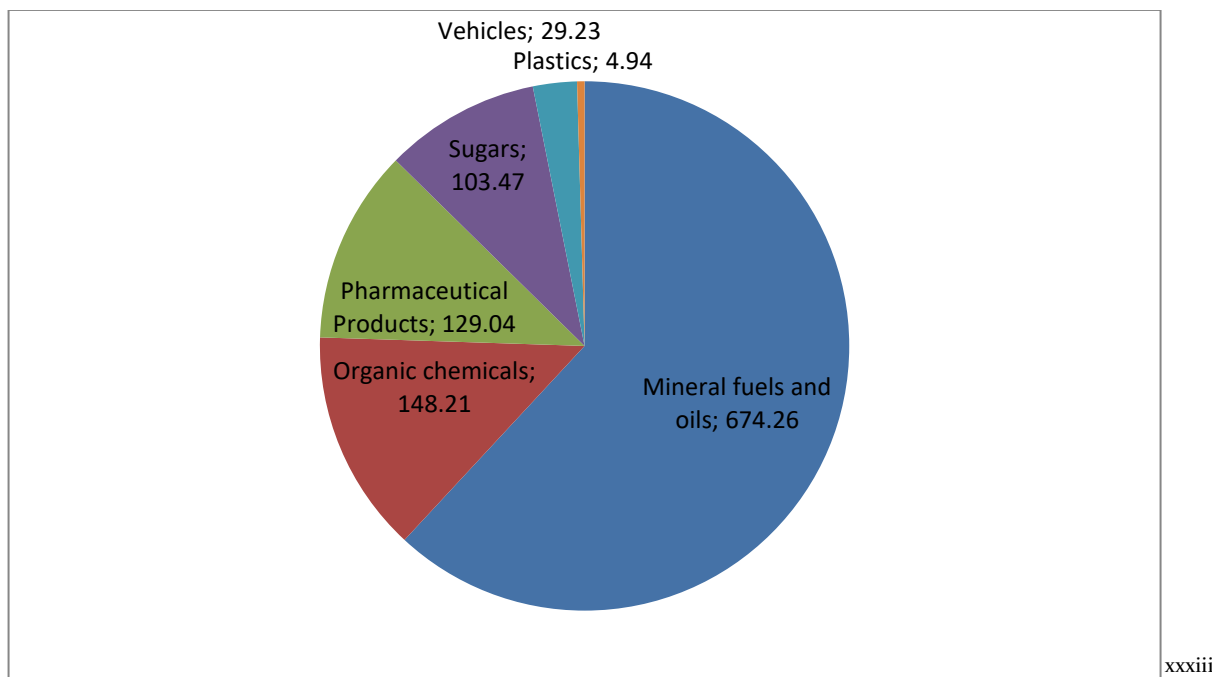


Figure 7: 2024 India's Export to Pakistan (In Million Dollar)

This figure 7 clearly illustrated that the business and the trade relations of Pakistan and India is good as per the data of year 2024. As we all know that the interdependence situation of both countries are very much important and significant because before partition we see the situation was in all integrated manner but after the partition the situation in 2024 is also satisfactory after so much attack of the Pakistan in the India in the form of the terrorist attacks, but still the India i.e Bharat has the guts to do maintain the friendly relation with Pakistan.

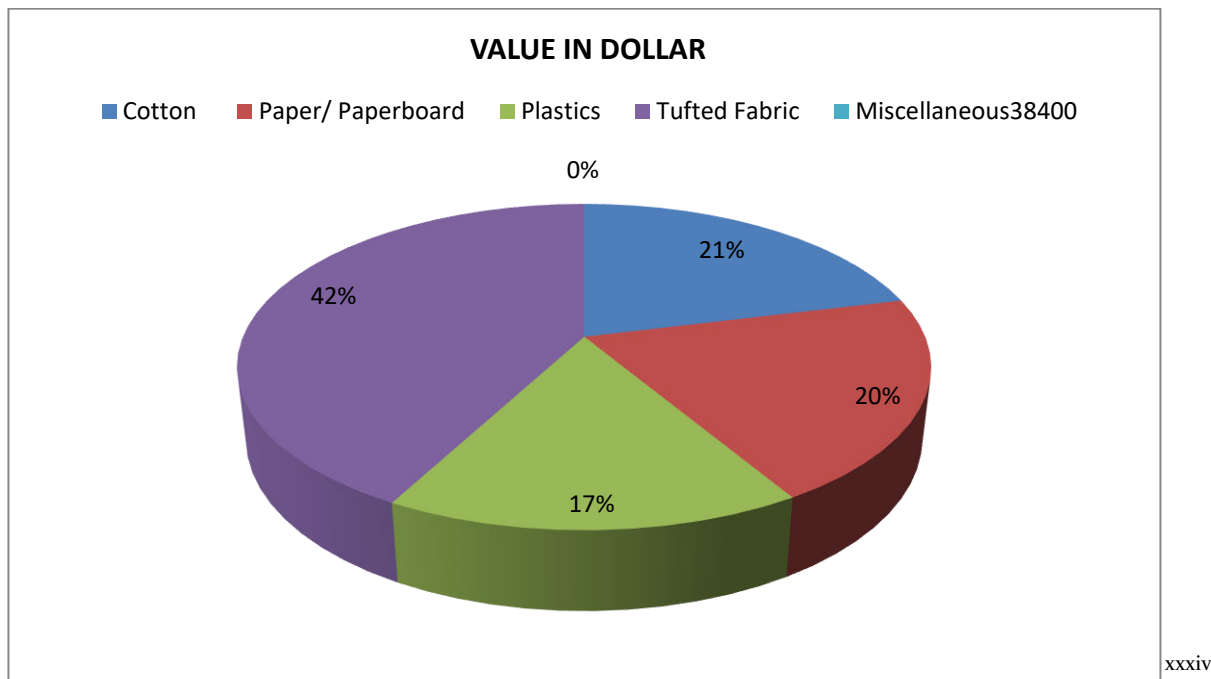


Figure 8: Pakistan Exports To India (in dollars)

The data in this figure 8 clearly stated the counts in which the Pakistan has exported some items to India. This count is very small as compared to the counts of India.

After analysing the Figures 7 and 8, we can easily come to few outcomes-

- India is exporting more as compared to the Pakistan.
- Pakistan is not in that strong position as compared to India.
- Pakistan is dependent on India more than the India on Pakistan.
- Ignored by India, the Pakistan will face more issues.
- Without Pakistan, the position of India in matter of export may decline in global world.

So in matter of export, we can conclude our contention, that these two countries are interdependent on each other for their survival in this global world. Pakistan needs India to give few products for necessary needs, and India provides a lot to Pakistan for basic necessary facilities in the scenario of surviving.

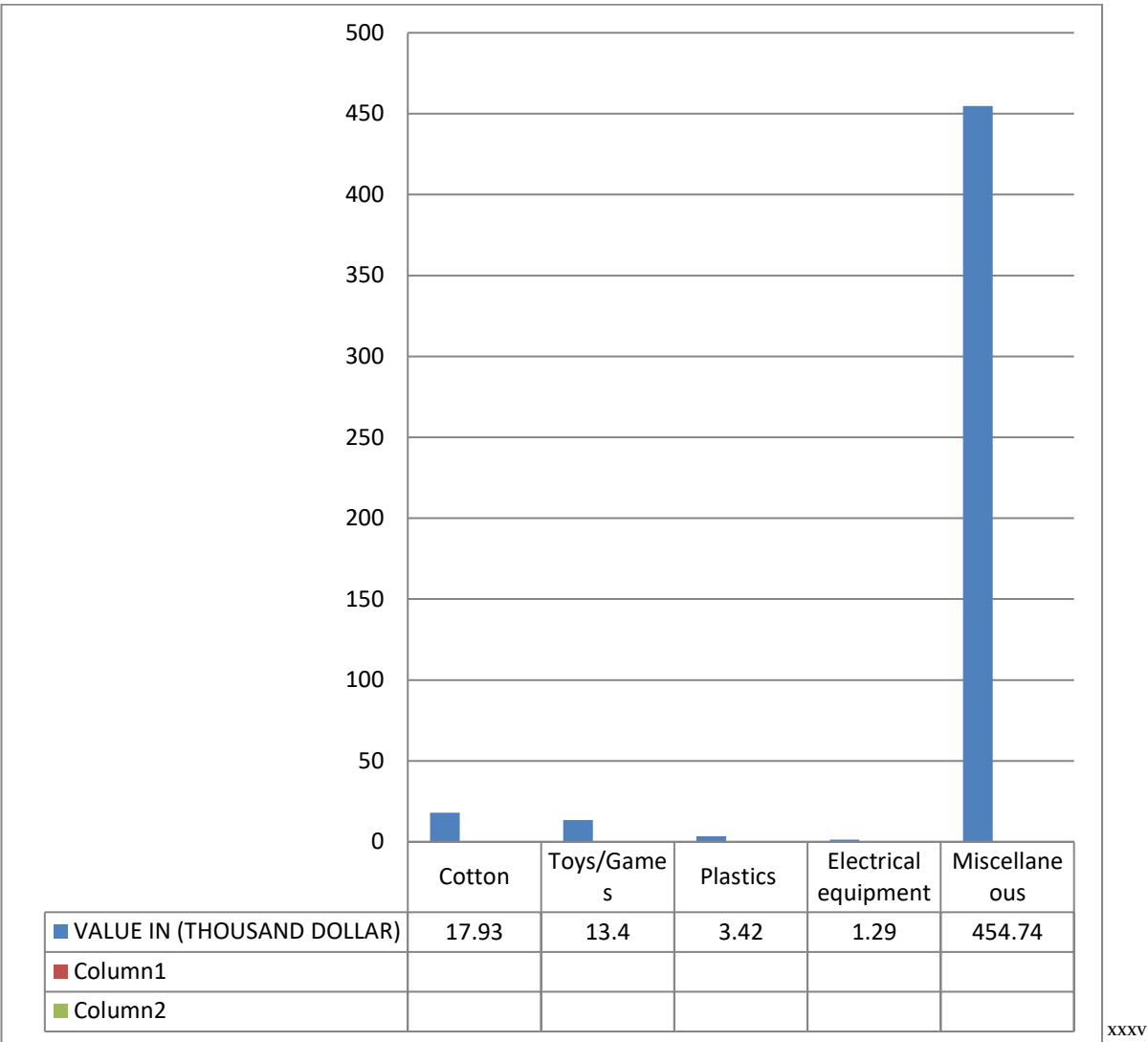


Figure 9: India Imports from Pakistan (in thousands dollar)

Figure 9 clearly stated about the less dependence of India on Pakistan in context of imports of these things in the year 2023 and 2024. This shows because of the international relation, India is fulfilling the needs of the neighbouring country for the basic survival. The import in regarding to India from Pakistan is not too large in the count of values. After analysing this figure 9 in regards to the imports from Pakistan, the researcher will the imports from India to Pakistan for better understanding of the relation between these two nations.

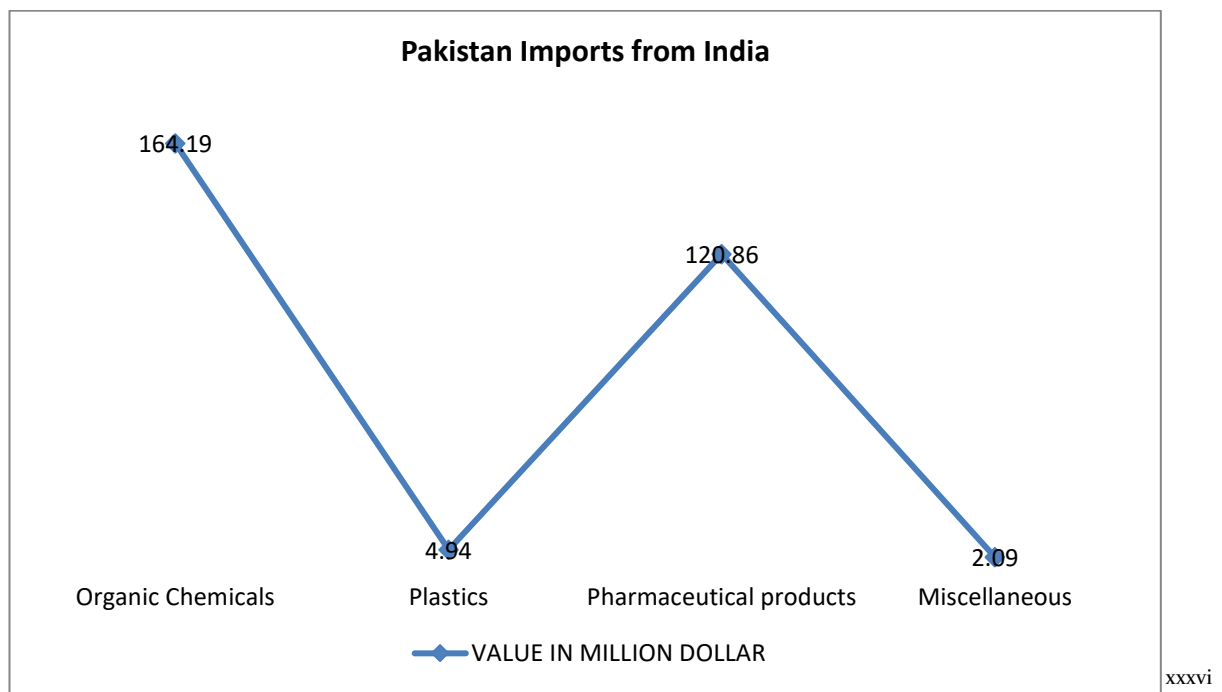


Figure 10

Figure 10 illustrated the imports in Pakistan from India. It clearly shows the dependency of Pakistan over India even for the basic survival. It shows the ill intention of Pakistan when it used to do attack on India in the form of terrorist operations. These operations are not only harmful for India but also for the Pakistan in long run.

Future of International Trade between India and Pakistan

Recently, Pakistan has attacked tourist in the Pahalgam, India after asking their religion and this attack is nothing but clear a threatening challenge to the government of India. Now the researcher will tackle the issues related to this attack on the trade between these two countries. But before that lets take a look on this attack in crux manner.

On 22nd April 2025, in Indian administrated Kashmir, approx 26 tourists killed after gunmen open fire.^{xxxvii} This attack is the first attack in which the Pakistan has directly targeted tourists after asking religion in the Pahalgam. This place is popularly known as the “Switzerland of India.” This is not a low level issue but a global issue. The Prime Minister of India has cut short his trip of Saudi Arabia because of the high level meeting on this attack.^{xxxviii} It is also called as Vile terrorist attack in the words of Von der Leyen (EU Chief). The President of Us and also the leaders like Putin has gathered themselves against this and expressed their sincere condolences.^{xxxix} The Home Minister of India has given a clear cut statement on this heinous attack “Bharat won’t bend to terrorism”.^{xl}

This can’t be seen only as a terror attack but also it has hampered the credibility of Pakistan in this global society. This can’t be tolerated easily by any nation. This country has also the connection of terrorism from last 50 years^{xli}. Now also there is a situation of

the marginalisation of trade and policy regarding the trade from the side of India in the counter of this terrorist attack. Without wasting much time, India has given clear statement that the terrorists were from outside and they belong to Pakistan. Moreover from the immediate effect, India has suspended the agreement regarding water sharing under the umbrella of Indus Water Treaty of 1960.^{xlii} Along with it, India has also downgraded the representation in the head of diplomats in Pakistan. Moreover, India revoked visa for the nationals of Pakistan and do barriers on all the crossings of border.^{xliii} This attack is unlike Uri and Pulwama, because here the targeted counts are tourists not the arm forces. So, it is very dangerous and ill situation of India and Pakistan to continue good trade relation after this heinous step in the form of terrorist attack.^{xliv} To cure these issues in the past, India has tried and negotiated all measures but no tangible result has happened. So this time it is quite challenging for India too in implementation of better trade policies in the favour of Pakistan.^{xlv}

But India has successfully executed strike in the name head of Operation Sindoor. It has hampered the sovereignty of Pakistan along with fulfilling the objective in the context of political, military and psychological form.^{xlvi} Now, India in that position to do utilise its all power of mental ability to do attack the Pakistan by framing and implementing the policy of trade and business and also it leads to the disturbance in the international relation between these two countries.^{xlvii} In future definitely this attack will be a negative side for Pakistan itself in the light of trade and business.

The issues which Pakistan may face in the near future in regard to the international trade with India are

- Less imports from the side of India will lead to the wastage of natural resources, expiration of the manmade products and shut down of the industries in Pakistan.
- Less exports from the side of India will result in the scarcity and crisis in the territory of Pakistan.
- Loss of human capital and jobs in the Pakistan will lead to the poverty in near future.
- Dependency of Pakistan on the other countries will increase.
- No genuine nations will be in position to do good favour to Pakistan by ignoring India because India is the biggest market for every nation in this world.
- Internal conflict may increase in the territory of Pakistan.
- No new good policies of India will come in the favour off the neighbouring county Pakistan.
- It will impact the India mainly in terms of export in minimal way because Pakistan is dependent on India in many goods and services of daily basic necessity.

Revamping the Trade Relations between India and Pakistan

When during the Pulwama Attack the MFN (Most Favoured Nation) status granted to goods from Pakistan under the GATT was uplifted, then 200% import duties were levied on the goods being imported to India from Pakistan. Over the years, the tensions only seem to have arisen. But few measures can try to rekindle or reconcile the trade measures.^{xlvi} A strong, trading rules system can try to not affect the economic measures due to political tensions amidst them and try to build in long trade trust relationships by considering to re – honour the SAFTA (South Asian Free Trade Area) so that the trade relations can be strengthened between them and there would be less impact on the trade due to political tensions.

Also, we can have a joint trade portal on both sides managed by the national chambers as it would provide real time updates upon the compliance requirements on both the side and provide information as and when required which would ultimately help reduce entry barriers to trade and would help nurture and expand trade.^{xli}

Conclusion

In concluding remarks, the researcher can say the exchange of goods and services along with the trade of goods and services come under the ambit of International trade. The International trade is a means of transaction of goods and services among different countries. International relation is simply a bonding of a nation with different nations. As we all know that no nation is self-sufficient to do proceed in this global society without any help and assistance. In words of a great philosopher Aristotle, “Man by nature is a social animal, man can’t live in isolation.” This is the same situation the countries as like men in the society. To survive in a good way, do integrate in a better way and keep relation in the best manner. International relations can be defined as the activities of the national importance among various States. Professor Charles Schleicher defined this ambit as the relation among States. It is also defined as struggle of power among Nations in the words of Prof. Hans Morgenthau. Padelford and Lincoln define it as the interaction of the policies of the State within the changing pattern of power relationships. Before Partition, we are not able to discuss the International Relations and International Trade, because as per the definition of both of them, this integrated Bharat does not come under the ambit. But after partition we can easily analyse the very same after Partition.

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International trade plays a great significance in the market as well as economic development for both the countries. India and Pakistan had that much strength to be the great markets of all time by engaging integrated trade, business and by building

reasonable international relation. India as well as Pakistan both were in the place of friendship just after the partition too, because both the countries are interdependent on each other mostly in case of the natural resources.

In past years, After analysing the Figures 7 and 8, we can easily come to few outcomes- India is exporting more as compared to the Pakistan, Pakistan is not in that strong position as compared to India, Pakistan is dependent on India more than the India on Pakistan, Ignored by India, the Pakistan will face more issues and Without Pakistan, the position of India in matter of export may decline in global world. Recently, Pakistan has attacked tourist in the Pahalgam, India after asking their religion and this attack is nothing but clear a threatening challenge to the government of India. This can't be seen only as a terror attack but also it has hampered the credibility of Pakistan in this global society. This can't be tolerated easily by any nation. This country has also the connection of terrorism from last 50 years. Now also there is a situation of the marginalisation of trade and policy regarding the trade from the side of India in the counter of this terrorist attack. Without wasting much time, India has given clear statement that the terrorists were from outside and they belong to Pakistan. Moreover from the immediate effect, India has suspended the agreement regarding water sharing under the umbrella of Indus Water Treaty of 1960. Along with it, India has also downgraded the representation in the head of diplomats in Pakistan. Moreover, India revoked visa for the nationals of Pakistan and do barriers on all the crossings of border.

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ⁱⁱIbid

ⁱⁱⁱH. Breinlich, " Machine Learning in International Trade", 9629, World Bank Group, 2021.

^{iv}Ibid

^vSupra ii

^{vi} Supra iv

^{vii} Supra iv

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“In battle, there are not more two methods of attack- the direct and the indirect, yet these two in combination give rise to an endless series of maneuvers.”^{xlix}

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