

## India-Pakistan Relations: Issues and Challenges

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### **Abstract**

*Since their independence, India and Pakistan have failed to come out of mutual suspicion and discord of each other. It has its implications on the decision-making process and policy formulation of both countries. It has also promoted the image of each other as an enemy with minimal hope for constructive politico, strategic and economic engagement. Both India and Pakistan have so far failed to develop cordial relationship from the long-term perspective with each other due to various issues which includes border dispute, cross border terrorism, clash of interests over Afghanistan, etc. The relationship between the two sides has been marked by suspicion, hatred and distrust. Tense and hostile situation, which existed since 1947, has resulted in three wars and various crises between them.*

### **Keywords**

*Agreement, GDP, LoC, Political Relation, SAARC, Terrorism, Trade*

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## **Introduction**

The present paper attempts to put in perspective issues and challenges in India's adversarial relations with its close neighbor Pakistan from an Indian perspective. India's relations with Pakistan have been aptly described by former India's Prime Minister, Inder Kumar Gujral as 'tormented one'. It has also promoted the image of each other as an enemy with minimal hope for constructive politico, strategic and economic engagement.<sup>1</sup> Both India and Pakistan have so far failed to develop cordial relationship from the long-term perspective with each other due to various issues which includes border dispute, cross border terrorism, clash of interests over Afghanistan, etc. The hostile attitude towards each other has severely undermined the prospect of socio-economic development of both countries.<sup>2</sup>

## **India's Predominant Position in South Asia and Beyond:**

India enjoys strong cultural, linguistic and ethnic connections with the neighbouring countries of South Asia. Among the countries of South Asia, India is the largest, which accounts for 70% of population, nearly 80% of the gross domestic product (GDP) and about 75% of the regional economic output. India shares boundary with all the South Asian neighbours. Should India play a crucial role on the global stage then it becomes imperative to maintain stability in its relations with its neighbours.<sup>3</sup>

India has a huge stake in not only playing a pivotal role in the region but also keeping it free from external powers' presence and interference.<sup>4</sup> Bhabani Sen Gupta has argued in favour of India playing a crucial role in the region when he said that, "The Indian elephant cannot transform itself into a mouse. India is being referred to as the 'key to the development and progress of SAARC'. India's responsibility in shaping and directing the cooperation drive was recognized by extra-regional powers. However, Pakistan has blamed India for playing dominating behavior in the region of South Asia in the past and present, which creates an environment of insecurity for the latter. India started to deter, coerce or influence Pakistan.<sup>5</sup>

## **India's Political Relations with Pakistan:**

The relationship between the two sides is perceived to be beneficial in various areas of interests including security, economic, energy and socio-cultural aspects. Several key issues have not allowed the development of close ties between India and Pakistan. Once the 2001-02 crises between India and Pakistan ended in April 2003 when former Indian Prime Minister Mr. Atal Bihari Vajpayee offered bilateral talks to his Pakistani counterpart Mr. Zafarullah Khan Jamali<sup>6</sup> and the latter announcement of a ceasefire along the Line of Control (LoC). Since then, both sides

are seriously thinking of resolving the bilateral disputes including the Kashmir issue, resulting in both sides agreeing to resume the composite dialogue. In a bid to resolve the long standing bilateral disputes, both sides reached an agreement on five broad areas- no change in the current division of Kashmir into Pakistan and Indian areas, creation of soft border along the Line of Control that would ensure greater freedom of movement of people and goods, greater autonomy and self-governance for both India and Pakistan administered parts of Kashmir, the establishment of a consultative mechanism across the LoC and lastly, demilitarization of Kashmir.<sup>7</sup> This was the period where both military and non-military Confidence Building Measures (CBMs) improves. For instance Agreement on Advance Notification of Ballistic Missile Tests—brought into effect in 2005, establishment of a Communication Link between Pakistan Maritime Security Agency and Indian Coast Guard—brought into effect in 2005. Both the rail services between Attari and Lahore, and air linkages between the two countries were resumed in 2004. This was followed by the resumption of Samjhauta Express, which runs between Delhi and Lahore in 2005, and the first bus service between Srinagar and Muzaffarbad also started this year. Joint Economic Commissions and Joint Business Councils were reactivated in 2004. Moreover, Foreign Ministers of both countries agreed to a series of Kashmir-specific CBMs to facilitate crossing the LoC in 2008.<sup>8</sup>

At this critical juncture, the 26/11 Mumbai incidents have only aggravated the already not so good relations between India and Pakistan. Since then political understanding between the two countries has come down to a much lower level. Angered by the response of Pakistan, India cancelled any forms of dialogue with Pakistan.

Under pressure from the international community, India-Pakistan peace process has gained momentum since minister-level talks were restarted in early 2011. Since then considerable progress could be seen in India's engagement with Pakistan. In response to New Delhi's decision to export electricity to energy-starved Pakistan, Islamabad had not only allowed Indian officials to visit Pakistan to investigate the 2008 Mumbai terrorist attacks, but also granted most-favoured nation status to India.<sup>9</sup>

#### **Economic Dimension of India-Pakistan Relations:**

India and Pakistan are the two largest economies in South Asia, which account for 90% of the gross domestic product (GDP) and 85% of the population of the region. Despite the fact, India-Pakistan economic and trade relations has remained so far very limited with neither country falls in the category of top trading partners of each other. This can be reflected from the very fact that as of 2007/8, the share of

total trade in goods between the two sides was less than 0.5 % of their combined trade with the rest of the world. The reasons for the abysmally low level of bilateral trade can be attributed to border disputes and political tensions, but also of inward-looking import-substitution growth strategies.<sup>10</sup> The longest international border share is between the United States and Canada, accounting for 8893 km. The bilateral trade between them is US\$ 632 billion (for more details refer to Table 1).

**Table 1: Trade Volume between Neighbouring Countries of the World**

Rank	Countries	Border Length (in km)	Trade as of 2013 (in US\$ billions)
1	US-Canada	8893	632
2	Russia-Kazakhstan	6846	28.5
5	India-Bangladesh	4096	6.6
6	China-Russia	3645	88
9	China-India	3380	65.8
10	US-Mexico	3141	506.7
11	India-Pakistan	2900	2.6

**Source:** Chandrani Sarma, “Indo-Pak Trade and Political Balance”, *ISAS Insights*, National University of Singapore, No. 271, 21 November 2014, p. 2.

The main items of export from India to Pakistan are cotton, organic chemicals, food products including prepared animal fodder, vegetables, plastic articles, man-made filament, coffee, tea and spices, dyes, oil seeds, etc. While the main items of import by India from Pakistan comprises of copper and copper articles, fruits and nuts, cotton, salt, sulphur and earths and stones, organic chemicals, mineral fuels, rubber plastic products, wool, etc.

India’s share of total Pakistan export has been less than 1% during the last one decade since the turn of twenty first century.

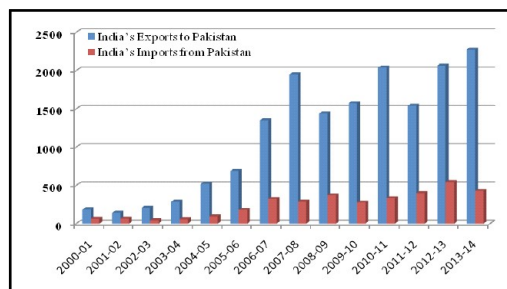
The share of top five export items from India to Pakistan accounted for 70% of the total exports (as shown in Table 3). While, the share of top five import items from Pakistan to India accounted for 65 per cent of the total exports (as shown in Table 4).

**Table 2: India-Pakistan Merchandise Trade From 2000-01 to 2013-14  
(in US\$ millions)**

Year	India's Exports to Pakistan	Growth Rate (%)	India's Imports from Pakistan	Growth Rate (%)	Trade Turnover	Balance
2000-01	186.83	101.01	64.03	-6.14	250.86	122.8
2001-02	144.01	-22.92	64.76	1.14	208.77	79.25
2002-03	206.16	43.16	44.85	-30.74	251.01	161.31
2003-04	286.94	39.18	57.65	28.54	344.59	229.29
2004-05	521.05	81.59	94.97	64.75	616.02	426.08
2005-06	689.23	32.28	179.56	89.06	868.79	509.67
2006-07	1,350.09	95.88	323.62	80.23	1,673.71	1,026.47
2007-08	1,950.53	44.47	287.97	-11.02	2,238.5	1,662.56
2008-09	1,439.88	-26.18	370.17	28.54	1,810.05	1,069.71
2009-10	1,573.32	9.27	275.94	-25.45	1,849.26	1,297.38
2010-11	2,039.53	29.63	332.51	20.50	2,666.13	2,081.11
2011-12	1,541.56	-24.42	397.66	19.59		
2012-13	2,064.79	33.94	541.87	36.26		
2013-14	2,274.26	10.15	426.88	-21.22		

Source: Export-Import Databank, Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India.

**Figure 1: India-Pakistan Merchandise Trade From 2000-01 to 2010-11 (in US\$ millions)**



Source: Refer to Table 1.

India and Pakistan still use tariff and nontariff barriers to protect their domestic producers even after reforms have led to overall economic liberalization. Pakistani Foreign Minister, Hina Rabbani Khar stated in a speech at the Lahore University of Management Sciences (LUMS) that more trade with India would enhance Pakistan's prospects for peace and prosperity, and "put in place the conditions that will enable Pakistan to better pursue its principled positions" on territorial issues.<sup>11</sup>

**Table 3: Top Five Export Items from India to Pakistan (in US \$ millions)**

SL. No.	HS Code	Commodity	2012-13	2013-14
1	52	Cotton	471.93	467.30
2	23	Residues And Waste From the Food Industries; Prepared Animal Foder.	293.52	311.78
3	29	Organic Chemicals	273.07	271.55
4	7	Edible Vegetables, Certain Roots and Tubers	144.51	218.68
5	39	Plastic And Articles Thereof	110.73	163.90

*Source: Export-Import Databank, Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India.*

**Table 4: Top Five Import Items from Pakistan to India (in US \$ millions)**

SL. No.	HS Code	Commodity	2012-13	2013-14
1	74	Copper And Articles Thereof.	149.53	6.09
2	8	Edible Fruit And Nuts; Peel Or Citrus Fruit Or Melons.	92.55	100.15
3	52	Cotton	60.38	44.03
4	25	Salt; Sulphur; Earths And Stone; Plastering Materials, Lime And Cement	53.54	44.27
5	29	Organic Chemicals	38.90	26.88

*Source: Export-Import Databank, Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India.*

### **Underlying Key Issues Constraining India-Pakistan Relations**

There are factors within and outside between India and Pakistan, which still impacts their relations, for instance, border issue, terrorism issue, Afghanistan issues and China issue.

#### ***Kashmir Issue***

Kashmir has been and continues to remain the main cause of friction between India and Pakistan. It is surrounded by a number of foreign countries such as Tibet in its east and Pakistan, China and Commonwealth of Independent States (CIS) in its west. Punjab and Himachal Pradesh border the southern part. Having fought three wars over the Kashmir issue in 1947, 1965, and 1999, still there is no hope of resolving it in the near future.

The prolonged Kashmir issue that has not shown any fruitful prospect for resolution has only sent a wrong message to the international community that resolution is the key to progress in bilateral ties between the two South Asian powers. This is not true in real sense because Pakistan on its part has not shown any eagerness to improve ties with India through discussion and instead they were engaged in illegal activities of proxy war that seriously threatens India's security.<sup>12</sup> The militancy supported by Pakistan has led to increased violence in Kashmir. For instance, the summit meeting between former Prime Minister of India and Pakistan, Mr. Atal Bihar Vajpayee and Mr. Nawaz Sharif respectively at Lahore in February 1999 was not able to bring out fruitful result due to alleged invasion by the Pakistan military into the Indian Territory. This was followed by the attack on the Indian Parliament in December 2001 that comes just after the General Pervez Musharraf visit to India for the Agra summit in 2001.

Also, Pakistan military leadership obsession with the Kashmir dispute has also been one of the main determinants to creating a climate suitable for resolution. Pakistan Prime Minister Mr. Shaukat Aziz during his visit to Hongkong has declared that until the Kashmir issue is resolved, economic relations with India could not fully restored. Such stand precludes the possibility of any resolution.

### ***Terrorism Issues***

One of the key challenges India face at present is the one posed by terrorism from beyond its borders. India is seriously challenged by the menace of terrorism in multiple forms for the past many decades. It is facing the most unique, difficult and gruesome faces of terrorism.

India urges Pakistan to act seriously to defeat and stop the alleged extremist infiltrations into Indian Territory. India has consistently stressed the need for Pakistan to fulfill its oft-repeated assurances, given to us at the highest level, that territory under its control would not be allowed to be used for anti-India activities in any manner that would seriously threaten our country's national security.

India has time and accused Pakistan for large-scale terrorist attacks in Jammu and Kashmir and in other parts of our country. For instance, India cannot forget the memories of the well-planned terrorist attack on the Jammu and Kashmir Assembly complex on 1 October 2001, Indian Parliament attack on 13 December 2001. Bomb explosion in Mumbai in July 2011 and a similar explosion near the New Delhi High Court in September 2011 followed this.<sup>13</sup>

### ***Afghanistan Issues***

Indian interests clash with Pakistan over Afghanistan. India and Pakistan have been vying for strategic influence in Afghanistan. Pakistan is seriously concerned about India all-out effort to expand its strategic influence in Afghanistan post 9/11.

Pakistan is involved in back door support to Taliban that hold the key to the survival and sustenance of the latter. Pakistan military and Inter Service Intelligence (ISI) believes that their support to Taliban and its associates is central to achieving gaining influence in Afghanistan.<sup>14</sup>

From the security perspective, Pakistan strongly believes that a strong and Pakistan-friendly government in Afghanistan will result in a secure western border. If there were no friendly government in then Afghanistan would pose a security threat to Pakistan.<sup>15</sup> Therefore, Pakistan does not want to see India expanding its influence in Afghanistan, which according to Islamabad would help the Kashmir issue to turn in their favour. This is the missing link between the United States and Pakistan that has only favoured Pakistan and a setback for India. With such stand it is less likely that Pakistan would take steps sincerely to dismantle Taliban in Afghanistan and Pakistan and al-Qaeda. On the basis of this, Pakistan has criticized India for over involvement in Afghanistan.<sup>16</sup>

To deceive the international community about its covert intentions, Islamabad has blamed New Delhi's positive intentions in Kabul of trying to destabilize their country and to undermine Pak-Afghan relations. Islamabad strongly believes that long-term Indian presence in Afghanistan would be detrimental to Pakistan's multi-dimensional interests. Whatever may be the apprehension raised by Pakistan, the Afghan Government led by Karzai has welcomed India's hard effort in the reconstruction of Afghanistan.<sup>17</sup> When Indian embassy in Kabul was attacked on 14 July 2008 Karzai, without wasting time, accused the ISI of being behind the terrorist attacks which rocked Afghanistan and caused heavy casualties and destruction.<sup>18</sup>

### **China as a Factor in Indo-Pak Relations**

The close strategic partnership between the two countries has been based on the principles of mutual respect, mutual trust and mutual benefit.

In response to China's stance on Jammu and Kashmir, Pakistan has allowed China's People's Liberation Army (PLA) to enter into Pakistan-controlled Kashmir. Lt Gen KT Parnaik, heading the Northern Command has warned that China's military presence in Pakistan-controlled Kashmir was too close for India's comfort. "It poses military challenges to India and not only along the Sino-Indian border but also along the LoC." He further added, "We hear many people who are concerned about the fact that if there were to be hostilities between us and Pakistan what would be the



complicity of the Chinese. Not only because they are in the neighbourhood but the fact that they are actually stationed and present on the LoC.” Besides, “The Chinese Links with Pakistan through PoK lend strength to the China-Pakistan nexus which has been of great security concern for us. It jeopardises our regional and strategic interest in the long run...the Chinese footprints are too close for comfort.”<sup>19</sup>

### **Challenges ahead of Indo-Pak Relations**

The key challenge ahead of India and Pakistan would be as to how in spite of the conflicting geo-political and geo-strategic interest, both side have cast aside their difference on a series of issues and concerns of the past and make way for cooperating in the areas where their interests converge. For instance, economic cooperation offers tremendous scope for cooperation wherein Pakistan has a lot to gain. Bilateral trade between the two countries can prove to be an effective tool in order to increase mutual dependency for sustainable and stable bilateral relations.<sup>20</sup> The Indian Prime Minister Narendra Modi and the Pakistani counterpart Nawaz Sharif have huge responsibility of restoring peace process between India and Pakistan. Besides, the present government of both countries will need to explore opportunities and areas where their interests converge.

### **Conclusion**

When would the time come for both India and Pakistan to realize the need to reduce the trust deficit that continues to serve as the key roadblock to constructive bilateral engagement? Establishing cordial relations between these two can contribute a lot in making this strategically important region prosperous.<sup>21</sup> In doing so, Pakistan has to change track on its ‘Kashmir first’ policy and shifting gear to a process of building co-operation and confidence in other areas. Similarly, India too, has to show a big brotherly attitude and offer some liberal concessions to the Pakistan without compromising any security needs. Such a positive attitude will reduce tension and ease the way for cordial relationship between the two countries. In Modi regimes terrorist attacks on Indian Army camp, Surgical Strike and continuous illegal activities to emphasized some harsh action against Pakistan. But one achievement by present government that on International platform India is getting success to expose Pakistan.

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