



REVIEW OF RESEARCH

ISSN: 2249-894X

IMPACT FACTOR : 5.7631 (UIF)

VOLUME - 15 | ISSUE - 7 | APRIL - 2026



TRADE AS AN INSTRUMENT OF ECONOMIC DEVELOPMENT AND INDIAN FOREIGN POLICY

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ABSTRACT:

In region of Jammu and Kashmir, the question of the conflictual social identities and its link with Indian foreign policy is quite significant. Especially this aspect applies to democratisation process at the domestic level and Indo-Pak relations in term of trade policies. The preferences in the foreign policy are structured on the basis of the values of this conflictual region. In Indian foreign policy, values are concerned with the aspirations of the local people and more inclined to the economic development of the region. For that purpose, Indian foreign policy takes preferences through democratization process at the domestic level and by encouraging trade relationship between India and Pakistan.



KEY WORDS: *Foreign Policy, Economic Development, Trade, Indo-Pak relations, Social Identities .*

INTRODUCTION:

The liberal schools ideas of international relation makes state- society relationships the focal point in international politics. Primarily liberal ideas and its proponents have opined that the natural order of international system has been spoiled by undemocratic state leaders. They underline that the balance of power as an outdated strategies which has lost its influence after the cold war because of the emerging multi-polar system. Liberals suppose that morality is achieved through the exercise of reason and formation of constitutional states. Liberalism can be traced back to Kant's '*Perpetual Peace*' and major proponents of the liberal traditions are Immanuel Kant, Jeremy Bentham, J.S Mill, Richard Cobden and Woodrow Wilson. In International relations, current scholarship can be traced back to three different tradition of liberalism. John Locke, one of the prominent modern liberal explained that individual rights and liberty reflected political independence and the rights of property expresses territorial integrity. Proponents of commercial liberalism emphasised on liberal pacifism. In this ideas of thought, Adam Smith and Schumpeter talks about the commercial liberalism based on the freedom of trade. And liberal republicans such as Giuseppe Mazzini, and Immanuel Kant who conceived internationalism that is based on peace among fellow liberal republics (Badie, Morlino, Schlosser 2011:1434). For Kant perpetual peace is must among nation state to eliminate the propensity of war. Bentham emphasises the importance of personal decision and ethical judgment by state leaders thus depicting closely on the effects of human nature (Franceschet 1999: 469). Generally a trust in the authority of law to resolve the problem of war is supported by Jerney Bentham at the end of 20th century. Kant's prominent work '*Perpetual Peace*' has been perceived as backing federalism and world government (Hurrell 1990:183). Immanuel Kant's idea of perpetual peace predicts the pacification of liberal states (Doyle 1983:225). Locke derives his perception about international relations from this

understanding of domestic politics. International society is not necessarily in state of war, if only the institutions can be established to remove misunderstanding and poor judgment on the part of states. J.S Mill was also very close to the philosophy of self-determination of nation. Mill found a vital difference between interventions for self-government (which he disallowed) and interventions for self-determination (which he recognised) (Hoffmann 1995:162). The belief of Cobden was based on **free trade. It was expected by him that it** would form a more nonviolent world order. This was a main notion of nineteenth-century liberalism. But possibly one of the strongest supporters of international authority was Woodrow Wilson. According to him peace could only be protected with the formation of international organisations. Liberals' origin can be traced in normative theory and political ideology. It has been perceived as a critique of present social order. Its proponents pointed that progress is possible on the condition of reducing restrictions in terms of economic and political aspects (Brian 2010: 6).

Trade relationship between India and Pakistan plays major role in the framing of Indian foreign policy. Economic integration of India's border States with neighbouring states of South Asia has increased the possibility of improving the economic conditions of these region by integrating the economy with neighbouring states. Mohanty (2007) has argued that Pakistan finds no option but to agree to Jihad as state policy. In fact, training for Jihadi terrorist is conducted by Pakistan. Their interpretation of Islam can be seen in distorted form (Mohanty and Mohanty 2007:139). In this situation, it becomes necessary to focus on the trade relationship for stabilizing the normal relationship with Pakistan.

Bilateral relations between India and Pakistan advanced as a consequence of the decision taken by both countries in 2003 to involve themselves effectively in shared relationship. A number of train and bus service were started to increase people to people interaction. For example, Delhi-Lahore bus service was initiated in 1999 but in the wake of Kargil war, it was stopped. It was resumed in July 2003. The Samjhauta Express was also restarted in January 2004. Overland truck route was opened through the Attari-Wagah border checkpoint (Batra 2013:86). As a result of this the growth in the trade was registered. A meeting was held between two foreign secretaries of India and Pakistan in February 2011 in Thimphu. In this meeting various aspects of relationship were discussed. It included counter terrorism and humanitarian issue, economic issues, tulbul navigation project, Sir Creek and Siachen issue, peace and security including confidence building measures and Jammu and Kashmir. The trade between India and Pakistan over line of control was initiated in 2005 and further in 2012 they signed a visa agreement for the liberalization of visa regime between the two countries across the line of control (Ministry of External Affairs Ministry Report 2013).

The line of control is about 1001 km long border (Jammu 205km, Valley 460km and Ladakh area 336km) (Kira 2011). The first type of border between the two countries is the international border known as Radcliff Line. The second type of border is the line of control which came into existence after 1971 war between India and Pakistan. The Line of Control was slightly softened when the Srinagar-Muzaffarabad bus service was started in April 2005 and the Poonch-Rawalakote route opened for travel in June 2006. The working group on cross Line of Control Confidence Building Measures constituted by the Indian Prime Minister Dr. Manmohan Singh pointed the need for cross line of control trade as a legitimate aspiration of the people of Jammu and Kashmir. In May 2008, the foreign ministers of both countries met to discuss the issue of trade over Line of Control. They were agreed to increase the regularity of Srinagar-Muzaffarabad and Poonch-Rawalakote bus services. It was welcomed by the trade community across the border. It was sensed that trade will bring the people closer across the line of control and reduce constant tensions between the two countries while consolidating the peace process. Jammu and Kashmir Joint Chamber of Commerce and Industry (J&KJCCI) has been continuing their efforts for brushing up the issues in the Cross-Line of control trade. Institutionalising linkages on both sides of the divide is at the core of their economic strategy. The issue of Cross-Line of Control trade and trade facilitation was discussed between the Foreign minister of India and Pakistan. But the outcome was seen lesser than expected. The Cross-Line of Control trade is limited to only 21 items. But by and large, these types of initiatives have succeeded in strengthening the peace process in the region.

The trade across Line of Control between India and Pakistan is being carried out according to Standard Operating Procedure (SOP) signed between India and Pakistan. Trade Facilitation Centers facilitate the trade between cross border areas. They have been set up at Salamabad (Uri) and Chakan-da-bagh (Poonch). If the cross border trade has to flourish, it is important that the barter system should be replaced by the banking mechanism. And at the same time, traders are not allowed to make direct communication link with other side. Traders beyond Kashmir in Punjab, Sindh and Gujrat are not limited by such kind of difficulties. Uri-Muzaffarabad and Poonch-Rawalakote routes are the two routes and transitory points from where the present cross border trade take place. Among Confidence Building Measures in India, the Line of Control trade has the significant impact on the relationship between India and Pakistan. Out of 21 items, most of the items traded across line of control are agricultural commodities, which makes it more a commodity trade. The list does not contain any manufactured products. Telecommunication facilities, upgradation of roads and bridges to enable conduct of trade, standard load carriers and issuance of 'Multiple Entry Permits' are essential for the expansion of Line of Control trade. Setting up of Banking Exchange System, expansion of the agreed item list and inclusion of manufactured items are also essential elements to make Line of Control trade beneficial for both sides. The issue of trade can be more significant for the economic development across the border areas and reinforcing the peace process since the volume of trade between the regions of Line of Control is increasing at a fast rate. Mainly food items are included in this two way trade between these two regions. Indian foreign policy makers have to look into the issue of trade more seriously across borders of two countries in near future.

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