

INDIA-PAKISTAN TRADE

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ABSTRACT

The main aim of the study is to examine the bilateral trade between India and Pakistan and observe the border trade barriers of Wagah-Attari borderland route between India and Pakistan. The present study has calculated the extent of trade between India and Pakistan with the help of the Global Lloyd Index, Trade Intensity Index, and Trade Complementarity Index. The study suggests that there is a dire need for enhancement of improved infrastructure services like improvement in lab testing services, cargo facilities, better trade timing, extra gateways to diminish bottlenecks, and isolated single window for exporter and importer at the land customs station on Wagah border which is quite essential.

Keywords: RTA, SAARC, Exports, Border.

MINI REVIEW

South Asian Association for Regional Cooperation (SAARC) was formed in 1985 with the broad objectives of economic, cultural, and social cooperation among seven countries in South Asia (Dhungel, 2004). South Asian countries implemented the unilateral trade policy reforms to connect themselves with the world economy (Taneja, 2001). The objective of the SAFTA agreement is to support the economic cooperation within the SAARC region, to strengthen the trade and development of their people. The agreement describes the method to remove the barriers of trade and facilitate the cross-border trade between contracting states with the purpose of fair competition. There have been several bilateral free trade agreements (FTAs) within a region like India that have FTAs with Bhutan, Nepal, and Sri Lanka. Similarly, FTAs are being negotiated between Pakistan and Sri Lanka and between Bangladesh and Pakistan. Despite such efforts by the South Asian countries, trade between India and Pakistan countries continues to be dreadfully low (Maqbool et. al., 2014).

The normalized economic relations would benefit not only the governments and people in business but also consumers across the borders. Export trade intensity index of India with Pakistan shows that the highest intensity has found in Headgear and parts thereof, Umbrellas, walking-sticks, seat-sticks, whips, etc., Edible vegetables and certain roots and tubers, live trees, plants, bulbs, roots, cut flowers. Highest intra-industry of India and Pakistan found in Edible Vegetables and certain roots and tubers, Umbrellas, walking-sticks, seat-sticks, whips, etc., Inorganic chemicals, precious metal compound, isotopes, Aircraft, spacecraft, and parts thereof, Organic chemical, Headgear, and parts thereof, Stone, plaster, cement, asbestos, mica, etc. articles, Vehicle and, other than a railway. The highest level of Intra-industry trade of Pakistan with India has found in Inorganic chemicals, precious metal compound, isotopes, namely Ships, boats and other floating structures, Ceramic products, Zinc, and articles thereof, Vehicles other than railway, tramway, Products of animal origin, news. Trade complementarity Index depicts that Pakistan trade with

India has better chances to grow. To increase the quality of exports there should be products and country brands need to be built more intensive research should be done.

Both the governments of India and Pakistan should make commodity wise agreements. Pakistan should allow all items to be imported from India via a land route, instead of the current list of 137 items including livestock, meat, vegetables, raw jute, cotton yarn, etc. There should be more trade fairs conducted by the government because it will be easier to interact with their counterparts. Mainly the use of mobile phones in each other's territory should be allowed to use. Electronic submission of bills of entry at land customs stations will reduce the time taken for processing documents on both sides of the border. Improvement in infrastructure should be required by officials from the Ministries of Transport from both the countries. There is a requirement to set up the fully truck scanner set up on the Indian side border because the speed of manual clearance of trucks on the Indian side is slower. Proper warehouse facilities with concrete floors for storage of cement, gypsum, etc., more facilities for shipping of cargo, availability of more wagons, and more gates at the land customs station are to be provided for increasing mutual trade. The Indian government would introduce modern techniques to fast-track the procedures of lab testing at the border. Since excessive security checks are conducted in India on consignments from Pakistan for security concerns. A system of authorized dealer status may be introduced to reduce the security checks at land ports. So, there is a dire need for enhancement of improved infrastructure services like improvement in lab testing services, cargo facilities, better trade timing, extra gateways to diminish bottlenecking, and isolated single window for exporter and importer at the land customs station on Wagah border which is quite essential. Corruption and harassment to traders at the land customs station should be checked at a high level. Increasing the number of bilateral trade fairs and exhibitions to enhance the level of participation could improve trade ties between India and Pakistan.

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