# International Relations · GS - II

**Examine the economic and strategic implications of trade restrictions between India and Pakistan. How can trade policy be balanced with national security concerns?**

| EXAM YEAR | PAPER | SUBJECT |
|---|---|---|
| DAILY PRACTICE 03/11/2026 | GS - II | International Relations |

| MARKS | WORD LIMIT |
|---|---|
| 10 | ~150 words |

## Answer Hint

**National security; bilateral trade; MFN status; WTO principles; trade diversion; supply-chain costs; regional cooperation; security-sensitive engagement**

## Model Answer

### Introduction

India’s trade restrictions on Pakistan following the 2019 Pulwama terrorist attack illustrate the intersection of economic policy and national security. Trade can promote economic interdependence, but security concerns may influence decisions about market access.

### Economic and Strategic Implications

Restrictions can reduce export opportunities, limit access to nearby suppliers and markets, increase transport and sourcing costs, and disrupt established business networks. Businesses may seek alternative markets, although replacement suppliers and customers can involve additional costs. Pakistani business organisations have reportedly estimated substantial losses, including a claim of approximately $40 billion; this figure should be treated as an attributed estimate rather than an independently established total.

Strategically, restrictions can signal diplomatic disapproval and reduce economic engagement. However, their effectiveness depends on enforcement, alternative trading partners and broader regional conditions.

**Way Forward**

India should assess trade policy alongside security objectives, use transparent and legally consistent measures, strengthen border controls against illicit trade and periodically review economic consequences. Any future engagement should depend on security assessments and diplomatic conditions.

**Conclusion**

Trade policy is both an economic instrument and a strategic tool. A balanced approach should protect national security while ensuring that policy decisions remain evidence-based, proportionate and consistent with applicable legal commitments.

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