



The Big Picture - Terror Through Trade

In a significant move to further crackdown on terror, **India has indefinitely suspended the cross-LoC trade in Jammu and Kashmir.** This decision came amid the reports that cross-LoC trade was being misused by elements from across the border to smuggle weapons, narcotics as well as fake currency to India. The official statement released by the Ministry of Home Affairs said that orders have been issued for halting the trade at Salamabad of Baramulla in the Kashmir region, and Chakkan-da-Bagh of Poonch district in the Jammu region. The MHA statement also asserts that the **decision will be revisited after stricter regulatory mechanisms are put in place to ensure that "only bonafide trade" takes place,** which benefits the people of Jammu and Kashmir and does not pose a security threat to the country.

The cross-LoC trade on Srinagar-Muzaffarabad and Poonch-Rawalakote routes was started on October 21, 2008 as a Confidence Building Measure (CBM).

Reasons

- The government has very categorically stated that it had received reports that the **cross-LoC trade was being misused in variety of ways.**
- The cross-LoC trade, has fallen **prey to the thoughts of certain individuals** who are closely connected with terrorist organizations.
- **Militants** are crossing over into Pakistan and engaged in **exporting some stuff mainly weapons, narcotics and fake currency to India.**
- **Over-invoicing from Pakistan's side** was done to provide balance money to terrorist organizations.
- It was supposed to be a barter trade but meanwhile third party trade got started i.e. **smuggling of materials** started.
- Government being not sure about the goods that used to come from Pakistan's side i.e. whether they used to come from Pakistan occupied Kashmir (PoK) or from other parts of Pakistan or from China.
 - Now-a-days, Pakistan market remains flooded with Chinese goods. It is a possibility that **Indian market would have been used to dump the Chinese products.**
- The exact amount or figure of cross LoC trade in real sense is not known.

Analysis

- **It never had much economic logic.** It was just a barter trade in which only few people were trading and out of the 600 or so traders registered to trade, only 300 were participating in that. So, the direct number of people involved in the trade is not more than 1500 if one includes the truck drivers, the traders and the labourers.
 - It was never a very large size trade, so banning it **would not impact the well being of people.**
- The arrangement like cross-LoC trade **can work only if both sides have good intentions** but Pakistan has shown malintentions repeatedly by encouraging terrorist activities against India.
- **The decision is in line with Indian army's Operation 'All Out',** which aims to counter terrorists operating in the country.
- **Security is not negotiable** and thus anything which impinges adversely on a nation's security,

has to be dealt very firmly.

- The decision will help in creating peace and stability in the J&K valley.
- By suspending cross LoC trade, the government has looked at the complete population that get impacted by terrorist activities, not at that small segment which was getting benefited by the cross LoC trade.

Way Forward

- The ban should be continued till the last vestiges of terrorism are eliminated from the country, otherwise much stricter monitoring of cross LoC trade is necessary if it ever has to be resumed in future.
- India has to see Indo-Pak trade in its entirety. **Government basically needs to look at the illegal trade route that runs through Dubai and Singapore.**
- India has never been able to use its economic might against Pakistan. India needs to put **economic pressure on Pakistan** to make it change its thought process.
- India can even consider **breaking social ties with Pakistan**, by not playing cricket or by not hosting artists from Pakistan in the country.
- A **real confidence building measure** will be the one when Pakistan closes each and every terror camp within its soil and hands over perpetrators of terror to India for trial.
- For building confidence among people of J&K, **gun culture prevalent in the valley needs to be eliminated**. Once the gun culture gets eliminated, everything else will fall into place.
- **'Whole of India' approach is required to tackle terrorism**. Besides army and security forces, every other organization of India, political or financial and NIA need to act together to convict people indulged in illegal activities.
 - There should be no politics over the internal security of the country. Larger interest of the country should override the narrow political interests.