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THE INSTITUTE OF STRATEGIC
RISK MANAGEMENT

INDO-PAK CONFLICT:

**EFFECT ON REGIONAL
DYNAMICS**

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HISTORICAL PERSPECTIVE

India and Pakistan have had a long-standing and deeply adversarial relationship since their partition in 1947. The Partition created a Muslim-majority Pakistan and a Hindu-majority India while providing an opportunity to the diverse regions of Jammu and Kashmir to choose which country to accede to. Muhammad Ali Jinnah, Pakistan's founder, emphasized the importance of Kashmir for Pakistan, describing it as the jugular vein of the country, a claim that is still repeated by military chiefs and prime ministers alike (Fair, 2025). There is a wide consensus across Pakistan's military, political elites, and ordinary Pakistanis alike that Kashmir belongs to Pakistan.

The Indo-Pak conflict is primarily rooted in:

- **Partition and Kashmir Dispute:** The King of Kashmir initially sought independence, as Kashmir was neglected and subjugated for centuries by conquering empires. However, he ultimately agreed to join India in exchange for help against invading Pakistani herders, triggering the Indo-Pakistani War of 1947-48. In 1947, post-Independence, Pakistan dispatched nonstate actors, rechristened as Mujahideens, to seize Kashmir despite having a standstill agreement with Kashmir's sovereign, Maharaja Hari Singh (Conflict Between India and Pakistan, 2025). As the invaders approached Srinagar, leaving a trail of atrocities in their wake, Singh requested military assistance from Delhi. Delhi offered this assistance on the condition that Kashmir accede to India.

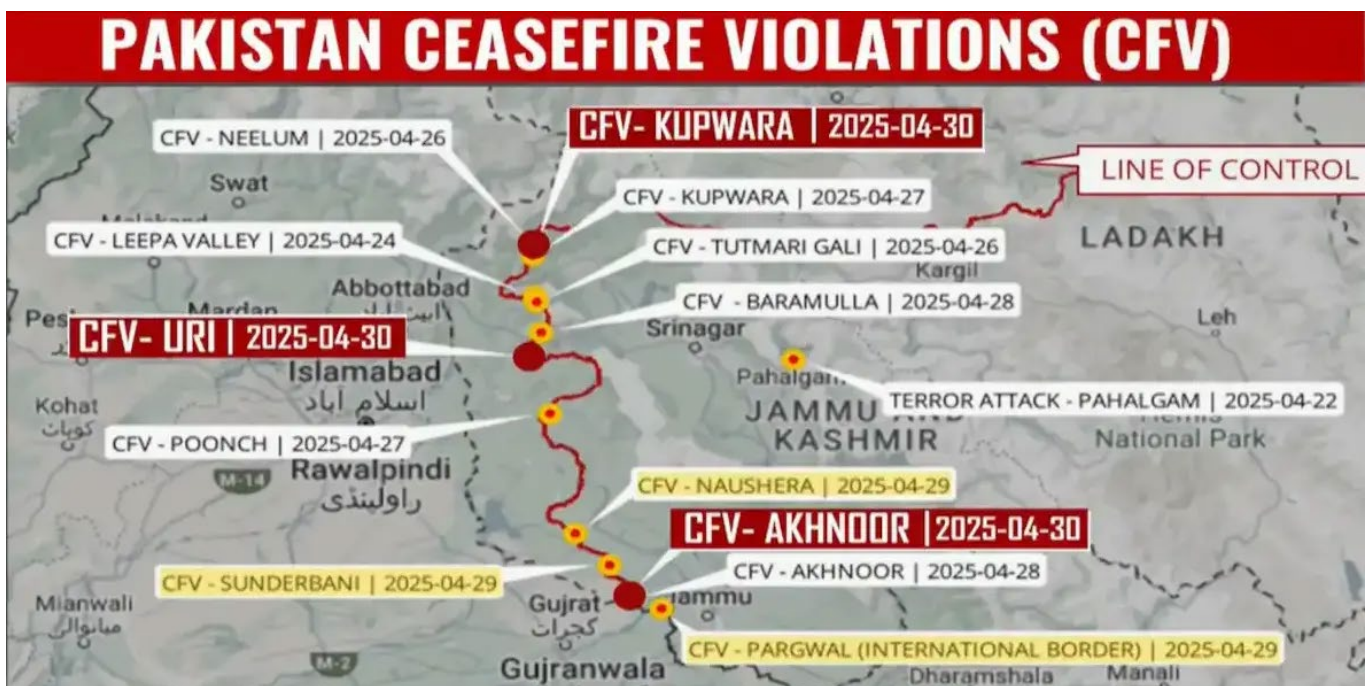
On Oct 26, 1947, Singh signed the instrument of accession. India airlifted troops to what was now Indian territory, and the first India-Pakistan war began. It would last from 1947 through the end of 1948.

- **Wars and Previous Conflicts:** The two nations have engaged in military confrontations, including four wars (in 1947, 1965, 1971, and the 1999 Kargil conflict), along with numerous skirmishes along the Line of Control (LoC) (Impact of the 2025 India and Pakistan Conflict on Business Continuity and Regional Stability, 2025). Cross border tensions simmered until a skirmish escalated to a full-blown war in 1965. In 1971, India and Pakistan fought another brief war over East Pakistan, with Indian forces helping the East Pakistan, present-day Bangladesh, to gain independence. In 1989, Pakistan supported a resistance movement in Kashmir to reignite tensions and begin decades of communal violence. Despite a recommitment to the LOC in 1999, Pakistani soldiers crossed the LOC, sparking the Kargil War.

- **Terrorism and Cross-Border Tensions:** India has long accused Pakistan of supporting militant groups like Lashkar-e-Taiba and Jaish-e-Mohammed, responsible for attacks such as the 2001 Indian Parliament attack and the 2008 Mumbai attacks. On November 26, 2008, militants laid siege to the Indian capital of Mumbai. Over three days, 166 people were killed, including 6 Americans.

Both India and the United States blamed the Pakistan-based Lashkar-e-Taiba (LeT), with alleged ties to the Inter-Services Intelligence (ISI) - Pakistan's primary intelligence agency - for perpetrating the attack. In September 2016, armed militants attacked a remote Indian Army base in Uri, near the LOC. India accused Jaish-e-Mohammad (JeM), associated to ISI, of conducting the attack. A significant uptick in border skirmishes began in late 2016 and continued into 2018, killing dozens and displacing thousands of civilians on both sides of the Line of Control.

More than three thousand cross-border strikes were reported in 2017, while nearly one thousand were reported in the first half of 2018. Militants launched attacks in October 2017 against an Indian paramilitary camp near Srinagar and, in February 2018, against an Indian army base in the Jammu region, which killed five soldiers and a civilian. Over three hundred people, including civilians, Indian security forces, and militants, were killed in attacks and clashes in 2017.

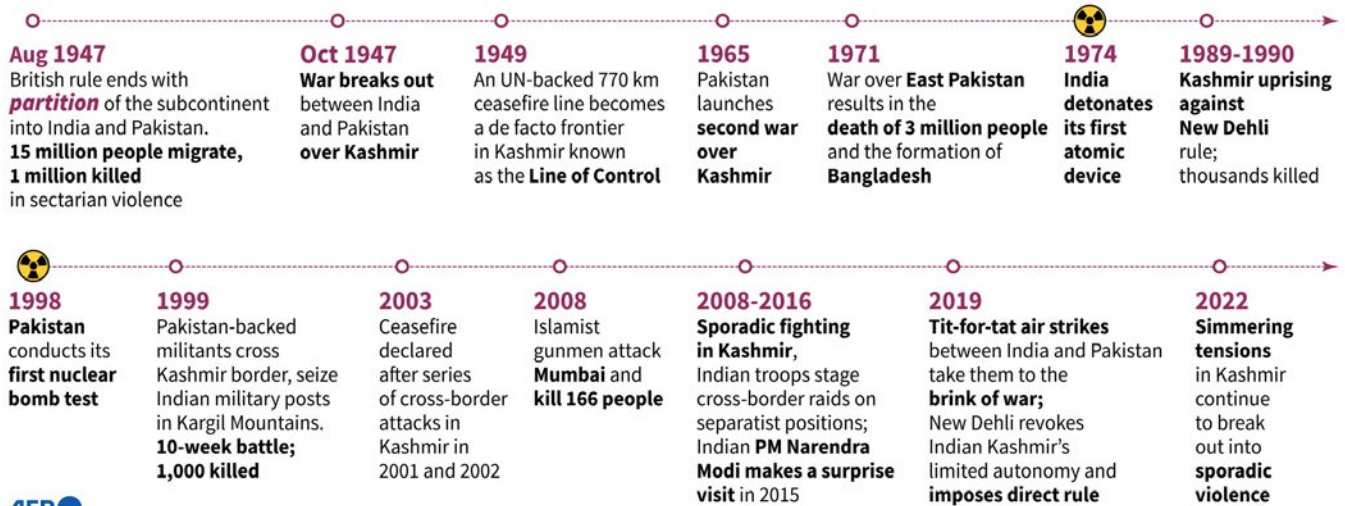


In February 2019, an attack on a convoy of Indian paramilitary forces in Pulwama, Kashmir, killed at least forty soldiers. The attack, claimed by the Pakistani militant group JeM, was the deadliest in Kashmir in three decades. Targeted killings against Hindus have become more frequent, motivating some to flee and protest government policies. In response to the uptick in violence, the Modi government has taken an increasingly militarized response. Deadly clashes between Indian and Pakistani forces also persisted in 2023. These allegations have perpetuated mistrust and periodic escalations.

The two countries are also **nuclear powers**, making any escalation particularly dangerous for regional and global security. While the Kargil conflict demonstrated that nuclear weapons can help limit a conflict should it break out, it also shows that nuclearization encouraged Pakistani adventurism (Fair, 2025).

India-Pakistan: 75 years of tensions

India and Pakistan, born out of the bloody division of the British Raj, are deeply troubled nuclear-armed neighbours, at odds over the disputed territory of Kashmir





Timeline India-Pakistan relations

INDIA-PAK WAR OF 1947

Immediately after partition, Pakistan tribal army to Kashmir. The Maharaja of Kashmir signs a treaty of accession with India. War breaks out.

INDIA-PAK WAR OF 1965

A brief war breaks out after Pakistan's operation Gibraltar. Ends in a ceasefire.

INDIA-PAK WAR OF 1971

Another Indo-Pakistan war ends in defeat for Pakistan and leads to creation of Bangladesh.

SIACHEN CONFLICT 1984

The Indian Army seizes control of the Siachen Glacier.

KARGIL WAR 1999

India and Pakistan go to war again after terrorists backed by Pakistani forces occupy peaks in Kargil. India repulses the attack.

ATTACK ON PARLIAMENT IN 2001

Pakistan backed terrorists attack Parliament on December 11, 2001. India moves troops to the border and both countries come close to war.

26/11 MUMBAI ATTACK IN 2008

Terrorists from Pakistan enter Mumbai through sea and attack public. One terrorist was caught alive while rest were killed. Ties nose-dive.

SURGICAL STRIKES 2016

India force carries out surgical strikes against terror camps in PoK and kill many in response to attack on Army Camp in Uri.

BALAKOT STRIKES 2019

IAf fighters cross the border and bomb terrorist camps in Pakistan days after a CRPF convoy was attacked in Pulwama.

ARTICLE 370 REVOKED

India, in an internal move, revokes Article 370 which granted special status to J&K. Pakistan takes the matter to UN.

CONFLICT OF MAY 2025

Throughout 2024, violence continued in with attacks specifically targeting Indian travellers and workers in the region. In June 2024, militants opened fire on a bus carrying pilgrims traveling to a Hindu shrine in the town of Reasi. The attack killed nine and injured over thirty. This trend of selective targeting of a particular religion led to the crisis of 2025.

On April 22, 2025, tensions escalated after militants attacked Indian tourists in Kashmir, killing twenty-five Indian nationals and one Nepalese national. The incident marked the deadliest terrorist attack in Indian territory since the 2008 Mumbai attacks. India blamed Pakistan for harbouring the group responsible for the attack and arrested two Pakistani nationals as suspects. Although no group has been officially identified as responsible for the attack, the Kashmir Resistance - an offshoot of LeT - claimed responsibility online.

The attack was especially provocative since it involved a clearly civilian target - a vast meadow that is a known tourist destination - and many eyewitness accounts report a communal nature to the killings, with Hindu males singled out for death. They were shot at point blank range in front of family members and the family was asked to convey the message to the Indian PM. This type of discriminate killing has been resorted to only recently. Earlier incidents were all indiscriminate killing, aiming to create maximum deaths, irrespective of religion or origin, with no intention of escaping.

The attack was pre-planned with adequate recce of the place, escape routes clearly identified and plotted. It presented similarities with the Hamas attack on Israel in Oct 2023. Noteworthy that a joint rally was held in PoK in Feb 2025, where leaders of JeM, HAMAS and LeT had delivered religiously motivated speeches. As analyst and former U.S. official Joshua White has observed, given Pakistan's long track record of supporting militant and terrorist groups, most outside governments were willing to accept India's conclusion of Pakistani culpability, (Clary, Four Days in May: The India-Pakistan Crisis of 2025, 2025)

In the wake of the attack, tit-for-tat measures by India and Pakistan have driven bilateral relations to their lowest point in recent years. PM Modi cut short his visit to Saudi Arabia and returned to India, summoning his ministers for an urgent meeting. India announced that it will take several diplomatic and legal steps, including reducing the size of Pakistan's diplomatic mission in India, expelling Pakistan's military attachés, closing a major border crossing, cancelling visas for Pakistanis in India, and putting the 1960 Indus Waters Treaty that governs important water rights between India and Pakistan "in abeyance." (Clary, Why the Kashmir Attack Could Start Another India-Pakistan Crisis, 2025), The abeyance of IWT has never been carried out in any previous conflict and certainly escalated the issue from Pakistani perspective. In turn, Pakistan rejected the suspension of the water treaty, warning that any attempts to alter Pakistan's Indus River flows would be considered "an act of war."

Islamabad also moved to close Pakistani airspace to all Indian commercial airlines, halted a special visa regime for Indian citizens, and suspended bilateral trade.

On 07 May 2025, India launched "Operation Sindoor," targeting nine locations with terrorist infrastructure, five in Pakistan-occupied Kashmir and four in Pakistan's Punjab province. Of the latter four, two were near the International Border that separates Kashmir from Pakistani Punjab. Thus, seven of the nine targets were close to the border. There were also strikes deeper into Pakistan at Muridke and Bahawalpur that garnered greater attention as attacks so deep into Pakistani Punjab have not occurred since the 1971 India-Pakistan war. (Clary, *Four Days in May: The India-Pakistan Crisis of 2025*, 2025).

The attacks and counter attacks continued for 4 days. On May 9, India named one specific system - the Turkish-origin Asisguard Songar - as being involved in the attack, besides an unnamed "armed UAV" that had attempted to target an Army station in Punjab, although damages were minimal. On 10 May 2025, around 2:30 am Pakistan time, India struck the Nur Khan airbase, a part of the large Chaklala military cantonment near Rawalpindi. The blasts were loud enough to wake residents in the nearby Pakistani capital of Islamabad. Nur Khan, along with Rafiqi, RahimYar Khan, and Sukkur were all hit in the first wave of strikes, followed by strikes at Sarghoda, Bholari, and Jacobabad airbases. India also struck command and control or drone-related targets at Murid and radar sites at Chunian, Arifwala, and Pasrur.

The most provocative rumour purported that India hit an alleged nuclear storage facility in Kirana Hills near Sarghoda as part of a broader effort to signal conventional counterforce capabilities. (Clary, *Four Days in May: The India-Pakistan Crisis of 2025*, 2025).

Analysis suggests that these punitive strikes impose a strategic coercive signal besides an attempt to degrade Pakistan-based terrorist groups directly. In particular, the choice to include two targets in cities (Muridke and Bahawalpur) in the Pakistani heartland of Punjab was a deliberate political signal. Both targets had been linked to anti-India terrorist groups (Lashkar-e-Taiba and Jaish-e-Muhammad) for decades, but their locations were widely perceived as being too sensitive for India to consider striking. By targeting them with airstrikes, India negated the old geographic safety of these havens.

The conflict represents several military firsts (Clary, *Four Days in May: The India-Pakistan Crisis of 2025*, 2025):

- This was the first time India used cruise missiles on Pakistan, both the BrahMos cruise missile as well as the European SCALP-EG.
- This was the first time Pakistan used conventionally armed short-range ballistic missiles on India, in the form of the Fatah-I and Fatah-II missiles besides other missile types.

- While drones have been used sporadically along the Line of Control in Kashmir and elsewhere for smuggling, this is the first instance of drone warfare in the India-Pakistan rivalry where both sides employed armed drones to cause damage on the adversary.
- India demonstrated an ability to deliver precise standoff attacks across large swathes of Pakistan. While Pakistani air defenses likely interfered with or intercepted some attempted strikes, Pakistan has a meaningful and serious vulnerability to Indian air attack.

The dust has yet to settle on the most recent Pakistan-India crisis, but another one is already - and inevitably - around the corner within the next few years. This crisis was confusing and surprising. That is why it is important to understand what actually happened, with this crisis before the next India-Pakistan crisis comes. A ceasefire is not peace, however. The next crisis will come. This crisis will provide the foundation upon which that next crisis will unfold, and so it will be important to scrutinize its lessons and implications before hostilities again erupt. (Clary, *Four Days in May: The India-Pakistan Crisis of 2025*, 2025).



REGIONAL EFFECTS-LONG TERM RAMIFICATIONS

MILITARY PERSPECTIVES

The conflict over Kashmir is extremely critical for the existence of the Pakistani military itself. Without a projected standing threat from India, the Pakistani Army would be unable to justify its size and dominant political role, with 654,000 active-duty personnel in addition to 500,000 paramilitary troops and another 550,000 reservists who can be mobilized when needed. Pakistan's military hegemonizes the state's politics and policies, commandeering resources for itself and its myriad personnel while the state remains dependent upon regular International Monetary Fund (IMF) bailouts and other forms of international assistance. Ideologically and materially, the Pakistani Army needs this conflict with India to survive. As the adage goes, while most countries have armies, in Pakistan, the army has a country (Fair, 2025). The Pakistani Army, which rules the country, sees the conflict over Kashmir as existentially critical for the nation, regardless of material considerations. The latest conflict, meanwhile, has reinforced the assessment by the Pakistani leadership that asymmetric warfare works, however risky it may be (Fair, 2025). They have successfully pulled off the proxy war gambit. Since there has been no conclusive endgame, it provides another opportunity to the Pakistani army to wage proxy war in the next few years.

Gen Munir has extended his tenure, through parliamentary reforms, by 02 years, upto Nov 2027 and possibly beyond. This also comes with no retirement age. He has successfully got himself promoted, taking all the credits for the success of the conflict. Currently, Pakistani Army is highly unpopular due to corruption charges and seen to be running the government, subduing democracy, with most popular leader Imran Khan being held in prison. Munir will use this opportunity to shore up their legitimacy, and establish some credibility. Munir is desperately looking for ways to demonstrate his resolve. He is happy to rally domestic support and distract public from internal crisis, for a few months. The conflict has allowed them to remove the Balochistan crisis from public focus, for the time being, at least. He has emerged more powerful and better placed than before and certainly in better control of calling the shots in Pakistani politics. China's pitching in, with the threat of two-front war for India, adds more complications and new dimension to the crisis.

This 2025 conflict is the first such conflict involving a military (Pakistan) that possesses modern Chinese weapons - notably the HQ-9 air defence system, the PL-15 air-to-air missile, and the J-10 fighter aircraft.

The performance of these newer Chinese systems on the battlefield is of immense importance to states that worry about a future confrontation with China. Likewise, their performance matters for many militaries considering the purchase of Chinese equipment for their own defence needs (Clary, Four Days in May: The India-Pakistan Crisis of 2025, 2025). Accordingly, the Usage of Sensor-fusion tactics with targeting involving satellite-based tracking has been projected as battle winner by both Pakistani and Chinese media. China would utilise this “field trial” to woo South Asian countries while also drawing their own lessons to counter western weapon systems should there be a requirement in a conflict with India besides the Taiwan scenario.

The conflict has emphasised the requirement of weapon indigenisation by India and procurement of western hardware for air defence against Indian missile systems by Pakistan. This crisis involved the use of several weapons systems, often in innovative ways, which neither India nor Pakistan possessed at the time of their last crisis in 2019. While this crisis provides a baseline for the next India-Pakistan crisis, the pace of military technological change means that the contours of that next crisis might be meaningfully different (Clary, Four Days in May: The India-Pakistan Crisis of 2025, 2025). Both sides’ perceived setbacks and failures will serve as a major driver for defence acquisitions and doctrinal innovation. Steps have already been initiated in both countries for modernisation, increased defence budget allocation, AD system upgradation mandating additional training requirements and modifications in selection criteria.

Existing drone systems and newer drone systems will focus on higher calibre weapon carriage with ability to reach mainland and incur damage on hitherto safer locations. Possibility of smuggled drones being launched from within the adversary territory like Ukraine and Israel operations may be explored, and given the porous borders this remains a viable and feasible option.

Major structural reforms in armed forces set up and defence industry are expected. India has already taken a few steps towards this direction, like the announcement for development of AMCA, indigenisation of missiles, integration of various missiles on all aircraft systems; while Pakistan seems to be lagging behind in this aspect, still basking in the glory of successfully repelling Indian attacks. Their thrust remains in procurement of weapon systems from western/ Chinese manufacturers. The private sector engagement in Indian defence production has been incentivised and results will be seen very soon. The plaguing issues of engine for indigenously developed Tejas aircraft are also being addressed now, with private manufacturers promising delivery of these engines soon.

GEOPOLITICAL PERSPECTIVES

The conflict brought out the relevance and importance of domestic pressure and the promises that politicians make to their public. During India's general election campaign last year, the BJP-led government emphasized that India had and would respond forcefully to terror attacks. Last year while addressing a rally, Prime Minister Modi had promised, "This is Modi, we will enter the house (of terrorists) and kill them." India's defence minister, Rajnath Singh stated, "If any terrorist tries to disturb the peace in Bharat [India], or tries to carry out terror activities in Bharat, we will give them 'muh tod jawab' [jaw-breaking reply]. If they run to Pakistan, we will enter Pakistan and kill them." (Clary, Why the Kashmir Attack Could Start Another India-Pakistan Crisis, 2025). Similar rhetorics were stated by Pakistani politicians while promising defeat to India and disintegration of India into several states.

After spending much of the past decade projecting himself as a strongman at home, and India as a robust Asian power, the prime minister has been under intense pressure from his support base to respond forcefully (Pulling India and Pakistan Back from the Brink, 2025). It signifies that once the threshold has been raised by politicians, it is incumbent upon them to deliver the goods against all odds. This binds their hands and provides a fair idea of their likely actions to the adversaries. The results must be projected as per the desire of the public and media management will be a major factor. The issue was clearly visible during the 4 days conflict. Social media was utilised to create a narrative war which at times was far off target from the reality on ground.

Pakistan tried to reign in support of other Islamic nations but could not get the desired support except from Iran, Turkey and few rhetorics from Bangladesh. Most of the other Islamic nations were engaged in their own internal issues or were not interested in getting dragged into the bilateral conflict, happy to monitor the progress and maybe pitch in if their own interests were jeopardised besides gauging the mood of Washington. Only nations which had their own interest like China were deeply involved, overtly and covertly. Pakistan uses its nuclear arsenal to effectively blackmail the international community, which is too afraid to act against Islamabad because it is afraid that the country will fail. Keeping the country afloat is in the interest of few nations and their governments. Unless the threat posed by Pakistan's use of terror and instability is addressed, Pakistan's behaviour won't change - and another outrage will follow (Fair, 2025).

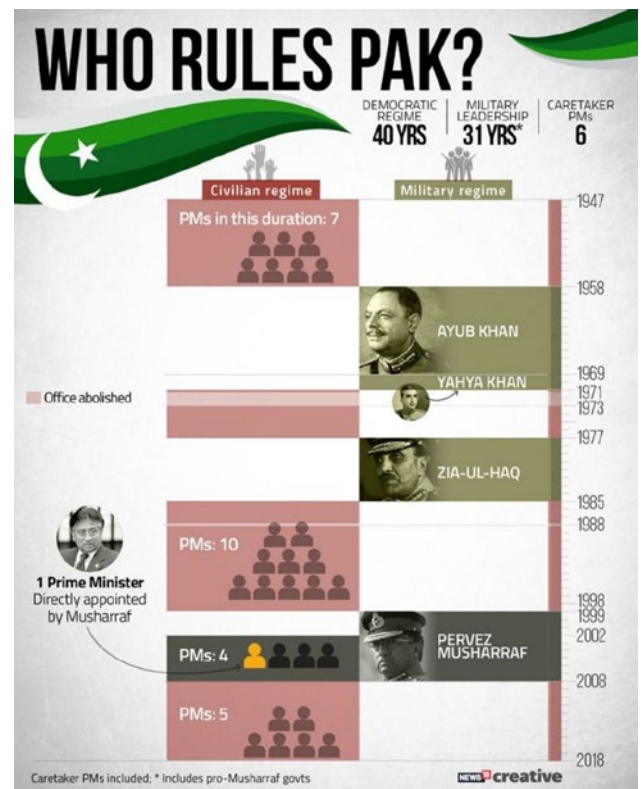
With each episode, the escalation cycle has become more perilous because both India and Pakistan continue to engage in defence modernization, and each concludes from each episode that it has deterred the other. Each episode has left the international community scrambling to help the two combatants find off-ramps (Fair, 2025).

The threshold has been raised far too much and far too rapidly. With a policy of reacting militarily for every act of terror, it is difficult to estimate what would be the next step in case of a terror attack, and to what level.

What would constitute a trigger, how many casualties, how much loss, whether only in India or its national residing abroad as well. And what would be the reaction of Pakistan. Can they reign in various terrorist organisations, many of which seem to have run amuck. Will there be any plans to regain Pak Occupied Kashmir - since the public demands for the same. The answers to these questions may not be direct but need careful consideration.

Another significant development post conflict was the siding up of Gen Munir with President Trump, although in a different sector altogether. The business pact between Munir-Trump in crypto domain assumes great significance in Pakistani politics. Pakistani PM Sharief has roots in Europe, majorly UK while Munir is leaning towards US. The situation may end up like previous elected governments, wherein the PMs were ousted and forced into exile. At present, it appears that Munir will solidify his political career with Washington assistance and force his own politicians acknowledge his great feat. Later as the realities start dawning in and public dissatisfaction grows, he may take over governance like his predecessors. His tenure ends in late 2027, and that would be the year to watch out for political instability in Pakistan. There may be a puppet government led by Imran Khan or Munir may take full control himself.

At the commencement of hostilities, President Donald Trump had commented on his social media site, Truth Social, "United States stands strong with India against Terrorism" and that "Prime Minister Modi, and the incredible people of India, have our full support and deepest sympathies." (Clary, Why the Kashmir Attack Could Start Another India-Pakistan Crisis, 2025).



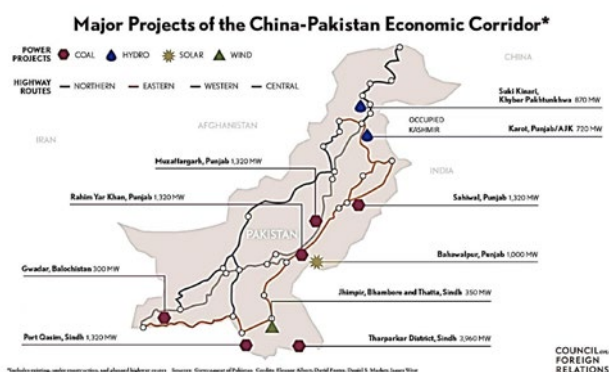
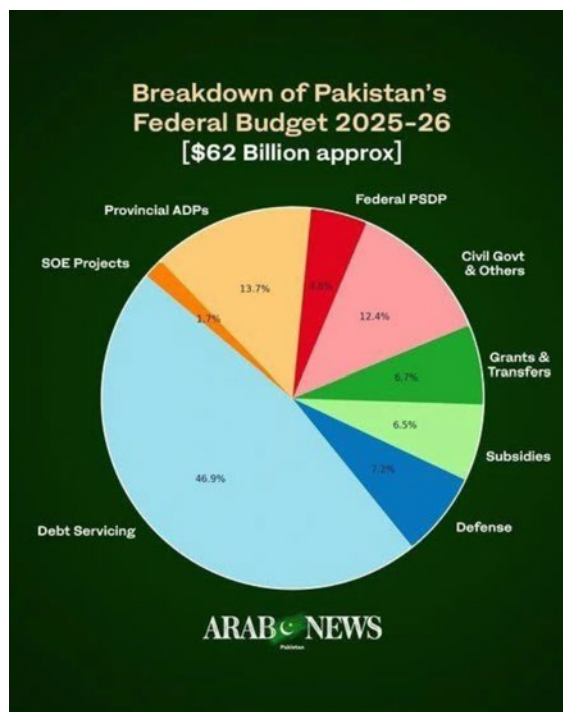
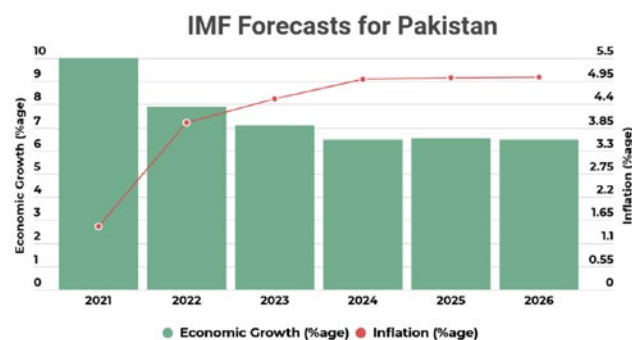
However, the stance changed very rapidly. He was called a "trusted and phenomenal partner" by Trump. Trump hosted Gen Munir to a state dinner and the speech by Munir included disturbing contents as far as peace in South Asia is concerned.

It is also noteworthy that since the escalation matrix between the two nations has risen dramatically, it brings the nuclear threat much more within sight. The possibility of nuclear threat looms large especially if the attacks are aimed at storage sites for stockpile. It may be intentional or unintentional but there exists a very high possibility now. Deterrence value of nuclear tactical/strategic weapons, especially in South Asia has certainly reduced. The crisis underscores that South Asia is one of the most likely theatres for nuclear war, even if that prospect was not imminent in this instance.

ECONOMIC PERSPECTIVES

The conflict has certainly major economic ramifications for the region, and especially so for the Pakistani economy, which is already reeling under heavy debt and slow economic growth. With demand for modernisation, new weapon procurements associated with additional training and infrastructure costs, management of economic issue will become even more difficult. The debt pressure will keep growing and IMF bailouts will become absolutely essential lifelines or Pakistan. China will have concerns about its economic interests in Pakistan, especially CPEC investments. Any efforts by Pakistan to purchase western military equipment and turn down Chinese weapons, will face opposition from China and it may exercise economic coercion to safeguard its own interests. At the same time, any military actions by India which may have security and safety connotations for multi-billion CPEC projects, may invite Chinese retaliations. This factor will weigh heavily on the minds of Indian policy makers while planning future campaigns.

On the other hand, IMF guidelines and directions will not permit additional budget allocations towards weapon procurement. The government may be forced to levy additional taxes on the population, leading to discontentment and uprising, fertile ground for regime-change and Munir would be quick to grab the opportunity.



Pakistan's economy remains agriculture dominated and the effects of discontinuation of Indus Water treaty will start appearing from this harvest season. The farm products are likely to be reduced substantially, leading to heavier import requirements, besides financial crisis for farmers. The debt servicing will take a hit as funds will be diverted for foodgrains procurement, at much higher costs. Many Pakistani industries which are agriculture dependant, will face challenges in routine operations. It may lead to lay-offs and rise in unemployment. Impacts may also be felt on the power sector and various sectors dependant on water supply through Indus Water treaty. The existing per capita income gap between the wealthy and the poor will only widen, further preparing grounds for internal uprising.

This conflict has added significant strain on the global chemical industry's logistics and trade flows. Commodities like petrochemicals, polymers, and bulk chemicals, will continue to grow steadily (generally 3-7%/yr through 2030). However, supply chains will become more complex: firms must make alternate plans to adjust to port closures, longer routes, and higher transportation costs. Risk management and supply-chain diversification will assume strategic significance similar to product planning. Companies that proactively identify alternative suppliers, build buffer stocks, and exploit new trade corridors will be best positioned to face disruptions – and even capture market share in regions seeking stability.



The impact of the conflict on the regional economies may be summed up as follows:

INDIA

- **Investor Sentiment:** The renewed conflict has introduced volatility in otherwise stable Indian financial markets. Though short-term stock market fluctuations have been limited, foreign institutional investors may exercise caution, especially regarding new manufacturing investments under India's "Make in India" initiative.
- **Infrastructure and Tourism:** India's infrastructure projects in border states have been paused due to military prioritization and risk assessments. Kashmir's tourism sector has collapsed again due to safety concerns and advisories issued by multiple countries. It will take a finite amount of time before tourists gain confidence and tourism industry flourishes again.
- **Insurance and Risk Premiums:** Businesses operating in northern India are facing rising insurance costs and increased risk premiums due to geopolitical instability.

PAKISTAN

- **Economic Strain Intensifies:** Already battling inflation, energy shortages, and International Monetary Fund (IMF) linked austerity measures, Pakistan is seeing additional stress. The closure of airspace and emergency resource allocation toward defence expenditures are likely to hinder GDP recovery, further slowing the economic growth.
- **Cross-Border Trade Shutdown:** With formal and informal trade routes disrupted, Pakistan's export sectors especially textiles and agriculture are facing immediate order cancellations and contract renegotiations. This will take a considerable amount of time and may have a long term impact.
- **Foreign Aid and Perception Risk:** The intensifying conflict will affect the country's access to international aid or debt restructuring, particularly if global perception shifts toward assigning blame for the escalation. (Impact of the 2025 India and Pakistan Conflict on Business Continuity and Regional Stability, 2025)

Pakistan has announced a significant increase in its defence budget for the fiscal year 2025-26, raising military allocation by 20% to 2.55 trillion Pakistani rupees (approximately \$9 billion), compared to 2.12 trillion rupees in the previous fiscal year. This prioritisation of defence has come at a steep cost to social sectors. The budget for health has been slashed by nearly 50%, funding for higher education, agricultural development, and climate change mitigation—critical areas for Pakistan's long-term stability and growth - have also been deprioritised in the new budget.

CONCLUSION

That this crisis ended peacefully, within a couple of days, without much damage, is no guarantee for no further engagements. As long as the Kashmir issue remains alive and unsettled, with Chinese interests in this otherwise bilateral conflict, the possibility of another much severe conflict, within a few years, remains a real possibility. Each new trigger, be it terrorist act or else, will further incentivize the two nations, amidst public pressure, to take recourse to military action.

The military actions for each conflict will start from a much higher threshold and reach far greater severity each time, hardly leaving any scope for compromise and peaceful settlement. Who knows, the next conflict might be for water supply, or economic issues. The world is already engaged in many more severe military crises and may not have the bandwidth or desire to prevent next military engagement. This leaves the region in a highly combustible state with reduced space for compromise and increased likelihood of military confrontation.



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