

Background and Context of Asset Division

When British India was divided in 1947, both new states—India and Pakistan—had to share financial, military, and administrative assets. Pakistan, carved out as a smaller state, was entitled to 17.5% of all assets. This included currency reserves, machinery, equipment, and government institutions. However, the process was marred by suspicion, delay, and bureaucratic obstacles. India initially controlled the main governmental systems, making Pakistan dependent on its cooperation. The newly established Pakistani state started with limited infrastructure and staff, while managing the refugee crisis and administrative setup simultaneously. These difficulties laid the foundation for early economic fragility and political tension with India.

Financial Assets and Delayed Payments

Pakistan's share of the financial reserves amounted to Rs. 750 million. India initially transferred only Rs. 200 million, withholding the remainder due to the violence in Punjab and disputes over refugee property. Pakistani leaders viewed this as deliberate economic blackmail aimed at crippling their new country. The delay caused severe financial stress as Pakistan struggled to pay salaries, manage refugees, and stabilize the currency. Mahatma Gandhi personally intervened, pressuring the Indian government to release the remaining Rs. 550 million as a moral duty. However, this incident left a deep scar on Pakistan's perception of India's intentions, intensifying bilateral mistrust.

Division of Military and Civil Services

The partition of the British Indian Army was particularly difficult. Pakistan received only a small portion of equipment, transport, and training institutions. The majority of skilled officers and defense infrastructure remained with India. This forced Pakistan to form its defense system from scratch under immense pressure. Similarly, in the civil services, only a limited number of Muslim bureaucrats were available, as most senior administrators stayed in India. As a result, Pakistan had to rapidly train new officers and set up ministries in Karachi. The unequal distribution led to early institutional weakness but also cultivated resilience and adaptability in Pakistan's bureaucracy.

Division of Industrial, Railway, and Communication Assets

Industrial and transport division further worsened Pakistan's difficulties. Most industries, factories, and communication networks were concentrated in India, while Pakistan inherited mainly agricultural regions. The country received fewer railway locomotives and coaches, complicating refugee transport and food supply. Postal and telegraph systems were divided with little equipment for Pakistan. Additionally, disputes arose over river waters and the transfer of raw materials. These challenges hindered Pakistan's industrial growth and strengthened its resolve for economic independence. Consequently, Pakistan's early development policies prioritized industrialization and infrastructure building to reduce dependence on India.

Long-Term Implications and Political Consequences

The disputes over asset division went beyond economics—they shaped the political psychology of both states. Pakistan viewed the delays and denials as evidence of India's hostility. This sense of insecurity pushed Pakistan to prioritize defense, align with Western powers, and pursue rapid institution-building. India's reluctance to cooperate reinforced Pakistan's suspicion and desire for self-reliance. The episode became a historical grievance embedded in Pakistan's national memory, symbolizing injustice at the moment of its birth. The legacy of these disputes still influences diplomatic attitudes and narratives of mistrust between the two neighbors.