All of the British Government's attempts to establish peace between the Congress and the Muslim League had failed. The results of the general elections held in 1945-46 served to underline the urgency to find a solution to the political deadlock, which was the result of non-cooperation between the two major parties. To end this, the British government sent a special mission of cabinet ministers to India.

The purpose of the mission was:

- Preparatory discussions with elected representatives of British India and the Indian states in order to secure agreement as to the method of framing the constitution.
- Setting up of a constitution body.
- Setting up an Executive Council with the support of the main Indian parties.

The mission arrived on March 24, 1946. After extensive discussions with Congress and the Muslim League, the Cabinet Mission put forward its own proposals on May 16, 1946.

The main points of the plan were:

- There would be a union of India comprising both British India and the Indian States that would deal with foreign affairs, defense and communications. The union would have an Executive and a Legislature.
- All residuary powers would belong to the provinces.
- All provinces would be divided into three sections. Provinces could opt out of any group after the first general elections.
- There would also be an interim government having the support of the major political parties.

The Muslim League accepted the plan on June 6 1946. Earlier, the Congress had accepted the plan on May 24, 1946, though it rejected the interim setup.

The Viceroy should now have invited the Muslim League to form Government as it had accepted the interim setup; but he did not do so.

Meanwhile Jawaharlal Nehru, addressing a press conference on July 10, said that the Congress had agreed to join the constituent assembly, but saying it would be free to make changes in the Cabinet Mission Plan.

Under these circumstances, the Muslim League disassociated itself from the Cabinet Plan and resorted to "Direct Action" to achieve Pakistan. As a result, Viceroy Wavell invited the Congress to join the interim government, although it had practically rejected the plan.

However, the Viceroy soon realized the futility of the scheme without the participation of the League. Therefore, on October 14, 1946, he extended an invitation to them as well.

Jinnah nominated Liaquat Ali Khan, I. I. Chundrigar, Sardar Abdur Rab Nishtar, Ghazanfar Ali Khan and Jogandra Nath Mandal to the cabinet.

Congress allocated the Finance Ministry to the League. This in effect placed the whole governmental setup under the Muslim League. As Minister of Finance, the budget Liaquat Ali Khan presented was called a "poor man's budget" as it adversely affected the Hindu capitalists.

The deadlock between the Congress and the League further worsened in this setup.

On March 22, 1947, Lord Mountbatten arrived as the last Viceroy. It was announced that power would be transferred from British to Indian hands by June 1948.

Lord Mountbatten entered into a series of talks with the Congress and the Muslim League leaders. Quaid-i-Azam made it clear that the demand for Pakistan had the support of all the Muslims of India and that he could not withdraw from it. With staunch extremists as Patel agreeing to the Muslim demand for a separate homeland, Mountbatten now prepared for the partition of the Sub-continent and announced it on June 3, 1947.