

Impacts Of Terrorism On The Economy Of Assam: A Study

Piyali Das

Research Scholar

Department : Economics

Gauhati University, Guwahati, India

ABSTRACT: Terrorism imposes significant economic effects on societies and will not only lead to direct material damage, but also to long term effects on the economy of Assam. The impact of terrorism on Assam's economy is enormous, leading to unemployment, homelessness, deflation, crime and other economic and social ills. The state of Assam has been adversely affected by armed insurgency over the last one and a half decades with various insurgent groups like the ULFA, NDFB, DHD, UPDS, NSCN, and BLT waging a low intensity war against the lawfully established Government. The major insurgent groups ULFA and NDFB have committed scores of incidents of mindless violence like murders, bomb explosion, kidnapping which have created adverse impacts on the economy of Assam and have a serious bearing on the law and order situation of the state.

Keywords: Terrorism, Insurgency, Unemployment, Deflation.

I. INTRODUCTION: Terrorism is the premeditated use of threat of use of violence by individuals or subnational groups to obtain political or social objectives. Terrorism in India poses a significant threat to the people of India. Assam is one of the eight states of North East India and bordering seven states like Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland etc. The ULFA, BLT, NDFB etc. in Assam are the militant organisations that have been raging havoc in the life and minds of innocent people. The geographical spread of militancy in Assam is evident with a series of strikes by militant groups in upper and lower Assam and capital Guwahati. The identification and estimation of the economic effects of terrorism has received broad attention due to growing activities of terrorists. This paper is trying to look into the adverse impact of terrorism on the economy of Assam.

II. Literature Review: For the purpose of literature review, following books and articles are reviewed.

Gupta et al. (2004) examined the impacts of armed conflicts and terrorism on low and middle income countries. It is evident from the study that if there is an armed conflict in a country, growth rate becomes slow and high inflation is observed and thereby creating adverse effects on investment and tax revenue.

Gries et al. (2011) have made an attempt to examine the link between the intensity of domestic terrorism and the rate of real GDP per capita growth for Western European Countries. They opined that economic performance leads to terrorist attacks in sturdy ways only for three out of seven countries. It is evident from the study that the role of economic performance in determining terrorist violence appears to have been important for some countries, whereas all attacked economies have been successful in adjusting to the threat of terrorism. Ciner (2017) has made an effort to explain about the effects of terrorism on economic growth. The aim of this study is to examine the effects of terrorism on economic growth experienced worldwide. In this paper, an attempt has been made to classify the effects of terrorist incidents according to income groups. In this respect, the author conducted a panel study to analyse the number of terrorist incidents in different countries and the

data range from 2000 to 2015 covering a total of 115 countries. The author opined that those terrorist attacks are causing a negative impact on the economic growth in most countries particularly in low income countries. The findings of the study shows that low income countries are affected about three times more than high income countries as a result of terrorist attacks.

Singh (2011) , in his paper is concerned with the analysis of impact of terrorism on investment decisions of farmers. The study was conducted in Punjab. This paper provides evidence for a particular channel through which sustained terrorism in rural areas may affect growth in developing countries. Using micro level data from agricultural surveys during the period of insurgency in Punjab (India), the author found significant negative effects of terrorism on the level of investment in long term agricultural technology but effects are small and insignificant for short term investments. These negative effects are greater for richer farmers and those living in bordering districts. This results in a farmer losing close to 4% of his income annually because of insurgencies.

Mathew (2016), in her paper has explained about the dynamics of terrorism in North- East India. The author remarked that insurgency in the north- east is the product of more than one factor. The underlying factors required just a spark to ignite the tension-ridden atmosphere. The existing situation demands a search for alternatives to military operations. The author concluded that a policy of accommodation with special provisions is urgently required in the North-East India.

Das et al. (2015) in their paper has explained about conflicts and its socio-economic consequences in North East India. An empirical analysis in this paper shows that industrial growth in north-east states declined due to conflict. It is also observed that there exists high correlation between socio-economic condition and industrial growth in this region. This paper is concluded with a discussion on what are the government policies and how these policies resolve conflict in North –East India.

Hazarika (2017), in her work has made an attempt to analyse the impact of terrorism in the process of industrial development. This paper highlights the impact of terrorism on the tea industry of Assam and measures to overcome the problems. The author opined that fear and anguish haunt the top personnel of the big tea companies in Assam which accounts for more than half of the country's total production of the beverage. Tea industry is suffered from terrorist attacks. Alarmed by the killings and the industry's plight, the Assam Government set up the Assam Tea Plantation Security Force (ATPSF) to protect the tea estates. The author remarked that terrorism is by-product of other problems and Government should take proper initiatives to protect the industrial sector of the country.

However in course of review, research work on impact of terrorism on Assam Economy is highly limited. The present study thus attempts to fill the gap in the existing literature and make an addition to the existing knowledge.

III. Objectives: The objectives of the present study are:

- 1) To examine the impact of terrorism on Assam economy.
- 2) To suggest measures to reduce terrorism.

IV. Methodology: This paper is based on Secondary data. The data was drawn from various sources which have been duly acknowledged. The data for the proposed study have been collected from secondary sources using different books, journals and different web sources. The study is a descriptive type. This paper is an attempt to explain the impact of terrorism on the economy of Assam.

V. Impacts of terrorism on Assam Economy: Terrorism has negative economic effects. Terrorism cause economic damage. Terrorism has the capability to cripple economies, stunt welfare and create unforeseen crisis. Terrorism and insurgencies remain the biggest threat to security, business and our way of life. While examining the underlying determinants of economic growth in Assam, it is shown that these determinants differ greatly for Assam as compared to other states of India. In particular, Assam suffers from poverty, unemployment, lack of education, high public spending, high population growth and huge migration from neighbouring countries. These factors may make economic growth particularly prone to react adversely to violence in the form of terrorism and war. Assam economy is constantly being challenged by unexpected and unprecedented means of terrorism.

Major incidents of terrorist violence in Assam, 2014 -2017

Table 1 (2014)

Sl.No	Date	Place / District	Outfit	Killed				Injured
				Civilian	Sfs	Terrorist	Total	
1	Jan 17	Kokrajhar	NDFB IKS	6	0	0	6	2
2	Feb21	Goalpara	GNLA	0	0	3	3	0
3	March 11	Goalpara	UALA	0	0	3	3	0
4	April 30	Naojan/ Sonitpur	NDFB IKS	0	0	3	3	NS
5	May 1-12	BTAD	NDFB IKS	46	0	0	46	0
6	May 14	Langtibuk In karbianglong	KPLT	0	0	6	6	0
7	July11	Labdanguri/ Baksa	NDFB IKS	4	0	0	4	0
8	August1	Mongre Gaon/Goalpara	ULFA-1	0	0	3	3	0
9	August 12-13	B Sector / Golaghat	NSCN IM	14	0	0	14	8
10	August 20	Raimati/ Chirang	NDFB IKS	0	0	5	5	0
11	Sep 11	Lanting/Dima Hasao	UPLF	0	0	3	3	NS

12	Sep28	Mwinaguri/ Kokrajhar	NDFB IKS	0	0	4	4	NS
13	Oct8	Kokrajhar	NDFB IKS	0	0	4	4	NS
14	Nov 5	Robi Basti / Dima Hasao	NSCN- IM	0	0	3	3	0
15	Nov 20	Sespani/ Goalpara	GNLA	0	0	3	3	0
16	Dec 23	Sonitpur	NDFB- IKS	40	0	0	30	0
17	Dec 23	Kokrajhar	NDFB- IKS	25	0	0	25	0
18	Dec 23	Chirang	NDFB- IKS	4	0	0	4	0

Source: www.sapt.org

Table 2 (2015)

Sl.No.	Date	Place / District	Outfit	Killed				Injured
				Civilian	Sfs	Terrorist	Total	
1	September 10	Dima Hasao District	DHD-A and KPLT	0	0	3	3	0
Total				0	0	3	3	0

Source: www.satp.org

Table 3 (2016)

Sl.No.	Date	Place / District	Outfit	Killed				Injured
				Civilian	Sfs	Terrorist	Total	
1	Feb 16	Na Kathalguri village / Tinsukia District	NSCN-K & ULFA-I	0	0	4	4	0

2	April 4	Dudhnoi/ Goalpara District	ULFA-I	3	0	0	3	20
3	Aug 5	Balajan Tiniali Market Kokrajhar	NDFB- IKS	14	0	1	15	17
4	Aug 19	Mainaoshree Paharpur Sonitpur District	NDFB IKS	0	0	3	3	0
5	Aug 12	Gabharubheti Bamun Gaon/ Tinsukia District	ULFA-I	3	0	0	3	0
6	Sep 23	Namber Reserve Forest/ East Karbi Anglong District	KPLT	0	0	6	6	1
7	Nov 19	Digboi Tinsukia District	ULFA-I & CorCom	0	3	0	3	4
Total				20	3	14	37	42

Source: www.satp.org

Table 4 (2017)

Sl.No.	Date	Place / District	Outfit	Killed				Injured
				Civilian	Sfs	Terrorist	Total	
1	April 2	Jullian village under Manza Police Station/ Karbi Anglong District	UKDA	0	0	3	3	1
Total				0	0	3	3	1

Source : www.sapt.org

It is evident from the above tables that there have been an increasing terrorist violence in 2014. Then the activities of terrorist declines in 2015 and it was happened only in Dima Hasao District of Assam. Again the violence took place in different districts of Assam in 2016. But in 2017, terrorist incidents were happened only in one district of Assam. Such continual increase and spread of terrorist attacks across Assam indicates ineffectiveness of measure and investment made towards security in recent years. Terrorism has significant impact on percapita growth. Terrorists have damaged infrastructure- not only to create anxiety in a targeted audience but also disrupt the economy through a number of ways.

- 1) Terrorist attacks may enhance uncertainty which limits investment and diverts public investment to safer venues.
- 2) Augmented security outlays by government may crowd out productive public and private investment.
- 3) A terrorist campaign raises the cost of doing business through higher wages, large insurance premium and greater security expenditure which in turn decrease profits, productivity and growth.
- 4) Terrorist attacks may dampen growth by destroying or degrading social overhead capital that facilitates commerce and daily routines.
- 5) Terrorism impacts specific industries- e.g. airlines and tourism which in turn limit economic growth.

On a smaller scale, terrorism adversely affects the economy of the state for many of the same reasons--- e.g. capital flight, increased uncertainty, destroyed infrastructure and increased security spending. A stagnant economy, rising unemployment, proximity to foreign neighbours across porous borders like Bangladesh, Bhutan and Myanmar and growing feeling of alienation from the Indian mainstream are construed to be some of the significant insurgency in Assam. Assam like the other seven states in the region is caught in a vicious cycle--- with lack of opportunity breeding insurgency and insurgency impeding economic growth.

The primary economic impact of terrorism in Assam refers to the effects arising from the immediate aftermath of a terrorist event. These effects include the physical destruction of urban objects and the human casualties (injuries and loss of human life). On a micro level terrorist events influence three main types of economic actors namely individual households, the private sector (companies), the public authorities. Due to terrorist event, these economic agents suffer from impact through losses in human and physical capital and at the same time, they themselves may influence the economy through their immediate response to the violent shock that occurred.

Terrorism will not only cause primary economic impact but also produces considerable secondary impact on the economy of Assam. Terrorism in Assam influences tourists' choice of destination. It also affects consumption and saving rates. Economic stability and political stability are generally recognised as the most important factors that determine investment in a local economy. Not only are the amount of investments influenced by terrorist events but also the investment composition. The impact of terrorist events on financial market is a famous phenomenon. Since Share prices reflect expected future gains of a company, a terrorist attack will negatively influence the share price. Since expected profits will decline if security measures increase the cost of production and consumer will decrease their consumption. The risk premium will increase due to increased uncertainty about a firm's prospect on the market. Terrorist events not only increase the sense of insecurity and uncertainty for foreign traders, but also increase transaction costs. The overall effect of terrorism on the economy of Assam can only be determined when it is known how an economy would have developed without the terrorist event.

VI. Suggestions: Proper measures should be taken into account to stop terrorism. Existing system is woefully inadequate and does not take into account the role of the private sector and civil society in fighting terror. Terrorist not only kill people but also seriously damage infrastructure, industry and ultimately destroy confidence of both the common man and the investor.

A long term solution that ensures Assam's rapid economic growth that is sustainable and inclusive for its large population. Issue of land reform and redistribution should be addressed to prevent the spread of terrorism to the vast tribal areas. Upgradation of education, health care and general infrastructure at the village level should be made.

VII. CONCLUSION: Despite efforts made by successive state governments to hammer out an amicable solution of insurgences, it continues, causing law and order problems frequently. The present government, therefore has taken a hardline approach to the problem of insurgency in order to bring about an improvement on the law and order front by coming down heavily on the extremist outfits.

References and Bibliography:

- 1) Cinar, M. (2017) ‘ The Effects of Terrorism on Economic Growth : Panel Data Approach.’ *Zb.rad.Ekon.Fak.Rij.2017* , 35(1),97-121.
- 2) Das, T. K., Dasgupta, I.,Haldar, S. K. and Mitra, S. (2015) ‘ Conflicts And Socio- Economic Consequences in Nort- East India.’ *Asian Journal of Humanities and Social Studies* 3 (1).
- 3) Gupta, S. et al.(2004) ‘ Fiscal Consequences of Armed Conflict And Terrorism in Low and Middle Income Countries.’ *European Journal of Political Economy* 20 (2), 403-421.
- 4) Gries, T., Krieger, T. Meierrieks, D. (2011) ‘ Causal Linkages Between Domestic Terrorism and Economic Growth’. *Defence and Peace Economics*,Vol.22, No. 5, pp.493-508.
- 5) Hazarika, K.(2017) ‘ Impact of Terrorism in the Process of Industrial Development: A Study on the Tea Industry of Assam’. *IJRDO- Journal of Social Science and Humanities Research* 2(12), 46-53.
- 6) Mathew, R. (2016) ‘ The Dynamics of Terrorism in North East India - A Critique.’

Websites

[www.assam portal.com/terrorism in assam.](http://www.assam.portal.com/terrorism%20in%20assam)

www.satp.org/saporgtp/countries/India/states/assam/data

www.securipedia.eu/mediawiki/index.php/economic

www.ficci/SPdocument/20032/terrorism-report.pdf

[www.borjournals.com/research paper/jan2013/1127%M.pdf](http://www.borjournals.com/research%20paper/jan2013/1127%20M.pdf)

[www.academia.edu/3344803/effects of terrorism on the economy](http://www.academia.edu/3344803/effects_of_terrorism_on_the_economy)

[www.research.createedu/cgi/viewcontent.](http://www.research.createedu/cgi/viewcontent)