Violence, Terrorism and Insecurity

South Asian states are caught up in a complex vortex of violence. In the previous chapter we explored the causes leading to violence and terrorism and also the instrumentalities that support them. The explanations are complex and there is no one general theory to explain the reasons for violence in the context of South Asia. In this chapter, we focus on how violence and terrorism cause insecurity amongst people and how this insecurity can also lead to violence. It is a dynamic process involving certain mutuality. Undoubtedly, violence and terrorism are direct threats to human security. But human security is undermined not only as a result of the impact of violence but also in the way it affects the individual indirectly in the environment and context in which s/he lives. The common man’s security gets undermined as a result of the impact of violence on state, society and economy. Thus, the sense of freedom from fear is challenged not only by the direct impact of violence but as a result of being a victim of violence but also in the way violence affects a large number of processes in the political, social and economic sphere. This, in turn, creates an environment that causes insecurity or leads to insecurity.

The growth in terrorism and pervasive violence is a direct challenge to human security. However, the processes arising from a violent socio-political order are important contributory factors in the increasing insecurities of the people of South Asia. Violence has a direct effect on human security and indirectly impacts on state structures, society and the developmental process. The impact of violence on the state structure is that it increases militarisation of the state. It forces the already strained states to build military and paramilitary forces and also allocate more resources to the military at the expense of other sectors. Strong military forces then have the potential to threaten democratic institutions and civil society. The growing and deepening militarisation of society has also resulted in the creation of a culture of militarism in most
South Asian states. Economically, a large part of productive resources are lost as a result of violence and terrorism. The development gains made by saving such resources could have been used in enhancing human security.

In this chapter, we analyse the impact of violence and terrorism on society, economy and the state and try to explain how they cause or contribute to human insecurity. However, due to the lack of aggregated data or accuracy of information it is difficult to provide a holistic perspective. Therefore, the objective in this chapter is essentially to draw out some trends and indicators. Since the manifestations and causes of violence differ in differing settings within South Asia, a certain trend or a process in one setting may not be applicable to all other settings as they would have their own dynamics. But the purpose here is to highlight how different processes under the impact of or as a result of violence and terrorism undermine human security in South Asia.

5.1 VIOLENCE, TERRORISM AND SOCIETY
Violence and terrorism impact on society leading to the insecurity of the individual. Sustained violence and the instrumentalities supporting violence have led to the increasing militarisation of the society. This has led to a culture of violence where violence as a mode of political bargaining or in everyday life has become acceptable. Our normative concerns about violence have weakened. It has directly affected people or communities who have been displaced and dispossessed of their land and livelihood.

The social consequences of violence can manifest themselves both at the material as well as the psychological level. The social consequences of violence are much more severe and have a deeper impact on human security than its political and economic consequences. While the economic consequences are temporary and transient, they can be built up and regenerated, but this may not be the case with its impact on the individual and the mass psyche. It will take a considerable longer period of time to change mindsets and attitudes in regard to experiences of violence—both to the perpetrator and to the victim.

5.1.1 Uprooting Lives and Livelihood
A lot of lives have been lost as a result of terrorism and counter-terrorism. Figures of people killed in the J&K conflict varies from 40,000 to 80,000 deaths different; sources mention different statistics. However, a more realistic figure may be about 50,000. In Punjab, the
death toll by 1992 was around 11,500.\(^1\) It is estimated that more than 50,000 people may have died due to such violence in northeast India. In Pakistan, because of the sectarian violence, some 1,828 people were killed and 4,351 injured between 1989 and 2005.\(^2\) Possibly, more than 65,000 people have already been killed in the ensuing violent ethnic conflict in Sri Lanka.\(^3\) In the first JVP insurrection in 1971, 5,000 to 10,000 lives were probably lost. During the insurgency launched by the JVP between 1987 and 1989, there may have been more than 60,000 deaths and disappearances.\(^4\) More than 13,000 people have died in the ten years of insurgency in Nepal. In addition, a lot more people may have been injured.

One of the important ways in which violence and terrorism affect human security is the way in which it displaces people and destroys livelihoods. A large number of people have been rendered homeless, landless and resourceless as a result of the violence accompanying conflicts in South Asia. Some of this has due to deliberate acts of insurgents and militants who have been involved in ethnic cleansing. While some of these displaced people have moved across borders and have been given refugee status or integrated in the host countries, a large number of them are what are known as internally displaced people or IDPs. Most refugees and IDPs have been generated by the protracted ethnic conflict in Sri Lanka and the conflict in J&K. More recently, the Maoist insurgency in Nepal has also generated both refugees and IDPs.

Since the armed conflict commenced in Sri Lanka, the numbers of displaced people have fluctuated from half a million to a million at various points, depending on the intensity of the violence. According to the National Peace Council in Sri Lanka, 1,116,000 Sri Lankans were displaced by the war till 2001.\(^5\) Out of them, 800,000 were IDPs. About 2,00,000 left Sri Lanka as refugees. In J&K as many as 350,000 people have been displaced as a result of the violence.\(^6\) Most of the IDPs

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2 See the Institute for Conflict Management website. URL: http://www.satp.org/satporgtp/countries/pakistan/database/sect_killing.htm
5 *Costs of War: Challenges and Priorities for the Future*, op. cit.
migrated between January and May 1990. More than 90 per cent of the Kashmiri Pandits living in the Kashmir valley moved to Jammu and other places. The IDPs also include Muslim and Sikh families. Over 56,487 Kashmiri Pandit migrant families were displaced and have been living in camps in the Jammu region, Delhi and other states.\(^7\)

The armed conflicts and the high levels of security personnel and civilian deaths have resulted in a large number of widows and orphans. In J&K, it has been reported that there are an estimated 54,000 widows registered with the Department of Social Welfare in Srinagar. An estimated 1,00,000 children may have been orphaned in the violence in J&K.\(^8\) In a study conducted on the impact of the conflict on the women and children of Kashmir the studies reveal the following: (i) Loss of home after a father’s death (especially when the father has been a militant); (ii) 27 per cent dropout rate from schools (73 percent of the children cite poverty as the main reason for this); (iii) Having to work (often in hazardous conditions) to support their families; (iv) Loss of social status and dehumanisation (female orphans are considered highly undesirable as marriage partners); (v) Psychological problems that often result in criminal or violent behaviour; and (vi) Lack of health care, resulting in decreased immunity to disease and increase in neurological and heart diseases.\(^9\) In 1990, a year after violence erupted in Kashmir, outpatient visits to the Psychiatric Hospital in Srinagar went up exponentially from 3,000 to 18,000.\(^10\) In Sri Lanka, the number of widows and women headed households has increased. In Jaffna, there are about 18,000 widows and around 4,00,000 women live in shelters across the country.\(^11\)

Even in the northeast of India, Bodos have forced a large number of non-Bodos like the Santhals, Nepalese and Biharis to leave their area in large numbers. Tripura tribals have also followed a strategy of ethnic cleansing and specifically targeted the Bengali migrants, which has led to their displacement and loss of livelihood. The NLFT has been

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10 Ibid.
11 Costs of War: Challenges and Priorities for the Future, op. cit.
terrorising the non-tribal population with the objective of making them leave.12

The Maoist insurgency in Nepal has caused the displacement of a large number of people while thousands of others have fled to neighbouring India. Many have been killed, wounded or abducted over the years after the rebels suspected them of being government informants. Taking hostages for ransom, torture, and long periods of detention and kidnappings for coercive recruitment into the organisation have forced young villagers to flee their homes. A large number of these people go without shelter after they being forced to leave their villages. Many also become jobless. Abduction of civilians, including students and teachers, to attend indoctrination classes in rebel-controlled areas has also led to the displacement of many. An estimated 60,000 people are believed to have fled to Kathmandu. The flight of the labour force from the villages and the swelling of population in urban centres has impacted adversely on the economy and placed an enormous burden on the existing and overstretched infrastructure of urban society.13

The Maoists in Nepal have also been accused of forcibly recruiting child soldiers. This uproots the lives of young children who have nothing to do with the conflict. Children are either kidnapped or forcibly recruited by the rebels for their cause. The use of children in the fighting has grown correspondingly. Child Workers Nepal (CWN), a NGO has shown that the Maoists have recruited more than 4,000 children between the age of 14 and 18. Another 4,000 were rendered homeless and 2,000 orphaned. It has been estimated that 30 per cent of the Maoist insurgents may be children between the age of 14 and 18.14 Similarly, a large number of recruits to the LTTE may be children. That the LTTE once had been active in recruiting child soldiers has been an issue that has been taken up even at the UN.15

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12 For instance, in the run-up to the assembly elections in Tripura in March 2003, the NLFT killed 11 supporters of the Communist Party of India (Marxist). In May 2003, coordinated attacks by the NLFT and the ATTF claimed the lives of 32 non-tribals. “A Terror Campaign”, Frontline, vol. 20, No. 11, 24 May – 6 June 2003, p. 50.


Maoist activity in Nepal has also been undermining the basis of livelihood in the countryside. They have been destroying small hydro-electric projects, post-offices, irrigation project offices of the Village Development Committees (VDC), telephone towers, forest offices, and public health posts. They have also been looting banks and cooperatives in the countryside, besides disrupting schools and other social sector institutions. The public distribution system in many places has collapsed. The Maoist strategy of frequent strikes and blocking transportation has also severely affected the livelihoods of farmers. Thousands of litres of milk and tons of vegetables decay in remote regions as a result of these strikes. Farmers lose their livelihood as a result of these protests.16 While ideologically and strategically it might be sound for the Maoists to threaten big business as well to close them down, the gesture becomes a cause of serious concern to those who depend on such enterprises for their livelihoods. The labour wing of the Maoists threatened to force an indefinite closure of ten large business ventures in Nepal. The All Nepal National Trade Union Federation protested against this move.17 The decade long conflict has exacted a heavy toll, shattering the lives of many families, severely limiting access to livelihoods, health and education. In Andhra Pradesh, the PWG’s acts of violence have hampered industrial growth and development in the state. Investment has gone down. Businesses have moved to safer areas. In Karimnagar and Warangal districts, Tendu leaf (tobacco) contractors did not bid for annual contracts to collect leaves and have chosen to do business elsewhere. This has a severe impact on the livelihoods of a large number of tribal farmers.18 Displacement also generates a certain dynamism which can feed into the conflicts and violence. The lack of mobility amongst the displaced in certain situations may motivate youths to join armed groups. The frustrations emanating from the disruption in life, education and mobility is very important. Therefore, enabling displaced youths access to educational opportunities and providing them sustainable livelihoods is very important. This has been the case in Sri Lanka. Violence has affected people directly by dispossessing them of

their homes and livelihoods. States have been able to do rehabilitate such people, either by helping them to return to their homes or by regenerating sustainable livelihoods for them. A large number of these people continue to live in inhuman conditions in refugee camps.

5.1.2 Militarisation of Society

Violence and terrorism have penetrated the everyday life of people. Violence in social and individual relations is takes place in the context of the militarisation of society. The distinctions between the civilian and the military, the unarmed and the combatant get blurred. The increasing levels of organised violence, the proliferation of paramilitaries and the diffusion of light weapons in civilian hands lead to the militarisation of society. In large parts of the region, the visible militarisation of society can be noticed in the form of armed policemen, armed guards in public and private buildings, checkpoints along roads, and even soldiers patrolling the streets, not an uncommon sight. And yet, there is always a heightened sense of insecurity among the populace.

The conflicts in the region have been responsible for the increased militarisation of the societies of the south Asian countries. One of the primary reasons for the militarisation of the societies in South Asia is due to the large-scale diffusion of light weapons in the region which implies that a large quantity of weapons, including automatic weapons, are in the possession of groups and private individuals. As discussed in Chapter 4, this is an indirect fall-out of America's proxy war in Afghanistan, a fall-out which has been severe not only on Pakistani society, (since Pakistan was the conduit for light weapons), but on the region as a whole.\textsuperscript{19} The militarisation of Pakistani society is attributed not only to the residue of light weapons from the Afghan war but also due to their continued production in the unorganised sector in the NWFP.\textsuperscript{20} Further, the continuing sectarian and Jihadi violence have an ugly tendency to erupt every now and then and has fuelled the Kashmir conflict. It has also had a great impact on the militarisation of its society as well. Between

\textsuperscript{19} For details see, Chris Smith, \textit{The Diffusion of Small Arms and Light Weapons in Pakistan and Northern India}, London: Brassey's, 1993.

1977 and 1987, the arms bazaars of Pakistan began to swell with an amazing variety of weapons such as multi-barrelled rocket launchers, RPGs, sniper weapons, gelatine sticks and ammunition which were sold by weight.

Soon thereafter, that is to say by the early 1980s, it was noticed that light weapons had started penetrating India's northwestern borders. India's license-permit raj regime of the 1970s made the smuggling of weapons and drugs across the Indo-Pakistani border a lucrative venture. This process was accelerated especially in the Punjab, after the Golden Temple crisis of 1984. The number of weapons seized along the border between 1987 and 1997 by the Punjab police alone was 2715 AK-47s, 1408 rifles and 6000 revolvers.21 The use of AK-47s was first recorded in 1987; posters calling for recruitment to militant groups in 1990 offered an incentive of Rs. 3,000 and an AK-47.22 At a later stage, vast quantities of sophisticated weapons found their way to insurgent groups all across India. Militants in J&K and the northeast progressively graduated to assault rifles. Naxalites and underworld mafia also armed themselves with AK-47s. India, over a period of time, was seriously affected by the widespread diffusion and illicit trade in light weapons. Given the nature, scale and complexity of this diffusion, it would be virtually impossible to assess the quantum of weapons in circulation in the country. The government can, at best, provide figures for weapons it has captured which form only a part of the weapons and explosives circulating in the country. The Ministry of Home Affairs, at a meeting of the Parliamentary Consultative Committee on Home Affairs, presented some revealing facts related to the recovery of such weapons in India since 1984 on 15 October 1998. Out of 61,900 automatic weapons reportedly smuggled into the country, security forces had seized around 47,700. They also recovered 43,700 kg of explosives.23 Apart from the conflict situations in J&K and the northeast, from which arms and explosives have been recovered; similar recoveries have been made from Gujarat, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan and Tamil Nadu.24

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Aside from the range of light weapons that has become easily available, it is the quantum of weapons and the large size of the illegal arms markets that are an indication of the extent to which light weapons diffusion is taking place in South Asia. According to one study, the number of people involved in the illegal arms industry in Pakistan is estimated to be about 50,000. Claims by local manufacturers suggest that Darra has the capacity to manufacture one hundred light weapons per day. The NWFP market trade turnover could be worth nearly $1 billion.

In India too, there is a significant market for local manufacture of light weapons. India also has a thriving cottage industry in illegal small arms production. Illegal production in the informal sector has become pretty widespread and such production units can be found in Bihar, Uttar Pradesh, West Bengal, Andhra Pradesh and Punjab. Hundreds of clandestine factories are operating in different parts of the country, manufacturing guns, pistols, revolvers, and hand grenades as a cottage industry. Bihar is believed to have one of the largest illicit small arms manufacturing units. The quality of the weaponry produced here may not be good; nevertheless, they are a means of arming a large number of private armies, criminals and individuals. Bihar has a thriving market for illegally produced small arms because of its numerous private armies. These factories are especially located in central Bihar. Gaya and Nalanda districts are the nerve centres of illicit manufacture. According to police records, Nalanda district had, about 200 illegal gun factories in 1987. An unofficial survey done in 1987 reveals that there are 1500 illegal arms manufacturing units in Bihar. In 1996, news reports suggested there were about 250 illegal arms manufacturing units. Usually these illegal factories become very active before any ensuing elections. Some estimates put the total number of illicit arms in Bihar at over ten million. These are mostly locally manufactured weapons. Uttar Pradesh also has a thriving industry in illegal firearms manufacture. In 1980, a police drive against illegal manufacture closed

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26 Ibid., p. 7.
down more than 100 units. In 1985, the Uttar Pradesh police seized over 10,000 illegal firearms, out of which 8,000 were country-made guns and over 20,000 cartridges weapons acquired from raids on criminal gangs in addition to 280 units manufacturing firearms illegally.\textsuperscript{30} The quality of weapons made in the informal sector is poor and these factories produce the 0.22s and 0.38s and 0.303s, which do not have much demand among militant circles. But they are still an important source for the criminals and private Senas.

In Andhra Pradesh, the Naxalites are believed to be manufacturing some weapons. In October 1999, the Karimnagar police unearthed a military goods dump of the People's War Group (PWG) meant for manufacturing firearms, worth Rs. 300,000. Also, one quintal of explosives (gelatin sticks) meant for making bombs were recovered.\textsuperscript{31} The Naxalites, who earlier used crude variety of arms like pipe guns, 12 bore and crude grenades, have been able to acquire more sophisticated weapons. Gun-running has sustained the Naxalite movement. The members of the PWG now arm themselves with sophisticated weapons and frequently resort to the use of land-mines. Indications that Naxalites were equipping themselves with such weapons came as early as 1992. A Naxalite hideout was raided in Bangalore in 1992 and the action culminated in seizures of over 800 rifles and 50,000 rounds of ammunition. In another capture in June 1995, an assortment of weapons for Naxalites in Andhra Pradesh was caught in Muzaffarnagar in Uttar Pradesh. In a raid on a Bangalore hideout in 1996 the cache of arms recovered included 25 AK-47s rifles.\textsuperscript{32}

Compared to the other groups in South Asia, the arsenal of the Maoists in Nepal is still primitive. Initially, they mostly had hunting guns, home-made rifles and pistols acquired from illegal gun factories in Bihar. By raiding police armouries they were able to acquire .303 rifles, 12 bore shotguns and pistols. From assaults on army camps they were able to get hold of Sten guns and Self-Loading Rifles.\textsuperscript{33}

Government agencies in Pakistan have contributed to the process of weaponisation by issuing thousands of gun licences. According to Pakistani sources, the Sindh government has issued 92,000 licences in


Karachi alone since 1992.34 Similarly, in Punjab, licences worth Rs 60 million have been issued to various political groups.35 Moreover, seized weapons are being sold at "sale" prices to important personages, and many of these tend to be ploughed back into society. The number of small arms in circulation in Pakistan is estimated to be about 8,00,000 in Punjab; 5,00,000 in Sindh; 2,50,000 in Baluchistan;36 and more than 5,00,000 in the NWFP.37 Unofficial estimates of weapons in Karachi are around 200,000. These figures suggest that there are probably more than two million small arms in private hands in Pakistan. Other sources suggest that there are five million illicit small arms floating in Pakistan.38 It is very difficult to show how much of these weapons are in the possession of insurgent groups. But one thing is clear; they keep increasing in numbers and are becoming more sophisticated.

In Sri Lanka, the LTTE has almost every kind of sophisticated weapon i.e. assault rifles, grenade launchers, anti-tanks weapons and mines at their disposal, and have reportedly acquired radar-guided or heat-seeking anti-aircraft missiles as well.39 The Sri Lankan army has also distributed weapons among the settlers in the north and the east. The armed conflict between the LTTE and the Sri Lankan government's security forces has created a number of armed paramilitary groups. Many of the groups work with the army to combat the LTTE. The paramilitaries have been trained either by the state or militant groups. Among the anti-LTTE paramilitary groups are the People's Liberation Organisation of Tamil Eelam (PLOTE), Tamil Eelam Liberation Organisation (TELO), Eelam People's Democratic Front (EPDP), and various homeguard organisations promoted by the Sri Lankan army. All these groups are well armed and have immense military firepower. All of these groups have created their own regime of security and people have to live under their protection and taxation.40

34 Dawn, 31 March 1996.
36 Light Weapons Manufacture, op. cit., p. 6.
39 For details see, Rohan Gunaratna, "Sources of Arms Supplies to the LTTE: Successes and Failures of the Sri Lankan State", in Dipankar Banerjee, (ed.), South Asia At Gun Point: Small Arms and Light Weapons Proliferation, Colombo: Regional Centre for Strategic Studies, 2000.
The issue of light weapons diffusion can have a paradoxical implication. It can be a principal consequence of and a key contributor to weak and ineffective governance. Insurgent violence, the rise in terrorism, crime, and resulting lawlessness undermine the security and development functions of the state. When the state is perceived to be weak and ineffective as a security provider, people tend to seek alternative security guarantees. A lack of public confidence in the ability of the state to provide security of life to its citizens has motivated more and more people to seek alternative support mechanisms in their communities to obtain security against physical threat. It has not been difficult for such groups to acquire a high degree of firepower from the illegal arms market.41 The possession of small arms by private citizens can be a response to a situation where states are unable to provide a secure environment for their citizens or meet their basic needs. For instance, the growing feeling of insecurity among businessmen, industrialists and even common people has, on the one hand, led to a prolific growth in private security agencies and on the other, increased the demand for small arms.42 Given the enormous pressures on the policing apparatus of the state, this phenomenon is likely to grow. In addition, as more lethal weapons come into the possession of criminal gangs, private security agencies are likely to ensure that their own arsenals can match them.

While this is largely an urban phenomenon, the process is unfolding differently in rural areas. In a feudal state like Bihar, for instance, upper-caste Zamindars maintain private armies to protect their families, property and valuables. These private armies are also used to oppress lower castes. This, in turn, has prompted lower caste groups and left-wing extremist organisations like the Maoist Communist Centre (MCC), to take up arms. They, like the Zamindars, lack faith in the state's ability to provide for their security. This has resulted in a cyclical process of violence and counter-violence, leading to the increased militarisation of rural society in Bihar.

5.1.3 The Culture of Violence

Increasingly, society is coming to terms with violence as an acceptable mode of political behaviour whether by the state or anti-state forces.


This violence is symptomatic of the present incapacity of the society to produce indigenous arguments for non-violence. One disturbing aspect of the social acceptance of violence is that society prepares a social space for long-term processes of militarisation at various levels. Militarisation suggests more than the strengthening of militaristic institutions directly engaged in violent conflicts. It also means the social acceptance of militarism as the legitimate and correct form of political practice in cases of crises, and in resolving conflicts.

Despite the mounting number of people killed due to terrorist violence, society is gradually getting inured to the deaths. There is little revulsion and hardly any protest. Such deaths have become commonly accepted. The lack of sensitivity to the value and dignity of human life in the violence and counter-violence is appalling. Regarding the no-holds-bar fight between the Maoists and the army in Nepal in which innocent victims have been caught, a Nepalese commentator writes: "... in the see-no-evil, hear-no-evil atmosphere of Kathmandu Valley, these deaths—if indeed innocent to whatever degree—are seen as acceptable collateral damage in the fight to finish off the Maobaadi and get the country back "on track."43 This comment made in the context of Nepal may also be reflective of suppressed sentiments in the context of the other South Asian countries.

It is not only the numbers but there are also no limits imposed on the nature of violence. The ethnic violence in Sri Lanka is characterised by torture, rape, and massacres of entire villages, and disappearances; in short, a total disregard of human rights. A number of groups have resorted to ethnic cleansing. In Nepal too the taking of hostages for ransom, torture, long periods of detention and kidnappings for coercive recruitment into the Maoist cadres has become a common occurrence. Many of the armed conflicts in South Asia are a mirror image of the above experience. All this has created a culture of terror.

Once societies have undergone the experience of violence, it will be fundamentally difficult to restore social harmony. Violence introduces a certain discourse in political bargaining, that it becomes the easiest resort in case of any differences, tensions and conflicts. There are also certain processes that individuals and social groups have to undergo that are disturbing such as the loss of innocence of hill tribes. Second, there are certain other social consequences of violence like the

43 Quoted from Kanak Mani Dixit, "Insurgents and Innocents: The Nepali Army's Battle with the Maobaadi", *Himal South Asian*, vol. 15, no. 6, June 2002, p. 35.
criminalisation of political movements. Criminal elements that take advantage of violent political conflicts are not desirous of social harmony and are only interested in maintaining conflict situations. Third, at the societal level there is a heightening of feelings of insecurity amongst the populace and displacement of populations in direct conflict scenarios. One notices the emergence of certain trends, like the increasing privatisation of security reflected in the phenomena of private armies in states like Bihar and private security agencies in urban areas.

One of the reasons why violence has become so easily acceptable is the powerful religious justification that has been used in motivating many in Muslim societies to fight for Jihad. This has become a visible characteristic of Pakistani society today. The beginnings of this phenomenon have been discussed in Chapters 3 and 4. The term Jihad in Arabic essentially means to strive or struggle. During the 20th century the term was used in a national, secular and political context until the advent of the anti-Soviet war in Afghanistan. This war was Jihad in the classical, that is to say, strictly theological sense of the word. Unfortunately, the support of the western powers and the glorification in the Western media for the Afghan war invested certain legitimacy in the notion of Jihad even though by 1989 the US had turned its back on its erstwhile allies.

The rise and growth of the Madrassas in Pakistan after the massive influx of aid since the early 1980s led to the rise of this culture. The Madrassas, which perform an important role in Pakistan’s Muslim society by imparting much needed education to the country’s poor, no longer remained centres of learning. They played an enormous role in fanning differences between sects and took on the task of recruiting young impressionable minds for Jihad. Madrassas such as Jamia Darul-Uloom-Haqqania based at Akora Khatkatt in NWFP, Jamiat-e-Ulema-e-Islam based at Binori Town (Karachi) in Sindh, and a chain of other Madrassas recruited young men and boys for Jihad. In these institutions young minds are brainwashed to fight for the cause of Islam. Here dogma and religious intolerance sowed in the minds of the young produced scores of religious extremists. The estimates of the number of students in the Madrassas range between 1 to 2 million. The estimates for armed Jihadis range from around 2,00,000 to 5,00,000.45

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44 See Chapter 4 for a discussion on the debate on Madrassa enrolment.
45 In a report by a Mumbai-based think tank the figure has been placed at 2,00,000. See Future Of Pakistan, op. cit., p. 51. A New York Times report put the number around 5,00,000. See Howard French. “Pakistani Militant’s Entrenched Network”, New York Times, 27 May 2002.
The culture of violence is induced in these young boys by financial rewards. According to Hassan Abbas, "Handsome monetary rewards to the families of boys who sacrificed their lives in Kashmir and regular monthly income for the families of Jihadis fighting in Kashmir made Jihad an attractive venture for unemployed youth, especially among the underprivileged."\(^{46}\) In the poor areas of Southern Punjab, Madrassas funded by the Sipah-e-Sahaba Pakistan pays parents to send their children to them. The Shuhda-i-Islam Foundation run by Jamaat-i-Islami has dispensed millions of rupees to families whose children have been killed doing Jihad. The LeT and the Harkat-ul-Mujahideen also reward families of dead Jihadis by awarding around Rs. 15,000-20,000 to them. Children going for Jihad are considered to be fulfilling their spiritual duty. Parents whose children die do not lament but believe their sons have become martyrs. Families who have lost their children in the Jihad gain respectability. Apart from spiritual motivation, being part of the Jihad imparts a sense of empowerment. It is the discourse over terrorism that has provided legitimacy to violence in the context of this sub-culture in Pakistan. What the global community considers terrorism is considered Jihad or struggle against injustice by a powerful section of the Jihadis and the religious right in Pakistan. This has glorified violence and, given the socio-economic conditions of a large number of youth and underclass in Pakistan, has created a political economy of Jihad in which the stakes of many are so entrenched that it will become an almost impossible task to disrupt this political economy.\(^{47}\)

Since the terrorist attacks on the US on September 11, the curriculum taught in the Madrassas in Pakistan have received substantial focus. The establishment has recognised the need to reform the Madrassa system and revise the curriculum being taught there. This has not met with much success. However, what is probably of more serious concern is what has been brought out in a report on the curricula in school textbooks in Pakistan. The report shows that it is not only the Madrassas that are spreading hatred, sectarianism and religious bigotry, but also even government-prescribed textbooks. Social studies texts for the junior grades in Pakistan’s public schools instruct students in the concept of Jihad and martyrdom. These concepts were incorporated into the

\(^{46}\) Quoted from Hassan Abbas, *Pakistan’s Drift into Extremism: Allah, the Army, and America’s War on Terror*, New York: M.E. Sharpe, 2005, p. 213.

\(^{47}\) *Future Of Pakistan*, op. cit., p. 52.
Pakistani curriculum after the beginning of the so-called Afghan Jihad against the Soviet occupation troops. The textbooks in the subjects of Urdu, English, Social Studies and Civics from Class I to Class XII contain material that is directly contrary to the goals and values of a progressive, moderate and democratic state and encourage students to take part in Jihad and martyrdom. Despite a revision carried out in March 2002 by the Curriculum Wing of the Ministry of Education, the problems continue. The report points out some of the significant problems it found in the curriculum according to it,

- Inaccuracies of facts and omissions that serve to substantially distort the nature and significance of actual events in our history.
- Insensitivity to the existing religious diversity of the nation.
- Incitement to militancy and violence, including encouragement of Jihad and Shahadat.
- Perspectives that encourage prejudice, bigotry and discrimination towards fellow citizens, especially women and religious minorities, and other towards nations.
- A glorification of war and the use of force.
- Omission of concepts, events and material that could encourage critical self-awareness among students.
- Outdated and incoherent pedagogical practices that hinder the development of interest and insight among students.\textsuperscript{48}

Education plays a very important role in the socialisation of young impressionable minds. How they will interact with their society and the world at large will be greatly dependent on what value system that has been inculcated in them in school. A culture of violence can be easily promoted through the education that one receives. Pakistan's school textbooks, consciously or unconsciously, have also contributed to the culture of violence that one notices in Pakistani society. The report suggests that the political classes have promoted such violence deliberately. "Over the years, it became apparent that it was in the interest of both the military and the would-be theocrats to promote militarism in the society. This confluence of interests now gets reflected in the

\textsuperscript{48} A.H. Nayyar and Ahmad Salim (eds.), \textit{The Subtle Subversion: The State of Curricula and Textbooks in Pakistan, Urdu, English, Social Studies and Civics}, Sustainable Development Policy Institute, Islamabad.
educational material.\textsuperscript{49} The challenges to reverse this process will be enormous.

The creation of a culture of militarism of society in most South Asian states is also due to the fact that a large number of young men trained in using the instruments of violence are available for manipulation. Sri Lanka, which has been in a state of war for two decades, now has a vast reservoir of human resources of such men who are either military deserters or ex-insurgents to be used by the underworld. Because some of these people find it hard to adjust to the new life or find productive or commensurate employment, most lapse into criminal activities. It has been estimated that there may be between 30,000 to 40,000 deserters from the Sri Lankan army.\textsuperscript{50} Many of them have deserted with their weapons. Rehabilitating such people has been difficult. "Sri Lanka's phenomenal rise in armed robberies, hired killings, armed invasion of neighbourhoods, kidnappings and extortion also tells stories of army deserters as men on active military or police duty acting as hired labour in crime. These persons also hire themselves out to individuals who want to short-circuit the criminal justice system by "punishing" parties to disputes. Such acts often involve intimidation, kidnapping, extortion, rape, arson and finally, murder."\textsuperscript{51}

In Pakistan, Jihadi groups often hire criminals to do their dirty work. At times, they turn towards petty or organised crimes. Criminals joining the Jihad movement tend to be less committed to any goals and more committed to violence for its own sake or simply for the money.\textsuperscript{52} The same is also the case with the sectarian groups.\textsuperscript{53} Thus Sipah-e-Sahaba initially hired "local criminals and thugs" to kill Shias. This became a relationship of mutual benefit. Over time the drug traders developed ties with the sectarian groups. The Sipah-e-Sahaba is still operating openly despite being banned on 12 January 2002 and continues to draw funding from its patrons. It is estimated to be getting about $1 million a month from Saudi sources alone. Similarly, the TJP

\textsuperscript{49} Quoted from A.H. Nayyar and Ahmed Salim, "Glorification of War and the Military", in Ibid., p. 79.

\textsuperscript{50} Costs of War: Challenges and Priorities for the Future, op. cit.


\textsuperscript{52} Future Of Pakistan, op. cit., p. 53.

is also believed to be receiving more than Rs. 100 million annually from sources within Pakistan and Iran.\textsuperscript{54} An editorial in a Pakistani daily has this to say: "a part of this money has weakened the hold of the state of Pakistan over its own population."\textsuperscript{55} The nature of violence Karachi has witnessed has led to the allegation that "the MQM had a sizeable number of hardcore criminals among its members, who with the support of many of its leaders, terrorised, tortured and murdered with impunity."\textsuperscript{56} In J&K too militant organisations have hired contract killers to attack soft targets. Mostly unemployed youth are roped in after being paid substantially.\textsuperscript{57}

The culture of violence has permeated everyday life and has brought about new discourses. The language being spoken by children has also changed. Terms like Improvised Explosive Devices (IEDs) and landmines have become part of school textbooks. In J&K it finds space along with topics like floods and earthquakes in the disaster management courses. Such topics are introduced to a child of 8 to 9 years at the school level.\textsuperscript{58} While the effort may be to familiarise children with the dangers of IEDSs and other threatening objects, it also suggests how commonly such terms have become accepted in the language of discourse. They have become routinised and impact on the way people conduct themselves in their day-to-day lives. Judith Pettigrew also makes similar observations in regard to societal responses to everyday violence in the context of Nepali villages, where she found that while normal life goes on, life styles have changed. Work patterns have been modified and therefore new approaches to child socialisation. Children are raised in a manner in which they are trained to enhance their survival skills in the ongoing conflict between the Maoists and the army.\textsuperscript{59} Many have got used to the unusual circumstances. Curfews, army check posts, the militarisation of life in Nepal and even

\textsuperscript{54} Mubashir Zaidi, "Back to the Drawing Board", \textit{Herald}, vol. 34, No. 9, September 2003, pp. 64-65.


\textsuperscript{57} "J&K Militants Hiring Hitmen", \textit{Hindustan Times}, 14 May 2005.

\textsuperscript{58} "J-K Lessons: Now IEDs, Landmines Enter Textbooks", \textit{Indian Express}, 25 January 2005.

life with Maoists are all becoming habitual. This is, in fact, the case with most conflict situations in South Asia.

5.2 VIOLENCE, TERRORISM AND THE ECONOMY

Violence and terrorism have an impact on an economy—indirectly and directly. Indirectly, it creates a hidden economy of armed conflict. There are some economic parameters on the basis of which one can assess the impact of terrorism directly. Some of the economic costs of terrorism can be computed by assessing the damages to physical infrastructure, the loss of production, fall in growth rates, decline in foreign investments, losses from tourism, impact on health, education and other social indicators, etc. States have to divert more funds to security-defence expenditures which otherwise could have been used for development purposes. The economic losses due to terrorism and counter-terrorism include unproductive expenditures. The loss of developmental potential directly impact on people by affecting their livelihoods and life chances. On one hand, the impact of violence and terrorism on the economy creates insecurity while on the other in a cyclical way this insecurity can also become a contributory factor in motivating more and more people towards violence. Due to the lack of aggregated data, the analysis can be only indicative and not comprehensive. The objective, however, is to understand the ways in which the impact of violence and terrorism on the economy creates human insecurity.

5.2.1 Security Expenditures

One of the important ways in which the economy is affected by violence and terrorism is in the security expenditures of states. On one side, states augment their coercive apparatus leading to their militarisation while, on the other, states divert a considerable amount of resources for military expenditures, resulting in a militarisation of their economies. All this means that a comparatively bigger share of annual public expenditure is allocated to defence and military matters. This in the case of the smaller countries is often as high as 6 per cent of the GDP. Public expenditure on the security apparatus has gone up significantly over the decades and there is little indication that it is going to decline in the near future. Enhanced security expenditure results in needless economic burden. However, it is very difficult to make categorical

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60 Ibid., p. 262.
assessments about how much state spends on internal security, in preserving order, in containing violence and combating terrorism. Such expenditures are cleverly hidden under various heads. Even unofficial estimates that are available may not be very accurate and availability of data may be selective. But the idea here is only to get some estimates of the actual costs so as to get a perspective on the impact of violence on security expenditures.

In the case of India and Pakistan, it is more difficult to come across data on internal security expenditures as they are subsumed under general defence expenditures. One cannot make a direct linkage between allocation for the defence budget and expenditures on internal security. Some assessments nevertheless are available. Over the decades, India's public expenditure on the security apparatus has gone up considerably. In 1998, the Ministry of Home Affairs, Government of India, presented some startling facts on fighting militancy in India, since 1984. The government had spent at least Rs. 185,000 million to initiate counter-insurgency measures like setting up pickets, fencing the border and raising counter-insurgency forces. Nearly Rs. 460,000 million was spent on deployment of security forces. By 1994, the government of India was spending about Rs. 20 million everyday on the maintenance of security forces in J&K. Punjab's annual security budget in 1992 had gone up from Rs. 150 million to Rs. 3 billion, an increase of almost 2000 per cent. The central government has been reimbursing since 1989 security-related expenditures incurred by the state governments to combat terrorism. An amount of Rs. 31,010 million was given to the J&K government during the 1989-2004 periods. During the same period, the reimbursement of the security-related expenditure to the north-eastern states in India amounted to Rs. 9,550 million. Further, the central government has committed an amount of Rs. 2,960 million in 2003-04 for the modernisation of the police forces in nine states affected by the Naxalite violence.

Data on internal security expenditures in Pakistan is not easily available. In Pakistan, the budget of the police and the paramilitary

61 Editorial, "Cost of Terrorism", op. cit.
65 Ibid., p. 37.
66 Ibid., p. 48.
forces has been going up. In 1996, the budget of the police was Rs. 2,744 million and the Rangers Rs. 1,809 million. This translated into an expenditure of Rs. 20 million per day.67 Pakistan has been spending a much higher proportion of its national resources on defence (Table 5.1). It is the highest in South Asia. While there has been a relative decline in its defence expenditure as a per cent of GDP between 1995 and 2003, the fact that it still spends more on arms than it does on health and education put together is a cause for concern (Table 5.2). Its defence expenditure as a part of health and education expenditure in 1995 was 181 per cent compared to India’s 57 per cent and Sri Lanka’s 100 per cent (Table 5.3). Defence expenditures as a part of central government expenditure in 1998 was the highest in South Asia at 21 per cent (Table 5.3). Further, its defence per capita expenditure at $21 in 1998 is the second highest in South Asia after Sri Lanka (Table 5.3). This pattern of public expenditures has led to many societal distortions.

Table 5.1: Defence Expenditures as a Percentage of GDP, 1995-2003 Selected Countries, South Asia

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nepal</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.9</td>
<td>0.9</td>
<td>1.1</td>
<td>1.5</td>
<td>1.6</td>
</tr>
<tr>
<td>India</td>
<td>2.2</td>
<td>2.1</td>
<td>2.2</td>
<td>2.2</td>
<td>2.3</td>
<td>2.3</td>
<td>2.3</td>
<td>2.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Pakistan</td>
<td>5.3</td>
<td>5.1</td>
<td>4.9</td>
<td>4.8</td>
<td>4.6</td>
<td>4.5</td>
<td>4.7</td>
<td>4.7</td>
<td>4.4</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>5.3</td>
<td>5.0</td>
<td>4.2</td>
<td>4.2</td>
<td>3.6</td>
<td>4.5</td>
<td>3.9</td>
<td>3.1</td>
<td>2.7</td>
</tr>
</tbody>
</table>


Table 5.2: Public Expenditure on Education, Health and Military as a Percentage of GDP, Selected Countries, South Asia

<table>
<thead>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nepal</td>
<td>2.0</td>
<td>3.4</td>
<td>1.4</td>
<td>1.4</td>
<td>0.9</td>
<td>1.6</td>
</tr>
<tr>
<td>India</td>
<td>3.7</td>
<td>4.1</td>
<td>1.3</td>
<td>1.3</td>
<td>2.7</td>
<td>2.1</td>
</tr>
<tr>
<td>Pakistan</td>
<td>2.6</td>
<td>1.8</td>
<td>1.1</td>
<td>1.1</td>
<td>5.8</td>
<td>4.4</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>2.7</td>
<td>N.A</td>
<td>1.8</td>
<td>1.8</td>
<td>2.1</td>
<td>2.7</td>
</tr>
</tbody>
</table>


### Table 5.3: Profile of Military Spending in South Asia: Selected Countries

<table>
<thead>
<tr>
<th></th>
<th>Nepal</th>
<th>India</th>
<th>Pakistan</th>
<th>Sri Lanka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defence Expenditure 1998, US million $ in 1993 Prices</td>
<td>40</td>
<td>10,600</td>
<td>2,810</td>
<td>730</td>
</tr>
<tr>
<td>Defence Expenditure 1985-1998, Annual % increase</td>
<td>4.7</td>
<td>3.0</td>
<td>2.3</td>
<td>9.9</td>
</tr>
<tr>
<td>Defence Expenditure 1998, As % of GNP</td>
<td>0.8</td>
<td>2.5</td>
<td>4.6</td>
<td>4.8</td>
</tr>
<tr>
<td>Defence Expenditure 1998, As % of Central Government Expenditure</td>
<td>0.7</td>
<td>17.1</td>
<td>20.7</td>
<td>18.6</td>
</tr>
<tr>
<td>Defence Expenditure Per Capita 1998, US $ in 1993 Prices</td>
<td>1.7</td>
<td>10.8</td>
<td>21.5</td>
<td>39.2</td>
</tr>
<tr>
<td>Defence Expenditure 1995, As % of Education and Health Expenditure</td>
<td>22</td>
<td>57</td>
<td>181</td>
<td>100</td>
</tr>
<tr>
<td>Armed Forces Personnel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 1985, 25,000</td>
<td>25,000</td>
<td>1,260,000</td>
<td>4,84,000</td>
<td>22,000</td>
</tr>
<tr>
<td>- 1998, 46,000</td>
<td>46,000</td>
<td>1,175,000</td>
<td>5,87,000</td>
<td>1,13,000</td>
</tr>
<tr>
<td>- % increase 1985-1997</td>
<td>45.7</td>
<td>-7.2</td>
<td>17.5</td>
<td>80.5</td>
</tr>
<tr>
<td>Number of Soldiers Per 1,000 population, 1998</td>
<td>2</td>
<td>1.18</td>
<td>4.5</td>
<td>6.1</td>
</tr>
</tbody>
</table>


In small countries like Sri Lanka and Nepal, it is much more easy to link the rising defence expenditures with their internal conflicts and violence as their defence expenditures are mainly for internal security. Sri Lanka is a significant spender on defence. Its internal security demands due to the continuing ethnic conflict, has been the primary cause for the rise in Sri Lanka's defence expenditure since the early 1980s. In Sri Lanka, between 1978 and 1982, there was a two fold increase in the military expenditure from Rs. 560 million to Rs. 1118 million but in the next five years there was a 700 per cent increase in the defence expenditure rising to Rs. 11.4 billion. As a share of the total expenditure, defence expenditure rose from 3.5 per cent in 1978 to 15.5 per cent in 1987. The defence spending in Sri Lanka has been overshooting the budget in the last several years. In 1996, the budgeted figure of Rs. 38 billion was increased by Rs. 10 billion. A Sri Lankan

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minister disclosed in 1996 that the Sri Lankan government was spending Rs. 110 million a day on containing violence in the northeast. In the early 1990s, military operations undertaken escalated the defence budget to about 4.5 per cent of GDP. The government introduced a defence levy of 1 per cent as a source of defence financing in 1992.

The renewed fighting in the Jaffna peninsula in May 2000 has had a tremendous impact on the defence budget. To counter the LTTE's offensive after they had captured the Elephant pass, the Sri Lankan government had to make off-the-shelf purchases of military hardware like K-Fir jets, fast attack boats, field guns, multi-barrel rocket launchers and ammunition. The initial defence budget of Rs. 52.4 billion for 2000 had to be enhanced by Rs. 24 billion. To raise money for the war expenditure, the Sri Lankan government raised the national defence levy from 5.5 to 6.5 per cent. It also hiked the price of such essential goods like LPG, petrol and diesel. The levy for water and electricity were also increased. In Sri Lanka, defence expenditure, as a proportion of the GDP, is the second highest after Pakistan in South Asia and has surpassed social expenditures in the last several years. Since 1995, the defence expenditure as a proportion of the total public expenditure has consistently far exceeded the total social expenditure. Sri Lanka's annual rate of increase in defence expenditure between 1985 and 1998 was the highest at almost 10 per cent (Table 5.3). Sri Lanka's defence expenditure per capita at $39 in 1998 was the highest in South Asia (Table 5.3).

In Nepal too the defence expenditure has been going up steadily. Defence and internal security recorded the highest growth rate of over 22 per cent of total regular expenditure during the period 1994-95 to 2000-01. It recorded almost a 2.5 fold jump during the same period. It was as high as 30 per cent of the total regular expenditure in 2002-2003. This has been at the cost of development expenditure. The impact of this on development expenditure is quite discernible.

70 "Rs. 110 m Spent Daily on War", The Daily Observer, 13 March 1996.
73 Lama, "Political Economy of Terrorism: Sustenance Factors and Consequences", op. cit., p. 432.
Security expenditures of the South Asian countries, taken as a whole, is considerable less than what some other regions spend. But given the paucity of resources for developmental needs, even this level of defence expenditures should be reduced. Every effort should be made to reshape the security environment and reduce the proportion of national resources devoted to security expenditures. Resources saved from the expenditure on security then can be made available for human development purposes.

5.2.2 The Underground Economy
Armed conflicts generate an economy which benefits specific groups. For example, it benefits the military industrial complex, arms dealers, the underground mafia and certain political elites who make economic gains from the situation. Thus crime and corruption is intrinsically linked to the issue of violence and terrorism as it generates its own dynamism and creates vested interests in some people who thrive in situations of armed conflict. These are the negative stake-holders in the violent armed conflicts and they have a parasitic relationship with the conflict situation. The underground economy or the hidden economy of conflict that is created supports the instrumentalities that facilitate terrorism. Sometimes the linkages of the underground economy to the armed conflicts are not apparent and rarely come to public knowledge. Sometimes powerful vested interests are involved and the rule of law is manipulated to shield these people.

All the armed conflict situations in South Asia have seen the rise of the underground economy. The government of India had constituted a committee in 1993 to go into all aspects of the problem of corruption. The committee was asked to take stock of all available information about the activities of crime syndicates/mafia organisations that had developed links with and were being protected by government functionaries and political personalities and make recommendations to deal with the problem. Even though the committee did not unearth any revealing information it did point out with certainty to the networks that supported criminal activities. This has a bearing on the understanding of the complexity of the operation of the underground economy. Among its suggestions were: (i) all over India, crime syndicates had become a law unto themselves. Even in the smaller towns and rural areas, muscleman

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75 The Vohra Committee was constituted on 9 July 1993. It submitted its report on 3 October 1993.
had proliferated and assassinations were commonplace. A nexus between the criminal gangs, police bureaucracy and politicians was a common occurrence in various parts of the country; (ii) there has been a rapid spread of criminal gangs, armed Senas, drug mafias, smuggling gangs, drug peddlers and economic lobbies in the country which have over the years, developed an extensive network of contacts with the bureaucrats/government functionaries at the local level, and politicians and media persons and strategically located individuals in the non-state sector. Some of these syndicates have international linkages too including those with foreign intelligence agencies; (iii) in states like UP, Bihar and Haryana the Mafia gangs enjoy the patronage of local politicians and the protection of government functionaries. Some politicians become leaders of these gangs and get elected to the assemblies and parliament; (iv) the Mafia network virtually runs a parallel government, making the state apparatus virtually irrelevant, and (v) These syndicates have acquired substantial financial and muscle power, and social respectability and wield enough influence to make the task of the investigating and prosecuting agencies extremely difficult. Even members of the judiciary have not escaped the influence of the Mafia.76

It is generally known that big crime syndicates thrive only under the patronage of politicians. Once organised criminal cells are established in a country, there is a strong incentive for them to infiltrate the political structure. Organised crime cannot flourish and prosper without the active connivance of the police and the patronage of politicians. Politicians sometimes extend their clandestine support to insurgent groups to keep them alive. These groups are then used as a ploy in bargaining for more central assistance. As expenditure incurred for counter-insurgency operations remains beyond audit surveillance, there is hardly any way to make the ruling elites accountable even if the political leaders siphon off a large share of such funds for personal gratification. In the context of high levels of corruption prevalent in all the states of northeast India, the motive of attracting additional central assistance may also be a motivating factor behind the perpetuation of certain insurgent movements in the region. Besides this direct economic incentive, the ruling elites sometimes also seem to allow the insurgent movements to perpetuate in order to make themselves indispensable in state politics as well as to ensure their political security. The politicking of the

electoral forces for power is responsible for the thriving insurgent activities in some regions.

Insurgencies and terrorism in India’s northeast is being sustained by the enormous amount of financial resources being raised from the underground economy. While most of them in the early stages raised finances through raids, robberies and kidnappings for ransom now the situation is marked by collusion between politicians, bureaucrats, terrorists and businessmen. This has created a predatory system in which the entire Public Distribution system, funds for rural development and the contracts awarded by the governments in the northeast have been hijacked by these forces. A large part of the central government developmental funds flow to the militants through this network of collusion. Further, extortion, “taxation” and the illegal arms and drug trade supplement their resources.77

Most of the insurgent groups in India’s northeast have been resorting to extortions and occasionally to kidnappings for ransom to raise resources for their struggle. The ULFA, the NSCN (I-M), the NSCN (K) and the NDFB all indulge in it. This is a form of tax extracted from everyone—government employees, businessmen, employees of public sector undertakings, private firms and executives of tea companies. One of the most prominent cases that received media attention in 1997 was the way the Tata Tea Company succumbed to pressures from the ULFA. A substantial portion of such funds collected is invested in legitimate businesses through front men of these outfits, while the profits are ploughed back into sustaining their movement. These developments have made many to characterise the insurgencies in the northeast as a lucrative cottage industry.78 Media reports suggest that this could be an industry with a turnover of over $120 million per annum.79 It is estimated that between 1990 and 1997, the ULFA collected not less than $100 million, mostly through extortion.80

79 “Paying at Gunpoint”, Outlook, 5 March 1997, p. 12.
Part of the reason why people or business houses pay taxes or protection money to various insurgent and terrorist groups is because of the failure of the state to provide security to the people. People buy peace (and probably security) by internalising such an economic burden because quite often they land up paying taxes to the insurgent as well as the governments. In a way, this is a reflection of the absolute helplessness of the individual or a family in the face of coercion, but it is also a desire to buy peace. Little do the victims realize that such actions over a period of time create the institutional structures that perpetuate conflicts. By having become part of the mechanism of resource generation, they have created little disincentive for insurgent and terrorist groups to vie for peace or come to a settlement. They have contributed to a machinery that will only generate more violence.

There is evidence to suggest that terrorism has spawned a vibrant underground economy in J&K. The mushrooming of extreme right wing militant organisations in Pakistan led to competitive funding. Newer and newer outfits kept emerging to attract funding from their patrons. Hassan Abbas writes: “Realising that the Kashmir struggle was proving to be a profitable business venture for many outfits, groups hitherto involved only in sectarian battles inside Pakistan also jumped into this arena.” The principal reason organisations such as Ikhwanul Muslimeen, the Hizb-ul Mujahadeen, Lashkar-e-Taiba, and Jaish-e-Mohammed have been able to recruit large numbers despite popular disillusionment with violence is that they offer the best opportunity to make money. Their participation is motivated more by economic considerations than by ideology. In a recent expose, it was discovered that an area commander of the HM, Mushtaq Ahmad Mir had managed to raise Rs. 1.5 million for his unit through extortions. This indicates clearly why such groups have vested interests in continuing the violence. Because of their ability to raise resources, they entice new recruits to join in.

The infusion of financial resources through the hawala (trust) channels has also become an indispensable part of Kashmir’s economy. Hawala channels of funding the insurgency have created a vested interest in prolonging the conflict. Intelligence agencies estimate that around Rs. 4000-5000 million is pumped through various sources like

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82 Habibullah, op. cit.
trans-national linkages, charities, and fake currencies or front companies which sustain the movement. There have been a substantial number of recoveries and arrests in such transactions in J&K in the post-9/11 period. It has been linked to the HM, Lashkar-e-Taiba (LeT) and Jaish-e-Mohammed (JeM) and also to Hurriyat leaders like Syed Ali Shah Geelani and Yasin Malik. The link between the hawala transfers and the Hurriyat in J&K is discernible in the fact that the Hurriyat, according to official estimates, spends approximately Rs. 15 to 20 million per month on its various organisational expenses. It is not a registered organisation and does not file any income tax returns. Furthermore, there is no local fund collection by the Hurriyat. The intricate hawala network, according to official estimates, profits a large number of people in the state. Militancy in the state has emerged as a highly lucrative 'industry' for several thousand families. Apart from the major groups, cadres of a number of lesser-known organisations that have mushroomed in the ongoing violence have also cornered shares in the substantial illicit financial flows. Many J&K-based doctors, engineers, technicians and certain business houses working in the Gulf who are engaged in the provision of various services, or export of goods, such as carpets and handicrafts, have diverted funds through hawala operators to finance militants and secessionist leaders. Among one of the currently popular modes of hawala transfer is the movement of money through small-scale businessmen such as shawl vendors. Although individual amounts involved in these transactions are small, very large numbers of such transactions result in transfers of great magnitude.

There are other sources as well. There is a belief that heroin money is funding the insurgency. Timber smuggling has become an important source for raising resources by the militants. There is also illegal poaching of wildlife. A report in a prestigious environmental magazine in India had stated that in 2003, a Deodhar tree worth Rs. 1,50,000 was enough to buy three AK-56 rifles. Timber smuggling in J&K takes place with the collusion of the timber mafia, corrupt officials in the

87 “Losing its Soul, Losing its Forests”, Down to Earth, 31 May 2003, p. 29.
security forces and the militants. This has caused severe environmental damage. Some have profited from the largesse of the intelligence agencies. Police sources estimate that the inflow of money to the militants in the state might be to the tune of US$ 2 million every month.88

The LTTE has a global network by which it raises funds through extortion, from trade in arms, narcotics trafficking, smuggling of illegal immigrants and money laundering.89 The expatriate Sri Lankan Tamil community is between 4,50,000 to 5,00,000. Donations and extortions from these expatriates add up to a substantial amount. It was estimated that in 1999, a sum of $240 a year per household was collected from Canada.90 The LTTE has further diversified its revenue collection methods and has invested in stocks and money markets, finance companies, real estate, invested in number of farms and in other high profit ventures like trading in gold and money-laundering, etc worldwide. Methods of money laundering are also quite sophisticated. Money is invested in legitimate ventures that make it difficult for security and intelligence agencies to monitor their investments, accounts and transfers.91

There are also reports that the LTTE is involved in drug trafficking. With the disruption of the traditional drug smuggling routes after the Soviet intervention in Afghanistan and the Islamic revolution in Iran in 1979, and in their search for alternative routes, Pakistani drug lords, chanced upon willing LTTE couriers. It was an arrangement of mutual benefit. The Sri Lankan government has also repeatedly pointed out that LTTE ships have hauled opium from Myanmar but there is no concrete evidence of this.92 It is also believed that the LTTE is involved in trafficking in human beings or refugees. They also raise resources from Jaffna and adjoining areas from where they levy taxes upon anything they want to. They have established an imaginative, sophisticated and resourceful set-up to raise funds. Within the LTTE-controlled areas in the northeast the traditional methods have been extortions and taxes.

89 For details of LTTE’s money raising activities abroad see the report, Funding Terror: The Liberation Tigers of Tamil Elam and their Criminal Activities in Canada and the Western World, Mackenzie Briefing Notes, Toronto, December 1995.
90 Lama, “Political Economy of Terrorism: Sustenance Factors and Consequences”, op. cit., p. 400.
91 Ibid.
All business enterprises are taxed. They impose a war tax on each household in the Tamil areas. They also grant exit visas on payment of fees. However, over the years a substantial portion of the LTTE funds is being generated abroad. Since the loss of the Jaffna peninsula in early 1996, it is estimated that 60 per cent of their war budget is generated overseas. With all these operations in hand, estimates that the LTTE raises about $2 million a month from its global operations may be a conservative amount. The former Sri Lankan Foreign Minister Lakshman Kadirgamar once stated that the LTTE receives revenues between $5 to 10 million a month from expatriate Tamils.

The main sources of funding for the Maoists in Nepal have been bank robberies, tax collection from areas under their control as well as all major towns and overseas. It is estimated that by 2001, they had looted Rs 250 million from banks and their total collection could be between Rs. 5 billion to 10 billion. Similarly, the MCC also extracts resources from the mining industry in Jharkhand. The PWG gathers an amount of Rs. 700 million in extortions annually from landowners, government employees and businessmen.

What all the above examples suggest is that criminal networks and terrorists groups are increasingly getting deeply intertwined to further their mutual interests. Organised crime has become closely interlinked with terrorism to provide it its logistical support base. While it is not apparent in many cases, particularly with the smaller groups, the links to organised crime in the case of all major terrorist attacks like the Mumbai bomb blasts of 1993, the attacks on the US on 11 September 2001 and the Madrid bombings of March 2004 is very visible. What the above discussion shows is that how multifaceted and deeply entrenched the underground economy or hidden economy has become. Unless organised crime is tackled in a major way, violence and terrorism

95 Thomas Abraham, “U.S. Ban will have Impact on LTTE”, Hindu, 10 October 1997.
96 Lintner, op. cit., p. 37.
97 P. V. Ramana, “Andhra Pradesh: A Blow to the Bastion, but Naxalites Still a Force”, *South Asia Intelligence Review*, vol. 1, no. 37, 31 March 2003. URL: http://www.satp.org/satporgtp/sair/Archives/1_37.htm
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will continue to manifest itself in ugly ways. On the other hand, the political economy of conflicts also needs to be addressed. This free flow of funds makes it difficult for such groups to accept a negotiated settlement.

5.2.3 The Economic Costs and the Loss of Development Potential

The economic costs of terrorism and violence cannot be measured with any accuracy even though the consequences are much more perceptible in its economic aspects. There is little doubt that violence and terrorism have an impact on economic growth. It can slow economic growth by destroying physical infrastructure; loss of man days, output and tax revenue; drive away talented individuals; scare foreign investments; and result in extra expenditure due to managing the conflict and the rehabilitation of displaced persons. People also pay a high cost through additional taxes, increased prices of basic goods and lost opportunities for economic development. All the above consequences may not operate simultaneously as a consequence of violence. To what extent they will all become operative depend on the nature and intensity of violence. A detailed and accurate estimation of economic losses suffered due to violence and terrorism would be very difficult to make; nevertheless, it is possible to make some broad assessments. What is important in this exercise is to understand the ways in which this phenomenon has affected the economies of some South Asian countries.

Some studies have tried to evolve a methodology to study the economic costs of violence. Specifically in regard to the ethnic conflict in Sri Lanka, John M. Richardson and S. W. R. de A. Samarasinghe’s study tries to break down the costs into three categories—primary, secondary and tertiary. Primary costs are direct consequences like destruction of physical infrastructure, security expenditures incurred due to the violence, and resources spent in rehabilitation, etc. Secondary costs are indirect costs the effects of which are known only in the long run. These are due to loss of production, investment and capital flight, etc. Tertiary costs are medium to long-term economic impacts resulting from instability, uncertainty, etc. However, the cost estimation of this kind would be completely contingent on available data which at times in the context of conflicts is hard to come by or are distorted. Also, in the

context of South Asia there are not many studies that provide a comprehensive and uniform picture. While there is certain amount of data in some cases and some studies as well, in case of countries like Pakistan, there is very little available in terms of data or studies.

One of the common associations is how violence and terrorism can slow down economic growth by its overall impact. One important terrorist strategy involves destroying physical infrastructure, disrupting the public sector economy, public transport and other essential services, and militarily targeting development projects, the benefits from which, terrorists fear, might erode their support base. As a result, governments are compelled to divert limited resources to counter such violence. Due to the easy availability of high explosives like RDX, violence and destruction is no longer limited to conflict situations. The use of explosives in terrorist attacks has become widespread and has had a devastating impact. The Mumbai bomb blast on 12 March 1993 is a case in point. It involved a series of bomb attacks against key commercial centres, most notably the Mumbai stock exchange, and led to the loss of about 300 lives while 1,550 others sustained injuries. In February 1998, a similar series of 27 bomb blasts within a six-hour period took place in Coimbatore, Tamil Nadu. In J&K, more than 643 schools have been burned, and 337 bridges and 11 hospitals destroyed. Infrastructure worth more than Rs. 2500 million has already been destroyed in Kashmir. This kind of economic targeting has also had a devastating impact on the Sri Lankan and Nepalese economy.

In 1998, the government of India disclosed that public property worth Rs. 20,000 million has been destroyed in insurgent violence. In 2003, then Minister of Law and Company Affairs, Arun Jaitley declared in Parliament that India spends almost Rs 450,000 million annually directly and indirectly on security agencies, the Army, relief, rehabilitation, compensation and the development of damaged infrastructure in J&K. The construction of a border fence between India and Pakistan that was to be reinforced by patrolling, and lighting along selected stretches of the border has also cost a considerable sum of money. The maintenance of the fence and lighting alone costs the government a

102 Editorial, “Cost of Terrorism”, op. cit.
sum of Rs. 9.43 million a year. The government of India has spent over Rs. 200 million (US$4.6 million) since 1990 on a compensation package for displaced people.

Some of the above figures are indicative of the losses incurred by the state exchequer. But due to the ongoing violence in J&K, there is also tremendous loss of developmental potential which affects the people more directly. For instance, it was estimated that in 1997 the militancy in the state had pushed the state to the 23rd position in terms of annual rate of income. Before the spread of militancy in 1989 the state enjoyed the 6th position. The overall human development rating has also gone down considerably. The violence in J&K has severely affected the main sector of the economy—the tourist industry. In 1988, 722,000 people visited J&K injecting $200 million into the local economy; in 1992 only 10,400 tourists visited the state. The number of domestic tourists to the valley had gone up to 4,90,215 in 1989 but declined to an all-time low of just 322 in 1995. The number of foreign tourist declined from 67,762 in 1989 to 8,198 in 1995. Total tourist arrivals in 2003-04 have been only 1,91,000. Related to the tourism industry, the hotel industry has also suffered. Incomes derived from tourists by taxi-drivers, bus companies and the handicrafts trade have declined accordingly. A large number of houseboat owners have left to seek other sources of livelihood. The cottage industry had also been seriously effected, specifically daily wage earners. The loss from tourism in J&K has been estimated to be to the tune of Rs. 5000 million every year.

In Pakistan, Karachi, the hub of its economy, has been severely affected by the violence with the flight of capital to other industrial centres in Punjab. A study commissioned by the Karachi Chamber of Commerce and Industry (KCCI) concluded that a working day lost by strike in Karachi costs Rs. 1.3 billion ($38 million). In 1995 a total of


105 Reshaping the Agenda in Kashmir, op. cit., p. 33.


working days were lost as a result of strikes called by the MQM.\textsuperscript{112} Karachi lost more than $8 billion in potential foreign investments in 1994 because of the prevailing lawlessness. In 2002, Pakistan received $823 million in FDI. If it were not for the security concerns of foreign investors, it is believed, Pakistan perhaps could have attracted $2 billion in FDI.\textsuperscript{113} The reasons for this can be attributed to the deterioration of the investment climate in Pakistan caused by the rise of Islamic militancy. Terrorism has also affected its tourism and hotel industry.

The armed conflicts in Sri Lanka have had an adverse impact on the economy. One of the South Asian countries to have liberalised early, Sri Lanka maintained average growth rates of 5 per cent in the early 1980s. But it went through a turbulent phase during 1987-89 with the violence unleashed by the JVP peaking in this period. The average economic growth rate during then declined to 2.2 per cent, reflecting the impact of the twin shocks from the northeast and the south.\textsuperscript{114}

In the case of Sri Lanka, there have also been severe infrastructure losses. The LTTE has been selectively targeting physical infrastructure and hitting key sectors to hurt the Sri Lankan economy. This occurred throughout the 1995-2001 period with a series of attacks on economic targets. The oil refinery was attacked in October 1995, the Central Bank in January 1996, the attack on the Colombo stock market came in October 1997 and the attack on the Katunayake International airport in Colombo in July 2001, all causing enormous losses. Estimates of physical destruction in the northeast for the early period of the civil war—from 1983 to July 1987—was about Rs. 23.5 billion (US$712 million).\textsuperscript{115} The airport attack in 2001 resulted in losses estimated at close to $30 million.\textsuperscript{116} Violence and terrorism and ensuing instability has also affected tourism—an important source of foreign exchange. The loss from the tourism sector from 1983 to 1988 was about Rs. 17.3 billion (US$523 million).\textsuperscript{117} From a peak of 4,07,000 in 1982, tourist arrivals

\begin{thebibliography}{99}
\item\textsuperscript{112} As cited in Moonis Ahmar, "Ethnicity and State Power in Pakistan: The Karachi Crisis", \textit{Asian Survey}, vol. 36, No. 10, October 1996, p. 1035.
\item\textsuperscript{113} Shahid Javed Burki, "High Cost of the Conflict", \textit{Dawn}, 12 July 2005. URL: http://www.dawn.com/2005/07/12/op.htm
\item\textsuperscript{114} Kelgama, "Managing the Sri Lankan Economy at a time of Terrorism and War", op. cit., pp. 136-37.
\item\textsuperscript{115} Richardson and Samarasinghe, op. cit., pp. 199-203.
\item\textsuperscript{116} Kelgama, "Managing the Sri Lankan Economy at a time of Terrorism and War", op. cit., p. 143.
\item\textsuperscript{117} Richardson and Samarasinghe, op. cit., pp. 199-203.
\end{thebibliography}
fell to approximately 1,80,000 between 1987 and 1989 as a result of violence in southern and central Sri Lanka. The revival took place only in 1994 when it exceeded the 1982 figures. It is believed that had the armed conflict caused, Sri Lanka could have attracted more than one million tourists by 2000.

In the early stages of the conflict, foreign investments declined from US$66 million in 1982 to $22 million in 1986. A study conducted by the Institute of Policy Studies, Colombo, estimates that the total annual cost of the ethnic conflict is around US$2.2 billion, which is about twenty-two per cent of Sri Lanka’s GDP. The northeast region, rich in resources such as agriculture and fisheries, has not contributed to the economy for nearly two decades. If the conflict continues and escalates, the annual cost as a result of the conflict may rise to twenty-five per cent of the GDP. However, assessment by other experts put the loss caused by the violent conflict as five per cent of the GDP. If the violence can be contained, Sri Lanka could add three per cent to its GDP. Twenty years of war have cost the country more than $6 billion in terms of security expenditures alone. Sri Lanka’s growth rate plunged from 6 per cent in 2000 to -1.4 per cent in 2001. The conflict has reduced the growth rates, which could have been 7 to 8 per cent instead. Per capita income could have been $2000 instead of $870.

Maoist insurgency in Nepal has adversely affected its economy. It has led to a trail of destruction of physical infrastructure, including hydel projects, drinking water projects, communication installations, airport towers, VDC offices, banks, schools, bridges and roads. More than one-third of the VDC buildings have been destroyed. 250 post offices and six airports have been closed. Most economic activity in the villages and towns has come to a standstill. The production system, distribution


119 Kelgama, “Managing the Sri Lankan Economy at a time of Terrorism and War”, op. cit., p.146.

120 Richardson and Samarasinghe, op. cit., pp. 199-203.


125 Lama, “Political Economy of Terrorism: Sustenance Factors and Consequences”, op. cit., p. 436.
channels and development projects like physical infrastructure and social projects like health and education have literally collapsed.

The disruption of the physical infrastructure has led to losses estimated at around $250 million.\(^\text{126}\) The costs of the destruction have been estimated to be around 8 to 10 per cent of the GDP.\(^\text{127}\) The rehabilitation cost to restore damaged public facilities is estimated at more than $100 million.\(^\text{128}\) There has been a drastic decline in foreign investments. A large part of Nepal's development expenditure is donor financed. In the ninth plan this came to 58 per cent.\(^\text{129}\) Development programmes due to these funds have been severely affected by the ongoing violence and have been curtailed in many cases. A large number of development projects have been withdrawn. The tourist industry has suffered a great loss because of declining tourist inflow. This has also affected the hotel and airline industries. Nepal's economy is heavily dependent on the tourist industry. Foreign exchange earned from tourism constitutes as much as 15 per cent of Nepal's total foreign exchange earning. A large section of the people attached to the tourism industry has remained without work for several years now. Tourist arrivals in Nepal rose from 92,440 in 1975 to 5,00,000 in 2000. By 2002, this figure had gone down to below 1,00,000.\(^\text{130}\) The direct damage to the economy has been estimated to be between $300 million to 500 million.\(^\text{131}\)

It is doubtful whether these costs would have been incurred if there were no violence. But what can easily be appreciated is that most of these are unproductive costs, which could have been put to better use. The benefits of reduced costs of conflict are obvious. The impact is likely to be felt on reduced security expenditures, and more investor-friendly environment attracting larger foreign direct investment. These in turn have consequences for the GDP growth rates and social expenditures.

5.3 VIOLENCE, TERRORISM AND THE STATE

In the state-centric notion of security not only does the state protect its citizens from external military threats but also maintains peace and

order within the boundaries of the state. It is also supposed to protect people from the threat of physical violence and ensure conditions germane to its developmental functions to fulfil people's basic economic needs. While the state as an entity has over the years faced less and less challenges from external military threats, many states have been overwhelmed by the increasing violence and growth in terrorism. Terrorism is responsible to a large extent in undermining human security. Thus the challenges to the state from violence and terrorism actually affect the security of individuals in their day-to-day lives. In this section, we try to analyse how the impact of violence and terrorism on the state creates insecurity amongst people. How does the impact of violence and terrorism inhibit the state from creating the conditions for freedom from fear?

This will be analysed by studying the impact of terrorism and violence on three important issues that have a significant bearing on how states make their citizens feel secure. First, we look into the way the impact of violence and terrorism has led to the increased militarisation of the state and the emergence of a culture of militarism. Second, we look into the way the political process is affected, more specifically how democracy is weakened by the effort of the state to arm itself with more and more exclusive and extraordinary powers. Third, we look into the impact of violence and terrorism on the management of conflicts. The difficulties in managing conflicts and their enduring nature and continuing violence affect people's security directly. All these processes have an impact on the state and indirectly lead to the increasing insecurity of its citizens.

5.3.1 Militarisation of the State

The impact of violence on the state structure is that it increases militarisation of the state. It forces already strained states to build military and paramilitary forces at the expense of other sectors. These military forces then may threaten democratic institutions and civil society. South Asia has abundant experience of this process. The security imperative impels the states to develop and modernise their coercive and repressive capacity. Indeed, quite often, the armed forces are deployed against the citizens of the very state.

Security forces have time and again unquestioningly followed the decision of political leaders to get involved in domestic peacekeeping. In India, the army was mobilised against the Naga and Mizo insurgencies
in the 1950s and 1960s and subsequently had to deal with the first Naxalbari uprising in West Bengal. Between 1951 and 1970, the Indian army was called to tackle domestic violence on approximately 475 occasions.\textsuperscript{132} It's only recently that in India the army has publicly expressed some amount of resentment against its being used in essentially doing the flames in internal conflict situations. The army gets deployed despite a massive expansion in the strength of the paramilitary forces and the creation of specialised units to tackle insurgency. The National Security Guards (NSG) patterned on the German GSG-9 and the Rashtriya (National) Rifles drawn from the army have been created specifically to obviate the need for the regular army to be deployed in partisan disputes. The growth in the size of the paramilitary forces in India has been phenomenal. The Border Security Force (BSF), had 25 battalions when it was set up in 1965, but by 1994 had 140 battalions. At present it has 157 battalions. The Central Reserve Police Force (CRPF) has grown from 80 battalions in 1986 to 119 in 1994. Currently it is has 191 battalions. The growth in the CRPF between 1981-91 was 55 per cent. The BSF had a growth of 35 per cent between 1986 and 1991. The Assam Rifles nearly doubled from 20 to 39 battalions between 1986 and 1991. Between 1986 and 1994, the budget of the paramilitary forces doubled to be around Rs. 30 billion per year.\textsuperscript{133} The present budget of the BSF has grown to Rs. 26,350 million and the CRPF to Rs. 22,400 million.\textsuperscript{134} The growth in all these units can be correlated to the escalating levels of violence in Punjab, Kashmir and the northeast.

Since the rise in violence in the ethnic conflict, in only eight years the strength of the Sri Lankan armed forces increased by 500 per cent. It went up from 16,000 to 82,000.\textsuperscript{135} By 1996 it had grown to 1,15,000.\textsuperscript{136} Subsequently it has grown to about 3,00,000 personnel.\textsuperscript{137} In other words, in ten years time it has more than doubled. At the beginning of the insurgency in 1996, the Royal Nepalese Army (RNA) had only 44,000 personnel. Currently, it stands at 76,000 and is poised to cross

\textsuperscript{133} Shekhar Gupta, "India Redefines its Role: An Analysis of India's Changing Internal Dynamics and their Impact on Foreign Relations", Adelphi Paper, no. 293, pp. 34-35.
\textsuperscript{134} Annual Report, Ministry of Home Affairs, 2004-05, op. cit., p. 113.
\textsuperscript{135} Mohapatra, op. cit., p. 250.
\textsuperscript{137} Muttukrishna Sarvananthan, "Economic Imperative for Peace in Sri Lanka", Faultlines, vol. 15, p. 53.
The government in Nepal raised a paramilitary force called the Armed Police Force in January 2001 to counter Maoists. Its strength was only 9,000 in 2002 but has grown to 20,000 in 2003. The RNA also received huge amounts of military aid from the US, UK and India. During 2002-03, $17 million had been committed by the US for purchase of defence equipment, while UK and India provided 6.5 pound sterling and $666 million respectively.

The growth in the size of the armed forces is a reflection of the escalating violence, difficulties in the management of violent conflicts and the extra teeth needed for the use of force. This has resulted in a rise in the ratio of security forces to the population. While this correlation cannot be clearly established in the case of India and Pakistan, in the case of Sri Lanka and Nepal, increased militarisation is due to domestic conflicts and violence. In an assessment of the percentage increase in the armed forces between 1985 and 1998, India has registered a negative growth rate, as this is reflective of the growth in the armed forces only (Table 5.3). We have already noted the growth in the size of the paramilitary forces in India, play a large role in combating terrorism. But smaller countries like Sri Lanka and Nepal has seen a phenomenal and 46 per cent increase respectively. The number of soldiers per 1,000 people in Sri Lanka was 6 in 1998, the highest in the region. In the case of Nepal, it was still a modest 2 per 1000. For details see Table 5.3.

The difference in the growth rates between Sri Lanka and Nepal is due to the fact that the Sri Lankan government has been fighting a deadly ethnic insurgency since 1983, whereas Nepal's Maoist challenge erupted only in 1996. There are also differences in the capabilities of the LTTE and the Maoists of Nepal and in their strategies and use of firepower. Sri Lanka is faced with one of the most difficult insurgencies in the world. While Nepal is not a highly militarised state if there is no resolution of the Maoist problem in the near future and the conflict turns bloodier, Nepal will also probably go down the road that Sri Lanka has gone. Given Nepal's precarious economic situation, it will have an adverse effect on people's lives.

139 Lintner, op. cit., p. 38.
5.3.2 The Challenges to Democratic Governance

Violence and terrorism have posed a serious challenge to democratic governance by increasing lawlessness, social disorder and instability. They have had a tremendous impact on managing the affairs of the state by posing simple law and order problems as well as disrupting the path of economic development and the state's ability to face serious security challenges. Whatever the scale, the implication for democratic governance for South Asian countries is enormous.

Terrorism and violence challenge the basic foundations of the state. On the one hand, there is erosion of sovereignty over parts of the state and the state's monopoly over violence is challenged. On the other, one of the first casualties of the use of violence in politics and terrorism is democratic governance. Terrorism undermines democracy principally in two ways: firstly, by influencing the political process and creating the conditions in which right-wing politics strengthens and secondly, by providing legitimacy to the state to strengthen its coercive state apparatus and also to make frequent use of it. The strengthening of the coercive state apparatus is also reflected in the erosion of institutions and the rule of law. The state arms itself with more and more special powers to deal with the problem of terrorism even when existing laws may be sufficient to deal with the problem. All democratic constitutions have such provisions. These laws enable a government to make preventive arrests, hold detenus without trial for long periods of time, and protect government officials and agencies from prosecution in the course of counter-terrorist operations. At times state forces tend to ignore judicial processes and sometimes excesses are committed in the form of encounter killings and disappearances. This has a corrosive influence on the structures of the state and undermines democratic governance.

Terrorism has also posed a challenge to liberal democracy in India. Terrorism and the response to terrorism have had a number of effects on Indian democracy. The Indian state has resorted increasingly to extraordinary powers or extra-constitutional mechanisms to deal with terrorism. It has also created the conditions in which right-wing Hindu politics has advanced. India's liberal constitutionalism, civic nationalism, group rights and federalism have been corroded. The Hindu right has used the fact of terrorism to attack liberalism and to win converts by arguing that liberalism is appeasement and passivity, and that the terrorist menace grew because liberals were in power and did little to combat it. The Hindu right has argued that terrorists have been
emboldened by the passivity of the Hindus who are unwilling to fight back. They would like the Indian state to take a more hardline approach in tackling terrorism and if required use force against Pakistan to resolve the issue.

Terrorism also has a direct impact on the rule of law. In democracies, it creates a serious dilemma for the state and weakens the rule of law. Use of terror as a political tool whether by the state or rebel groups strikes at the very foundations of the rule of law. State terrorism and the violation of human rights is antithetical to the rule of law. Therefore, democracies have to be careful about the use of force in responding to terror. However, extremist groups using terror as a political tool deliberately and systematically use this tool to delegitimise the state's democratic credentials and the rule of law by creating suspicion and fear among the people and compelling the state to cross the limits of law. They also create dilemmas for the state by virtually mocking at the existing rule of law regime, for if the state takes strong measures, or enacts harsh laws, it is accused of violating human rights. Terrorists do not have any such dilemma. The state, on the other hand, has to be circumspect in the use of force, for the inconvenience caused by simple cordon-and-search operations lead to accusations of violations of human rights. A lack of sufficient use of force by a liberal state against terrorism can result in the feeling amongst terrorists that their violent methods will go unchallenged and are therefore is an effective strategy to bargain with the state. Another strategy of the insurgents and terrorists is to force the police and security forces to overreact. The degree of force used by the law and order machinery in a democratic set-up is always under close scrutiny. Militants in both J&K and Punjab cleverly used this ploy in making overreaction of the security forces into an international issue.

From time to time, the government of India has enacted preventive detention laws. The purpose of these laws is to ensure detention without trial. A specific law relating to terrorism called Terrorist and Disruptive Activities (Prevention) Act (TADA) was promulgated in 1987. TADA prescribed punishment ranging from five year's rigorous imprisonment to life term for acts of subversion and terrorism. TADA got embroiled in controversy amidst allegations of misuse against

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minorities and was allowed to lapse in 1995. In its place a new ordinance called Prevention of Terrorism Ordinance (POTA) was promulgated. This became an Act in 2002. POTA was repealed in 2004 but in its place a new Act was enacted called the Unlawful Activities (Prevention) Act, 2004. These special laws to deal with terrorism makes punishment for terrorist stiffen, gives the police more powers in case of forfeiture of property, provides for criminal liability for mere association or communication with terrorists and sanctions summary trials. Human right groups fear political and security misuse of these laws. What is interesting in the case of India is that the vast coercive apparatus of the state has been built up by such laws.

The effect of terrorism on democracy in Pakistan is not the same as in India. Pakistan has been under authoritarian regimes most of the time to the point that this has distorted the political process. For instance, the rise of the religious right in Pakistan was state sanctioned. In Pakistan democracy has been side-stepped for exigencies of the state. In the absence of popular legitimacy, the Zia regime used terror for the first time in Pakistan's history as a government policy. The democratic constitution of 1973 was set aside by Gen. Zia and a lot of arbitrary measures were introduced. The institutional roots of Islamic extremism were also laid by the Zia regime, which led to the rapid growth of militant religious and sectarian organisations. The co-option of various Islamic parties and the use of their militant offshoots in the Army's strategic objectives in Afghanistan and J&K sent out a clear signal that waging Jihad was a legitimate political activity. This led to the mushrooming of all kinds of Jihadi groups, and their consolidation and entrenchment in the political and social space. Due to their ability to raise funds, most of these groups became autonomous. Eventually, this weakened the hold of the state in Pakistan.

When the terrorist attack of September 11 took place in the USA, Pakistan was already under military rule. Gen. Musharraf, the military dictator, had justified his coup on the basis of derailment of democracy in Pakistan. He justified his dictatorial rule by claiming that democracy has different principles in different societies. While before the event, Gen. Musharraf was under pressure to restore democracy, as a result of September 11 and in the pretext of assisting the global war on terrorism and fighting domestic terrorism, Gen. Musharraf set aside all

propriety and any pretence of restoring democracy and consolidated himself in the power structure illegitimately. He was able to do this as the international pressure on him to return his country to civilian rule eased. First, he extended his tenure as COAS for an indefinite period. Then he eased out President Rafique Tarar through an executive decree and swore himself in as the President. He elected himself as the President unconstitutionally by means of a referendum. While he did not have to enact any special laws to deal with the problem of terrorism, he gained the legitimacy to undermine democracy due to the issue of terrorism.

In the climate of increasing sectarian violence and the violence in Karachi, Pakistan has also enacted laws that give enormous powers to its security forces. The Anti-Terrorism Act (ATA), passed on 13 August 1997, gave wide-ranging powers to law enforcement agencies to arrest without warrant and to shoot to kill. The harsh law was justified on the grounds that extraordinary measures were required to combat sectarian and political terrorism in Pakistan, as the existing laws and the legal system could not deal with the unusual situation. On January 15, 2002 in pursuance of Gen. Musharraf’s telecast announcement of January 12, 2002, Lt. Gen. Moinuddin Haider, Pakistan’s Interior Minister, issued a notification formally banning the following five organisations under the ATA of 1997: the Lashkar-e-Taiba (LeT), the Jaish-e-Mohammed (JeM), the Sipah-e-Sahaba Pakistan (SSP), the Tehreek-i-Jaffria Pakistan (TJP) and the Tehreek-i-Nifaz-i-Shariat-i-Muhammadi (TNSM). But despite the ban, most of the groups continue to operate as usual. For reasons of expediency, the government has not carried out a full-scale crackdown on terrorist groups. There are signs of softening and the members of the terrorist organisations that had been banned have reorganised under new names.

The response of the state in Sri Lanka to the Tamil insurgency had a two-pronged approach. On the one hand, there has been an effort to find a political settlement to the Tamil question and on the other, to soften up Tamil militancy. But there has been no success so far either in finding a solution or in curbing violence. In July 1979, the Prevention of Terrorism Act (PTA) was passed in parliament. All legal and constitutional safeguards with regard to arrest, detention and protection were abrogated. The whole or part of Sri Lanka was under a more or less continuous state of emergency from 1984 onwards. Under

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the Emergency Regulations and the PTA, the police and army were permitted to arrest and detain suspects without charge for up to 18 months, restrict visitor access, withhold information on the place and conditions of those detained, and extract confessions under detention. This has led to a situation where the human rights of Sri Lankan citizens has been restricted and abused. Tamil communities were particularly affected and the population of the northeast were almost entirely deprived of their democratic rights. It severely restricted their freedom of expression, information and movement. A culture of impunity for abuses of power amongst law enforcement agencies resulted in arbitrary arrest, killings of civilians, widespread torture in detention, rape and deaths in custody, violations of international humanitarian principles and prolonged detentions of people with or without trial. It is estimated that 18,000 people were detained in 2000 alone under the PTA and Emergency Regulations.¹⁴⁵

In Nepal, the government response to the Maoist challenge is not clear-sighted and its tactics has wavered from using a peaceful negotiated approach to dealing with them firmly. Initial attempts to deal with them with force have not been too helpful. The two major security operations Romeo and Kilo-Sierra-2 conducted by the police forces in 1995 and 1998 were ruthless and without any respect for human rights. The political costs of the Maoist challenge to the people of Nepal have been enormous. Eventually, democracy was sacrificed and justified as a necessity to tackle the violence and terrorism as a result of the struggle by the Maoists. On 26 November 2001, the King declared a national state of emergency, suspending all fundamental rights, promulgated the TADO (Terrorist and Disruptive Activities [Control and Punishment] Ordinance), declared the CPN (Maoist) as a terrorist organisation, and deployed the RNA against them. He also suspended all those clauses that guarantee peaceful assembly and movement and which provide rights against preventive detention. It severely restricted people's freedom of expression, information and movement.

After a long debate on whether to use the RNA against the Maoists, and after the army was eventually used in November 2001, there have been severe allegations of human rights violations. The RNA has been accused of extra-judicial killings, rape, illegal detentions, torture and threats to political activists who are opposed to the monarchy. There have also been reports of aerial bombings by the army of schools and

¹⁴⁵ Costs of War: Challenges and Priorities for the Future, op. cit.
villages suspected of sheltering Maoists. Undoubtedly, tackling the Maoists presented a grave challenge to the rules of Nepal. Ever since the emergency was imposed there are allegations that the army has been indiscriminate in killing citizens. The problem is, they find it hard to distinguish between the Maoist, their supporters, or people who have had nothing to do with the Maoists. Maybe the easy way out is to kill rather than being bothered about the due process of law. Many custodial deaths have taken place and many disappearances reported suggesting that those who have been arrested may have been killed in custody.  

In order to tackle the Maoists continuously, King Gyanendra undermined democracy in Nepal. On 4 October 2002, he dismissed the elected parliament and assumed executive powers. On 1 February 2005, he imposed emergency and justified it on the grounds of the failure of the government to deal with the Maoists. The King instituted an absolute monarchy, undermining democratic institutions and outlawing mainstream politicians and human rights groups. He justified the coup on the grounds that he needed to defeat the Maoists and that he was fighting to protect democracy. In a short period of time, he transformed the constitutional monarchy in Nepal into an executive monarchy. Instead of making the people of Nepal secure from the threat of violence and terrorism, they have been further made insecure by a creeping authoritarianism.  

The rise in violence and terrorism in South Asia has constrained debate, dissent and the democratic process. Insurgents and terrorists have used violence or the threat of violence to intimidate ordinary citizens, government officials, political leaders and the media. The democratic process in many instances has been influenced by the power of the gun. Intimidation and threats are carried out with the help of weapons. There has been an increase in poll violence all across India. In the 1984 Lok Sabha elections, 33 persons were killed. The death toll increased to 130 in 1989 and 198 in 1991. In the state of Bihar it is impossible to think of contesting elections if one does not have muscle-power and weapons. This is obvious in this remark by an MLA in Bihar, "unless you have hundred men with guns you cannot contest elections.

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in Bihar." One might surmise that this is the feeling in some of the other north Indian states as well. In J&K militants have worked hard to disrupt elections. They have issued threats against government officials making arrangements for the elections, stating that any government official found taking part in poll duties would be dealt with severely. In the spring of 1995 when preparations for holding elections were on, a group of terrorists occupied one of Kashmir's holiest shrine at Chrar-e-Sharif and later set it on fire. In October 2002, elections to the J&K State assembly were held. The election was one of the most violent in history. In the 1996 elections no candidates were killed. But in the 2002 elections, two were killed. The All Party Hurriyat Conference (APHC), a grouping of several secessionist political parties, boycotted the elections. One of the important leaders of the APHC, Abdul Ghani Lone was assassinated in Srinagar on 21 May 2002 as he was suspected to be eager to participate in the electoral process.

The transformations in the nature of the Tamil insurgency in Sri Lanka also raise questions about its democratic nature. Many lament that the movement has degenerated and has no space for democratic politics. The fratricidal killings amongst Tamil militant groups and the subsequent killings of Tamil intellectuals and politicians has "created a vacuum in the political landscape of Tamil politics, as well as narrowed the scope for involvement by the intelligentsia." The internal killings, killings of sympathisers, thuggery, and the use of violence to silence critics have all contributed to the denegation of a movement, which was supposed to uphold the rights of the Tamils. Can a ruthless organisation like the LTTE, with its excessive reliance on violence, ever be able to transform itself into a democratic political party? Such a question has implications for the eventual resolution of the Sri Lankan ethnic conflict?

While the deployment of security forces and the augmentation of coercive powers in the maintenance of law and order is tangible, what is fearful and a matter of serious concern is that they have been "paralleled, supplemented and subsumed by a host of extra-constitutional and  


148 Some of the prominent political leaders and intellectuals assassinated by the LTTE are: Alfred Duraiyappah, Sri Sabaratnam, A. Amirthalingam, Sam Thambimuttu, K. Padmanabha, Rajani Thiranagama, Ranjan Wijeratne, Rajiv Gandhi, Ranasinghe Premadasa, Gamini Dissanayake, Neelan Tiruchelvam, Lakshman Kadirgamar.

extra-legal organs of state power—death squads and vigilante groups."\textsuperscript{150} A development of frightful intensity that can cause immense insecurity was witnessed during the counter-violence against the JVP. Pitted against the tangible agencies of state violence are the intangible "unformalised" agencies of state violence through which questions of legality, constitutionality and accountability of a variety of state practices can be circumvented."\textsuperscript{151} These developments just go to prove that even democratic states can devise ways and means to put extra teeth to their coercive state apparatus without compromising on their democratic credentials. Even democratic states can manipulate processes and institutions to expand their capacity to use coercive power.

As against these invisible structures, there are not so-invisible structures about which the states are not in the least shy. The Pakistan army split the MQM and created the Haqiqi faction. That this faction had no popular support was evident from the fact that it has not won a single seat in Karachi even when the MQM boycotted elections. A large number of deaths in Karachi city are reprisal killings or extra-judicial killings.\textsuperscript{152} No one seems to know who is behind them. While some Pakistan Muslim League (N) members accused the MQM, the MQM openly blamed the intelligence agencies.\textsuperscript{153} In J&K, the not so-invisible structures are former militants, armed and supported by the army, BSF or the Rashtriya Rifles and the state police forces. They are in fact small armies of surrendered militants who are fighting against the Pakistan trained and supported militants.\textsuperscript{154} But the fear always remains that some of them may rejoin the militant outfits again.\textsuperscript{155}

Terrorism has put the existing legal systems under severe stress by eroding the legitimacy of the state authority, challenging the existing rule of law based on liberal democratic principles and compelling the

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\textsuperscript{151} Ibid.

\textsuperscript{152} In the month of June 1997 there were 300 killings in Karachi alone and the authorities were not able to hold anyone responsible for it. See, Idriss Bakhtiar, "Return of the Death Squads", \textit{Herald}, vol. 28, No. 7, July 1997, pp. 25-31.

\textsuperscript{153} See interview of Farooq Sattar, Senior Minister from the MQM, "When We Say Agencies, We Mean the Federal Intelligence Agencies", \textit{Herald}, vol. 28, No. 7, July 1997, pp. 31-33.


\textsuperscript{155} "Pro-Govt. Militants 'Disappear' in J&K: May have Rejoined Secessionist Ranks", \textit{Pioneer}, 3 November 1996.
states to introduce harsh laws. The common men at times become victims of terror by non-state actors and at times because of the laws of the state itself. In many cases the respect for rule of law and fundamental human rights has been side-stepped in the fight against terrorism. Civil society groups can only protest against these harsh and arbitrary laws. States justify the need for these laws as only temporary measures necessitated by extraordinary situations. But the insecurity felt by ordinary citizens arising from this paradoxical and complex situation is palpable. But in the final analysis, even though democracy tends to encourage the emergence of militancy, it also provides the basis for resolving conflict through accommodation. Thus, while democracy tends to create insecurity, it also helps put an end to it.156

5.3.3 The Intractability of Conflicts

Despite the challenges posed by various separatist, secessionist and ideological groups, South Asian states were, in the past, able to keep such conflicts within manageable limits. They are now finding it increasingly difficult to do so. Due to the easy access and high levels of light weapons diffusion in South Asia since the Afghan war, insurgent groups are no longer poorly armed, under-trained and lacking in resources. They have access to the most modern sophisticated military hardware and at times are able to field weapons of greater sophistication than the security forces. The security forces, in turn, are unable to counter the violence unleashed by them. Because of this growing sophistication in their military capability, most insurgent groups have enjoyed greater sustainability. The ability of the states to coerce insurgent groups to come to a settlement as a result of likely defeat and annihilation seems to have become an unlikely outcome.

As a result, several groups in India, Pakistan, Sri Lanka and Nepal are pursuing a military rather than the political option. The dynamics and sophistication in their military strategy and tactics has increased the tendency amongst them to resort to the military option as a mode of negotiating with the state, due to which conflicts have exacerbated. Heightened insurgency and intra-state conflict have thus been sustained, if not caused, by access to resources, weapons and a culture of militarism. The management of conflicts has thus been complicated by the growing sophistication of their military capability. Therefore,

dealing with the new breed of insurgents and terrorists poses immense challenges to the states. The intractability of these conflicts has led to increased levels of violence and terrorism and a pervasive sense of fear.

Most insurgencies have become resistant to resolution because of the complex vested interests that have developed in the underground economies. They are a continuation of economics by other means to acquire illegitimate profit, power and protection. The armed conflict has generated a hidden economy, which provides the war with its own internal momentum. Civilians get caught in this dirty war either through displacement or confinement in camps. In the combat zones, paramilitary groups have developed various systems of taxation on the movement of people and goods by controlling the main transport routes “through an economy of terror, scarcity, and fear.” This is the paradox of conflicts where an emancipatory project of the “struggle gets subsumed by the imperatives of the political economy of the armed conflict.” These dynamics create vested interests who are interested in the prolonging of conflict. Many of these conflicts do not seem to be close to political solutions.

The intractability of these conflicts as a result of the armed might of the insurgent groups and the hidden economies challenges the hegemony of the state. There is erosion of sovereignty over parts of the state. Some insurgents groups have created liberated areas and rule by decree and have created their own taxation regime. Other insurgent groups have been able to create hegemony over their spheres leading to a situation where there is no alternative to them in the resolution of the conflict. This is the situation that Sri Lanka seems to have been facing for some time now. Earlier, it was the JVP that had been able to create this hegemony, albeit for a very brief period of time, due to its armed might. This has been done both by the JVP and the LTTE in the course of their political action by unleashing violence not only against the state but also against political rivals. And by the use of violence, they tried to create a situation where there was no alternative to them. This has not only undermined the legitimate monopoly of the state over

157 Rajasingham-Senanayake, op. cit., p. 61.

158 The assassination of Vijaya Kumaratunga, the popular leader of the Sri Lanka Mahajana Pakshaya (SLMP), and the subsequent attacks on the SLMP leadership may be interpreted as the JVP's tactics of eliminating any other force which was gaining support within their social base—the youth. The LTTE has been far more successful in liquidating individuals and organisations, which it considered as its potential enemies in its insane drive for political hegemony. Both the TELO and PLOTE were wiped out because of their dominance in terms of arms and men. M.R. Narayan Swamy, Tigers of Lanka: From Boys to Guerrillas, New Delhi: Konark Publishers, 1994, pp. 143, 193.
violence but is also an important contributory factor in the intractability of the conflicts.

The brutalisation of the armed conflicts and the political economy of the conflicts in South Asia now resemble the dirty wars of Latin America. The initial cause of the conflict in some senses has become secondary. A new form of explanation has emerged that is being termed as the "post-ethnicity argument." The argument is "an explanation of origins no longer serves as an explanation of persistence. This is because, over time, war produces a new social formation, one that is grounded in an economy that includes war and violence as a part of the reality in relation to which people are fashioning their lives." In the context of Sri Lanka, it has been noticed that the war has unleashed forces that benefit from its perpetuation. The armed conflict in Sri Lanka has resulted in the creation of a new elite—the armed forces personnel and their families. Many in the higher ranks have grown rich through the hidden economy of corruption. The war machine that has been created in Sri Lanka is now the means and livelihood of the rural poor as well. The increase in the number of security forces and the increase in the war budget provide paid employment to many. Thus, directly and indirectly government military spending has produced economic opportunities for many who have been marginalised in the neo-liberal economy. Many people have adapted to new economic opportunities in the war economy. The irony is that this constrains the space to mobilise the masses against the war. Thus, violence has also created the structures that perpetuate violence and has become a cause for the intractability of conflicts. Without also addressing these structures, there can be no resolution of conflicts or decline in the levels of violence.

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160 Quoted from, ibid., p. 8.

161 Rajasingham-Senanayake, op. cit., p. 61.