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## The Analytics of Conflict and Studying its Economic Impact

In April 2016 it was [reported](#) that the Japan International Cooperation Agency (JICA) decided not to invest in the development of the Imphal-Jiribam and Imphal-Kohima highways (which link Manipur to Assam and Nagaland respectively) due to a law and order [situation](#). The JICA was originally supposed to invest approx. 740\$ million in the project but ultimately stalled it due to the increase in frequency of attacks across the conflict affected borderland areas of the North East (India). The nature of these attacks includes destruction of construction and property, abduction of laborers, contractors and the destruction of machinery.

It's important to study the economic impact of such incidents have in the long run, which is usually difficult to measure and goes well beyond the immediate loss in monetary terms. It is much more difficult to quantify the overall losses of future benefits that would have accrued if the highways were expanded and substantively improved. The potential

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benefits may include the enhanced mobility of goods and people; enhanced interconnectivity between Manipur, Nagaland and Assam; the expansion of private carriers (such as bus and taxi services) and the rise of new commodity markets (generating local employment) ultimately catering to an increase in traffic of people, goods and services.

Moreover, the sources of internal conflict in the Indian context are multifaceted, yet share similar outcomes i.e. a massive burden on civilians, pervasive insecurity and large scale forced displacement. Areas experiencing instability and civil strife witness significant losses in “future potential” both in investment and the development of human capital. What [is not measured](#)<sup>1</sup> is thus, the outflow of capital, the absence of investment, increasing security related expenditures, endemic unemployment and lack of opportunities for the youth in these areas.

Therefore, in these studies of analytical frameworks attempting to study the economic impact of various conflicts, there seems to be a methodological lacuna in a) our mainstream understanding of given conflicts (i.e. violence from insurgency, naxalism etc.) and b) in studying its economic impact on the region (over the longer term). While a detailed historical narrative of each situation is beyond the scope of this article, we attempt at providing an overview of the existing statistical data, as an indicative variable to the levels of violence being experienced in various conflict-affected areas in India.

Rather than viewing conflict as a dramatic exogenous shock (similar to an earthquake), we seek to understand conflict as slow-moving and hidden crisis, which is protracted in nature (such as a drought). This article makes an attempt to broaden the existing analytical framework by incorporating some key informational factors that will help in analyzing different forms of conflict and assess its’ economic impact (in areas like North-East India, Jammu and Kashmir and Maoist affected areas).

## Statistical Overview of Civil Strife in “Conflict Affected Areas”

We seek to define “conflict affected regions” as geographical spaces marred by persistent forms of political violence perpetrated by organized armed movements. Furthermore, while the aims of these armed movements may differ, their emergence can be situated in situations of extreme economic deprivation combined with a lack of institutional access to the state. The structural drivers of conflict are especially difficult to resolve and the situation becomes further complicated due to the militarized environment and dynamics of counterinsurgency. Before examining the statistics of violence (accounting of fatalities) it is critical to mention some of the common patterns that shape these numbers being discussed:

- The presence of a multiplicity of [organized armed groups](#)<sup>ii</sup> engaging in armed violence through the use of firearms and explosives. In addition to the occurrence of an excessive number of non-combatant casualties.
- The [transnational nature](#)<sup>iii</sup> of these armed groups (especially in Jammu and Kashmir and the Northeastern region) whereby they are able to create sanctuaries in neighboring countries. This is especially facilitated by the porosity of the borders, the presence of co-ethnics and the remoteness of these regions.
- The [increasing engagement](#)<sup>1</sup> of armed groups in criminality, especially extortion and targeted killings.

The following graphs based on data from the South Asian Terrorism Portal ([SATP](#)), which utilizes information from government sources, provides a useful index in terms on the quantum of violence being experienced. These numbers are not absolute, but are the only existing baseline data on the various situations of civil strife.

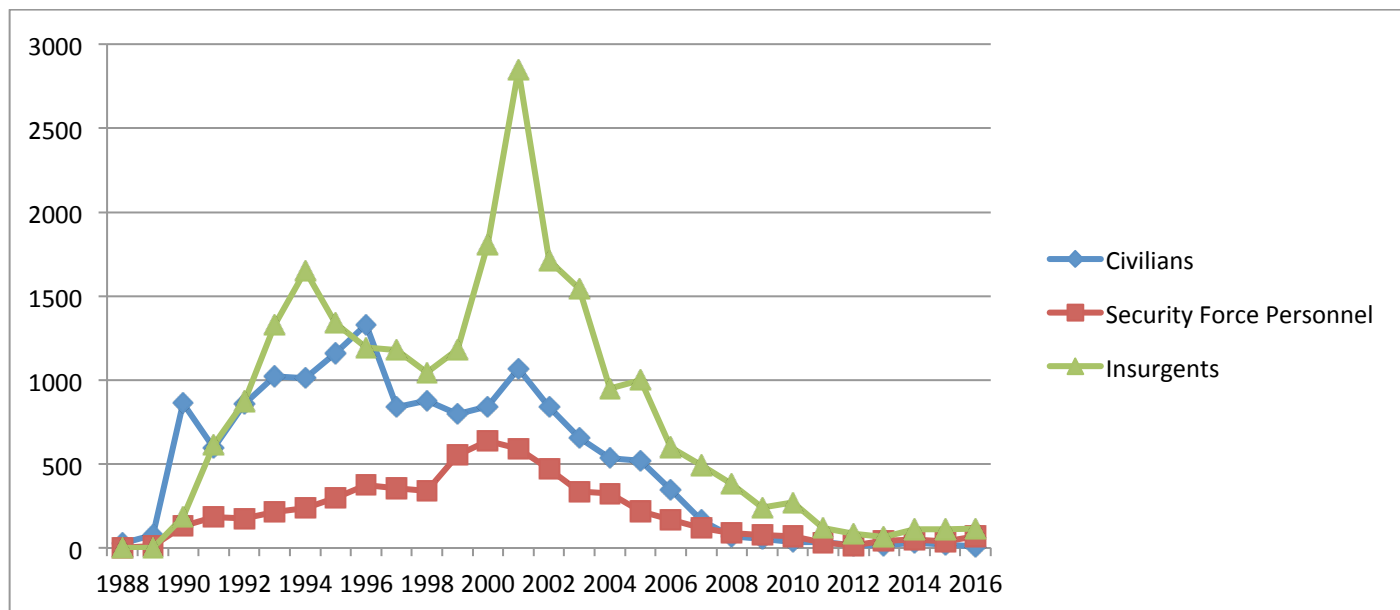
It is critical to point out here that the data on the scale of injuries is absent from the organizational sources which has significant ramifications for the accurate measurement of the

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<sup>1</sup> Ibid iii, iv

actual conflict burdens. In addition [the data excludes<sup>2</sup>](#) the number of persons internally displaced due to various forms of conflict (including ethnic riots), which are more than one million.

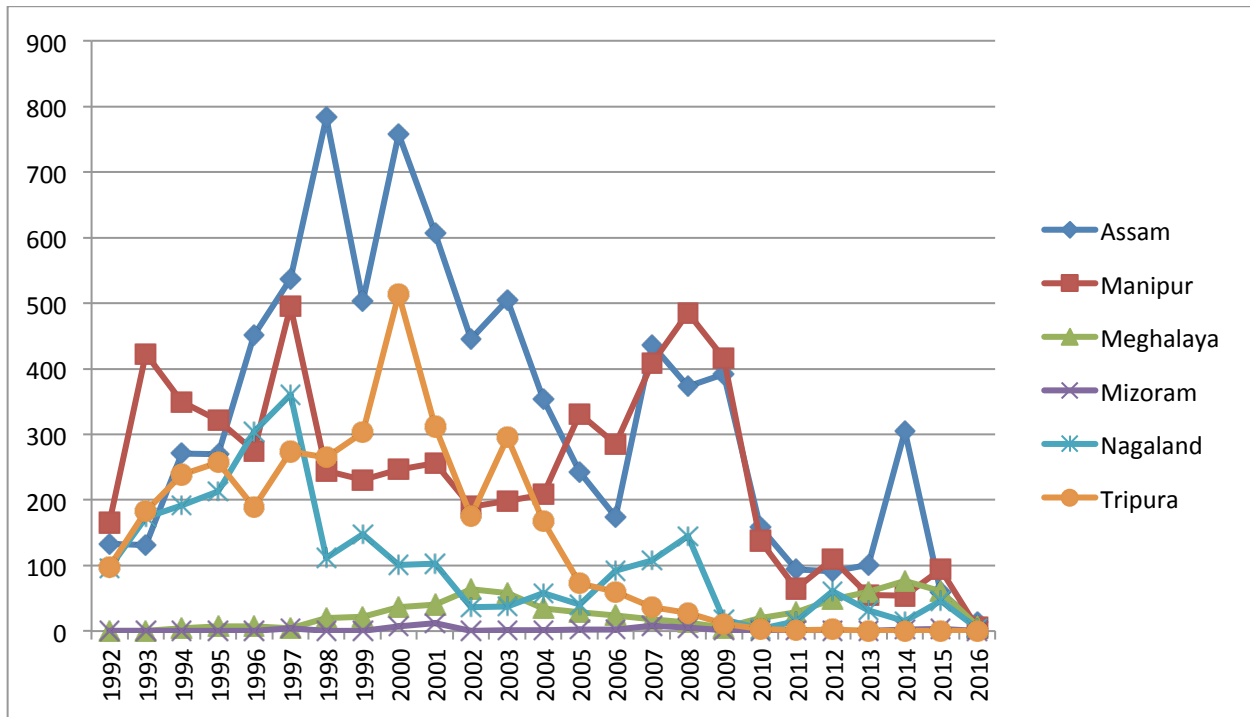
**Figure 1: Statistical Distribution of Casualties in Jammu and Kashmir 1988-2016**  
**(Total 47324 Fatalities, Injuries Unknown)**



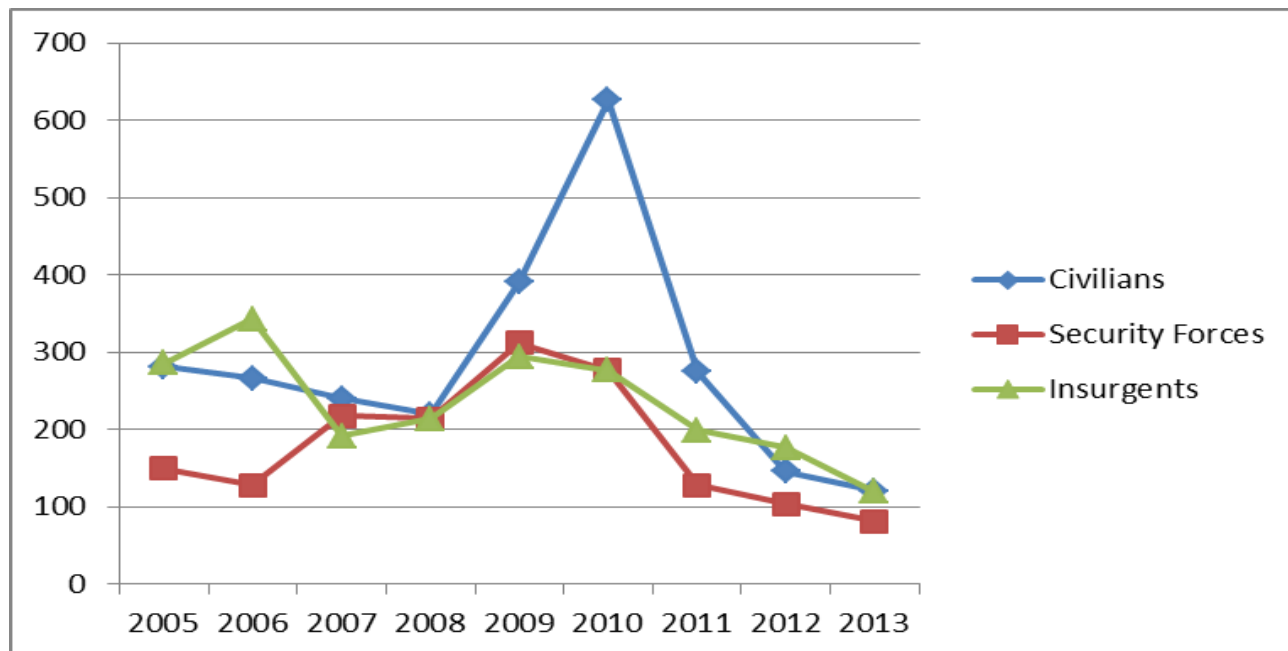
<sup>2</sup> Ibid v

**Figure 2: Overall distribution of 20967 fatalities in insurgency related violence in six states of Northeastern India 1992-2016**

**(Total of 20967 Fatalities with Injuries Unknown)**



**Figure 3: Statistical Distribution of Fatalities in Naxal Related Violence 2005-2013**  
**(Total 6220 Fatalities, Injuries Unknown).**



A quick overview of the trends seem to indicate that the total number of fatalities seem to be reducing for most conflict affected areas (over the last decade). However a more micro-level perspective provides some alternative approaches. If conflict is viewed as a continuum, downwards trends in violence do not necessarily imply that the risk of conflict has reduced. Whereas absolute numbers in Jammu and Kashmir (J&K), the Northeast and Naxal affected districts might be decreasing, they do not capture new forms of social unrest, ethnic violence and protests (that fall outside the classical definitions of insurgency).

In addition, the key data missing is on recruitment patterns. Violence is only an end-point and tied closely to military capabilities (and strategic aims). It is the socialization into violence that is the key variable from our perspective (for which evidence in the Indian context is needed).

## Broadening the Conflict Assessment Analytical Framework

There are some key informational factors, the inclusion of which may not only assist in analyzing the overall economic impact of such conflicts but rather help in broadening the conceptualization of conflict for its' understanding while further assisting in serving the economic needs of communities (in ongoing or post-conflict scenarios).

Some of the following key aspects may significantly shape any analysis on assessing the economic impact of violence on various social groups in conflict-affected areas (through the lens of economic security, well-being and capabilities of individuals):

- 1) **Institutional Change-** Most mainstream studies on the economic assessment of violence in conflict affected areas limitedly focus on covering the nature and process of institutional changes occurring before and after the conflict (or during on-going conflict). By Institutional change, we mean changes that takes place when different agents or stakeholders contest in the given space and sometimes win over former state institutions often transforming social, economic and political structures including organization and norms (multiple historical cases on decolonization narratives or civil wars and its institutional effects can be cited from Asia, Latin America, Africa or even Europe).

The distribution of political power, structural changes in the social strata of a given community etc. warrant to be accommodated in the framework of conflict analysis. In the framework of assessing conflict(s), most of these factors end up as mere informational constraints, outside the axiomatic structure of economic modeling.

The World Bank too in its 2011 [report](#)<sup>iv</sup> acknowledges the need for studying institutional mechanisms in areas (through a *layered, localized* approach) and safeguard legitimate expectations of the people from the state.

- 2) **Demographic Changes-** Most economic analysis on the assessment of economic or political catastrophe(s) of any nature seem to ignore (or at least limitedly cover) the impact of structural demographic changes that may be caused as a result of the very

conflict itself; including the changes in population age groupings, increase/decrease in emigration or immigration of certain social groups, impact of violence against an ethnic/racial/social group etc. which are factors that are key to one's understanding of the nature of a given conflict and also in assessing its impact (going beyond the monetary assessment alone).

This is also one area, the effect of which is hardly understood in the more popular discourse on [determinants of economic growth](#)<sup>v</sup> (as discussed in a previous article i.e. in GDP measurement, [productivity changes](#)<sup>3</sup> etc.)

**3) Conceptualization of Well-Being, Freedoms and Social Choice-** This is one aspect where we have already seen development economists (in India for example: Amartya Sen, Kaushik Basu, Sakiko Fukuda, Ravi Kanbur et al.) trying to assess the dynamic nature of developmental challenges by broadening the understanding of states of economic deprivation in a framework beyond income levels, used as some metric for assessing levels of economic development.

One such theory that is widely cited and used is Amartya Sen's Freedom based Consequentialist approach (called the "[Capability Approach](#)"). Sen's work through an axiomatic structure compliments Kenneth Arrow's work on social choice theory into the scholarship of welfare economics; during the 1970s, 80s, 90s redefining our understanding on the reasons of Poverty, Inequality, Social Choice etc. in evaluating the impact of a given conflict from a localized perspective (refer to an [interesting analysis](#)<sup>vi</sup> by Household in Conflict Network offered on the case of Latin America where with considerable reductions in level of inequalities, civil unrest and protests have increased).

Therefore, while in a more traditional economic analysis of a given conflict, the economic security and well-being of individuals and households (measured through per capita income level changes or consumption expenditure etc.) occupy central focus in conflict studies-analytical

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<sup>3</sup> Ibid vii



framework and its impact on development (refer to the [World Development Report 2011<sup>4</sup>](#)), there is a need to also include a psychosocial impact of violence on people's expectations (often resulting in a drastic adaptation of economic preferences).

In addition to the above factors, we also believe that there is a growing need to create more robust institutional mechanisms (involving both state and civil society groups) at a local level to periodically monitor and validate the cited statistical numbers collated by government sources; further generating empirical evidence on key indicators like maternal, child health, livelihood assessment, access to education and healthcare (in times of on-going/post conflict).

### **Concluding thoughts**

Thus, any analysis on assessing the economic impact of a given state of conflict (political/social/economic etc.) must make an honest attempt in at least accommodating for the highlighted informational factors to generate more informed discussions on some of these points.

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<sup>4</sup> Ibid vi

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## Biography of the authors

***Dr. Samrat Sinha** is an Associate Professor and Assistant Director, Centre for Study of Political Violence, Jindal School of International Affairs. He obtained his M.A. from JNU and M.A., Ph.D. in Delaware, USA. Dr. Samrat Sinha is currently engaged in researching the impacts of armed conflict as well as in the development of field research methodologies in conflict and post-conflict situations (as well as in post-disaster contexts). He has also conducted externally funded research projects as well as evaluations (and assessments) in a variety of conflict and post-disaster contexts. At the JSIA he teaches the following courses: Civil War, Insurgency and Terrorism, Negotiations in Complex Security Environments and Social Science Research Methods. Prior to joining JSIA, Professor Sinha taught at the Jamsetji Tata Centre for Disaster Management (JTCDM), Tata Institute of Social Sciences (Mumbai).*

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