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## **Insurgency in Nagaland: An Impediment to Economic Development**

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### **Abstract**

Considering its strategic geographical location and abundant natural resources, Nagaland is also one among the other Northeast states of India that holds for a promising economic development. However, economic development needs a series of change of institutions, structure of people's way of living, mod of thinking. There is historical evidence that the insurgency prone countries are economically and socially backward and their economic development is very low. This paper examined and knows how the insurgency had become an obstruction in the economic development in Nagaland. The conclusion is that to accelerate economic development in Nagaland, it is an urgent need to solve the Naga issue at the earliest and also a strict implementation of the ceasefire ground rules banning any form of taxation in all factions that is an agreement with the Government of India.

**Keywords:** *Economic Development, Insurgency*

### **Introduction**

The concept of insurgency is used to indicate a form of civil strife, which takes place in a country or in a part of a country in which the masses are involved or at least there is a tacit support of a large majority of them<sup>1</sup>. Paul Wilkinson had noted that, Insurgency is a relatively value-neutral concept denoting a rebellion or rising against any government in power or the civil authorities and general manifested as low-intensity conflict rather than a full-scale conventional warfare<sup>2</sup>. Hence, insurgency can be define as a discontent of a group, which uses violence to achieve its goal, which is born out of some committed ideologies of a particular group, a sect, a tribal or a community, religious or secular<sup>3</sup>. The insurgency movement is general likely to come to terms with the established authority at some point of time of the struggle achieving more autonomy for the people whose causes they espouse thereby effecting partial change in the structure of the polity<sup>4</sup>.

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<sup>1</sup> . B. Verma, *Insurgency and Counter Insurgency*, Uppal Publishing House, New Delhi,p.10, (1988)

<sup>2</sup> . Nani G. Mahanta, "*Politics of Insurgency, Identity and State: Scenario in India*", in Paramanda Sonowal (ed), *Insurgency and Economic Development in North-East India*, DVS Publishers, Guwahati,p.10, (2007)

<sup>3</sup> . Chandrika Singh ,*North East India: Politics and Insurgency*, Manas Publication, New Delhi,p.218, (2004)

<sup>4</sup> . B. B. Dutta, "*Insurgency and Economic Development in India's North-East*", in R.K. Samanta (ed)), *India's North-East: The Process of Change and Development*, B. R. Publishing Corporation, Delhi,p.4, (1994)

## Emergence of Insurgency Movement

Insurgency in Nagaland has been described as the mother of all insurgent movements in the northeast India. The Naga separatist movement, which had begun before independence, is based on the premise that Nagas have been historically independent, unconquered by anyone and therefore India has no right to subjugate them<sup>5</sup>. Prior to India's independence, the Nagas set up a club known as the Naga Club in 1918. This club presented a memorandum to the Simon Commission in 1929 when the Commission visited Kohima and expressed the desire of the Nagas to be left alone once the British leave India to determine for themselves as it was in ancient times<sup>6</sup>. Accordingly, the British government basing on the report of the Simon Commission passed the Government of India Act 1935, which declared the Naga Hills District as an excluded area to be administered at the Governor's discretion<sup>7</sup>. Later on, the Naga Hills District Tribal Council (NHDTTC) was formed on 1945 on the nucleus of the Naga Club and again the nomenclature was changed to Naga National Council (NNC) at its Wokha meeting held in April 1946. The NNC demand for self-determination for the Nagas and for setting up of interim government for ten years and at the end of which the Nagas would be free to decide the form of government of their liking and the council also further states that a constitution drawn up by the people not knowing the Nagas would be unsuitable and unacceptable for them<sup>8</sup>.

Series of negotiation took place between the Government of India and NNC to solve this issue but it failed to yield any result due to the rigid stand of NNC for self-determination. As the date of India's Independence approached and with no concrete agreement in sight, the NNC took the ultimate step of declaring independence on 14<sup>th</sup> August 1947, a day before Indian independence<sup>9</sup>. When negotiations failed to solve the issue, the Nagas adopted the violent methods to achieve their desire aspiration and thereafter the insurgency movement started in Nagaland. Being unable to resolve the political demands of the Nagas through dialogue, the government of India cracked down on the NNC in 1953<sup>10</sup>. The Government of India, Ministry of Defence summed up the events in its 1956-57 statement that, early in 1955, due to hostile activity by the misguided Nagas, the law and order situation deteriorated in the Tuensang area of the North East Frontier Agency India

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<sup>5</sup> . Bibhu Prasad Routray , *"Northeast: Island of Peace and Ocean of Conflict"*, in D. Suba Chandran and P. R. Chari (eds), *Armed Conflict in South Asia 2008: Growing Violence*, Routledge, New Delhi,p.153,(2008)

<sup>6</sup> . B.B.Kumar, *Naga Identity*, Concept Publishing Company, New Delhi, p.143,(2005)

<sup>7</sup> . H. John Sema , *"Naga Politics: Issues and Problems"*, *South Asia Politics*, Abhaya Kashyap, New Delhi, Vol.10, No.5, p.25,(2011)

<sup>8</sup> Ibid.p.143

<sup>9</sup> . Sanjay Kumar Pandey, *"Politics of Belonging: Identity and State-formation"*, in Joana Pfaff-Czarnecka and Gerard Toffin, (eds), *The Politics of Belonging in the Himalayas: Local Attachments and Boundary Dynamics*, Sage Publications, New Delhi, p.114,(2011)

<sup>10</sup> . Thongkholal Haokip, *"Political Integration of Northeast India: A Historical Analysis"*, *Strategic Analysis*, Routledge, U.K. March, Vol. 36, No. 2,p.310,(2012)

(NEFA). It was stabilized with the help of army units working in close cooperation with Assam Rifles. However, disturbances spread into the Naga Hills and could not be contained even with the help of the army. Therefore, on 2<sup>nd</sup> April 1956, the responsibility of maintaining law and order in the area was handed over to army<sup>11</sup>. Today in Nagaland, politics and insurgency are twins and both are running parallel but having much distance from each other. Despite efforts to bring them together, they are still divided<sup>12</sup>.

### **Formation of Statehood**

With the increasing hostile activities from the Naga insurgent group and the counter-insurgency operations by the India Army had created a very hostile atmosphere in the Naga Hills. A sense of fear and tension prevail over the Naga people and for which there was a strong urged to put to an end to this conflict and solve this issue at the earliest. In the pursuit of peace and solution to Naga issue, the moderate's leaders of Naga National Council under the chairmanship of T.N. Angami took the initiative to call the Naga People's Convention<sup>13</sup>. The Naga People's Convention (NPC), which was held in 1957, 1958 and 1959, finally prepared a 16<sup>th</sup> point proposal for the formation of a separate state to be known as Nagaland within the Indian Union<sup>14</sup>. After some modifications in the sixteen-point proposal, the Government of India with a determination to grant the Naga people a full-fledged state prepared two Bills-the Constitution Amendment Bill, 1962 and the Nagaland Bill, 1962, to incorporate constitutional provisions for creation of Nagaland state. The Indian president assented them on 4<sup>th</sup> September 1962 and the Nagaland state appeared as the sixteen state of the Indian Union with its inauguration by the Indian President on 1<sup>st</sup> December 1963<sup>15</sup>.

It was a joyous moment for the Naga people to have their own state under the Indian Union but on the other hand, the extremist Naga leaders were not satisfied with the creation of state and they continued to demand for complete independence from India. Hence even after the creation of state, the violence had still continued in Nagaland with regular ambushed on security forces by the insurgents, military operations against the insurgents by army and thus, the hardship faced by the people still remained the same. There had been continuous peace effort to solve the Naga issue without desirable results and even the signing of Shillong Accord in 1975 had failed to bring permanent solution to Naga issue.

Today the Government of India is currently having ceasefire agreement with all the factions in Nagaland and is involved in peace talks with NSCN-IM since 1997 to solve the Naga political issue. This had reduced drastically the hostile atmosphere in Nagaland. However, the hardship of the Naga people continues in the form of taxation and extortion by various insurgent groups. Today, this had become a blooming business for various insurgent groups and at a same time, it is hampering a lot in the growth of economic development in the state.

This paper is a humble attempt to study and know how the insurgency had become an obstruction in the economic development in Nagaland.

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<sup>11</sup> . B. B. Dutta (1994), op.cit.pp.7-8

<sup>12</sup> . Kuohei K. Zhimomi, Politics and Militancy in Nagaland, Deep & Deep Publications, New Delhi, p.162, (2004)

<sup>13</sup> . Chandrika Singh, Naga Politics: A Critical Account, Mittal Publications, New Delhi, pp. 67-68, (2004)

<sup>14</sup> . H. John Sema (2011), op.cit. p.26

<sup>15</sup> . Chandrika Singh (2004), op.cit. pp.82

### **Insurgency as an impediment to economic development**

The Northeast region of India is seen as a hot spot to promote economic investments through multi lateral agencies like the World Bank and Asian Development Bank and also the proposed Asian railways and Trans-Asian Highway to East Asia<sup>16</sup>. This region can gain enough economically by agreement with its five neighboring countries and apart from that there is a far bigger potential to expand its trade to the other Southeast Asian countries<sup>17</sup>.

Considering its strategic geographical location and abundant natural resources, Nagaland is also one among the other northeast states that holds for a promising economic growth. It was for this reason; the Nagaland state was the first state in NER that was registered on the map of the upcoming SEZs<sup>18</sup>. In 2007, during Hornbill festival, Neiphu Rio, Nagaland Chief Minister, announced the floating of a new joint venture infrastructure company, IDCON (Infrastructure Development Corporation of Nagaland), that would create a Special economic zone in which industrial parks, power plants and service sector, especially hotels would thrive<sup>19</sup>. The state had also indicated a positive nod to the ONGC and Canoro Resources Ltd to extract crude oil from Champang under the Wokha district<sup>20</sup>. Nagaland with this immense potentiality does have an ample scope for rapid economic development.

However, an economic development needs a series of change of institutions, structure of people's way of living, mode of thinking<sup>21</sup>. There is historical evidence that the insurgency prone countries are economically and socially backward and their economic development is very slow. This problem of insurgency results in social instability, creates panic among the people, reduces the enthusiasm of the people in the line of entrepreneurship, creative work etc. academic atmosphere has also been deteriorated, the rate of investment in different projects is very low due to this problem<sup>22</sup>. Nagaland with its 50 years of its statehood is still far lagging behind in economic development though with its immense natural resources and with a larger prospect for the tourism industry to flourish. It had been due to that, the insurgency problem remains in Nagaland. The failure to solve this problem had been an obstruction in the economic development, as there is always an atmosphere of fear and tension and the security to life remains a question. It is for this investment is shied away by the sense

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<sup>16</sup> . U.A. Shimray, "*Some Reflections of Naga Ceasefire*", *Mainstream*, Prespective Publications Pvt. Ltd, New Delhi, September 6, Vol.XLVI, No.38, P.27,(2008)

<sup>17</sup> . Pranab Sandilya , "Insurgency: As an Impediment to Economic Development", in Paramanda Sonowal (ed), *Insurgency and Economic Development in North-East India*, DVS Publishers, Guwahati,p.177,(2007)

<sup>18</sup> . Ibid.p.27

<sup>19</sup> . Jonathan Glancy , *Nagaland: A Journey to India's Forgotten Frontier*, Faber and Faber Ltd, London, p.224,(2011)

<sup>20</sup> . ibid. p.28

<sup>21</sup> . Sangita Hazarika Bhagawati , "Insurgency-A hindrance to Economic Development in North Eastern Region (NER)", in Paramanda Sonowal (ed), *Insurgency and Economic Development in North-East India*, DVS Publishers, Guwahati,p.183,(2007)

<sup>22</sup> . Sangita Hazarika Bhagawati (2007), op.cit.p.184

of fear that insurgents may interfere directly through extortion and intimidation<sup>23</sup>. In Nagaland, even after the completion of so many decades of planning, the development of industrial sector is moving very slow and lack behind many other Indian States. Due to armed hostilities the Three First Five- Year plans could not be utilized for infrastructural developments, even the benefits of the Fourth Five-Year plan affected Nagaland marginally (Hokishe Sema 1986). During 1999, the Eleventh Finance Commission ranked Nagaland (with an index of 76.14) as the 7<sup>th</sup> most remote state in the country-but there was only a difference of about 7 points with Arunachal Pradesh which was ranked the most remote with an index of 69.71. One of the areas where this remoteness has affected the people of the state in a real way is in the poor Credit-Deposit ratio. Since the attainment of statehood in 1963, the Government of Nagaland has been making various efforts for industrial development but due to political instability and insurgency problem the state is remained undeveloped. Moreover, the long drawn insurgency problem has greatly affected the life of the people and also the spirit of the industry. Another important factor that hampers industrial development in Nagaland is restrictions on the entry of outsiders into Nagaland. In Nagaland, the district Dimapur is the only main centre with some active industrial activity due to railhead adjacent to the plains of Assam. A number of small industries have come up with active technical managerial and financial assistance from outside as the inner line regulations do not apply in this district. Even then, during the first seven months of 2008, the three factions of the NSCNs had collected even 200 crs through their extortion drives in the Nagaland commercial township of Dimapur alone. A conservative estimate of the annual budget of the NSCN-IM alone is the range of Rs.200 to Rs.250 crs. For all this reason the outsiders are not willing to establish business in Nagaland (Bibhu Prasad Routray 2010).

The State Domestic Product (SDP) and its related aggregates reflected the economic development process of the state. The estimates of SDP over a period of time reveal the extent and direction of changes in the levels of economic development of the state. The share of GSDP of Nagaland is given in table 1.1.

Here we find a comparative picture of Nagaland and all India in respect of GSDP and Nation's GDP growth rate in the table 1.1. The share of Nation's GDP growth rate was 9.48 percent during 2005-2006 which has decreased to 6.88 percent during 2011-2012. While in Nagaland the decrease is faster from 10.22 percent during 2005-2006 to only 3.93 percent during 2011-2012. This shows that the process of economic development in Nagaland is very poor and far behind other states including Union Territories, in India. The Tourism industry is an important sector in revenue earning in the state. In Nagaland there are several places which can be developed into tourist resorts. Blessed with scenic natural beauty, colourful costumes and dances, rare birds, its rivers and hilly features etc are the main attraction for tourist. But due to law and order situation it had hampered in tourism industry in Nagaland.

The current ceasefire with various factions and the peace process by the government of India had done a little to solve this issue and harmed a lot to the state economy. A ceasefire reached with the government has allowed the outfit to continue operating with state sanction, whereby, activities like extortion, defined by the outfit as 'tax collection' and gross

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<sup>23</sup> . Pradip Phanjanbam, "*Insurgency and its impact on the development in Manipur*", in C. Joshua Thomas, R. Gopalakrishnan, R.K. Rajan, et al, (eds), *Constraints in Development in Manipur*, Regency Publications, New Delhi, p.19,(2001)

interference in administrative matters continued unabated<sup>24</sup>. The insurgency, especially the NSCN-IM, had exercised immense influence over the political regime in the state, and the latter remains support the designs of the outfit<sup>25</sup>. It is also been held that in the state some corrupt politicians who are in collusion with these cadres have provided them with money out of the funds allocated to developmental projects and welfare funds, thereby harming the state in the process<sup>26</sup>. Hence, the ceasefire regimes had existed along with large-scale extortion, internecine clashes and domination of the political process and civil society by the militant groupings<sup>27</sup>.

By now, it is a common knowledge that extortion and coercion are the common means of functioning of the organization. Government servants, professions and businessman alike are made to pay taxes. The insurgent groups have resorted to extortions and open collection of income tax from those living in Nagaland including government servants<sup>28</sup>. It is for this very reason that over 200 affluent non-Naga traders have fled the state fearing for their lives<sup>29</sup>. The thriving insurgency economy is one of the principal motivating factors behind the continuing conflict in Nagaland. Extortion activities by the insurgents keep the wheels of this economy moving. The impact of such tax collection has been significant on the lives of the people, as also on the economy of the state. In any developmental project or business transaction, the NSCN-IM has a lion share of the tax collection<sup>30</sup>.

Hence, the state government in its effort to contain insurgency has no time to think of meaningful investment elsewhere, other than in acquiring counter insurgency implements. The government's preference in this state had been more towards buying guns and ammunition, raising counter insurgency forces etc rather than buying tractors, fertilizers and other investments, which can augment the availability of bread and butter<sup>31</sup>.

## Conclusion

The Naga insurgency movement is now more than 60 years old but the issue had remained unsolved. The creation of state in 1963 and the Shillong Accord in 1975 had even failed to satisfy the Naga insurgents groups. What the Naga insurgent groups had been fighting for over the several decades is the dream of Nagalim or a greater Nagaland. An independent country that would unite all the tribes in a land of their own<sup>32</sup> and had remain unwilling to settle for anything

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<sup>24</sup> . Bibhu Prasad Routray , “North-East: Minimal Gains of Counter-Insurgency Operations”, in D. Suba Chandran and P. R. Chari (eds), *Armed Conflicts in South Asia 2009: Continuing Violence*, Routledge, New Delhi, p.132,(2010)

<sup>25</sup> . Ibid.p.145

<sup>26</sup> . Vivek Chadha , *Low Intensity Conflicts in India: An Analysis*, Sage Publications, New Delhi, P.301,(2005)

<sup>27</sup> . Bibhu Prasad Routray (2008), op.cit.p.187

<sup>28</sup> . Ibid.p.301

<sup>29</sup> . Ibid.p.141

<sup>30</sup> . Gurinder Singh , “A Decade of Ceasefire in Nagaland”, *Strategic Analysis*, Routledge, U.K. September, Vol.31, No.5, p. 819,(2007)

<sup>31</sup> . Pradip Phanjanbam (2001), op.cit.p.19

<sup>32</sup> . Jonathan Glancy (2011), op.cit.p.1

less than a much greater of freedom that the government of India is ever likely to sanction<sup>33</sup>. It is for this rigid demand made by the insurgent groups the issue remains unsolved till date and which had an adverse impact on the economic development in the state. With its rampant extortion, drive in the name of taxation is causing a heavy burden on the common people, traders and business community. It had also discouraged a lot for any kind of investment in the state from outside the state. Today, the private sector is reluctant to invest in the state due to insurgency and law and order problems. The extortion by the insurgents adversely affects the economy and development, as it diverts the state funds<sup>34</sup>.

Due to insurgency problem, most of the state resources is diverted for maintaining law and order problem rather than for economic development of the states and sometimes due to the nexus between the politicians and the insurgents the government funds are diverted from developmental to insurgent groups. The insurgent groups also demand for percentage from the contractor involved in work and for which it had discouraged many contractors to take up developmental work and if the demands of the insurgent groups are met then it led to the poor quality of work since a large amount of money had already been taken out by the insurgent groups. In either way, it is the economic development of the state, which is hampered. Due to this, the economic development of the state cannot be carried out properly and all developmental activities are kept arrested<sup>35</sup>. Keeping this in view of what is happening in Nagaland, the Union Ministry of Home Affairs wrote to Nagaland government, broadening the definition of ceasefire violations to include taxes as well as abduction and killings to extract ransom<sup>36</sup>.

Hence, what had been the urgent need is that, to solve the Naga issue at the earliest. Even the Chief Minister of Nagaland had maintained that, the most important issue that needed to be addressed by the country was to resolve outstanding political issues resulting in insurgency, as unless there is an air of political stability created by removing insurgency and violence, the region would continue to lack behind<sup>37</sup>. So also, a strict implementation of the ceasefire ground rules banning any form of taxation on all factions that is an agreement with the Government of India is needed. So that, there is no hindrance in the growth of state economy and that the state economic development can take up its speed.

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<sup>33</sup> . Ibid.p.2

<sup>34</sup> . Sangita Hazarika Bhagawati (2007), op.cit.p.188

<sup>35</sup> . . Pradip Phanjanbam (2001), op.cit.p.20

<sup>36</sup> . Bibhu Prasad Routray (2010), op.cit.p.141

<sup>37</sup> . The Nagaland Post, Sunday, October 21, 2012, Dimapur, P.1

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**Table: 1.1 Gross State Domestic Product at Constant (2004-05) Prices**

State/ Country	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Nagaland	10.22	7.80	7.31	6.34	4.36	3.98	3.93
All India	9.48	9.57	9.32	6.72	8.39	8.39	6.88

**Source:** Directorate of Economics & Statistics GON(Government of Nagaland)