

# Impact of Cross-border Terrorism and insurgency on Jammu and Kashmir economy especially on Tourism sector

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Tourism is rapidly emerging as major and critical sector of economy around the globe, as the ability of tourism to earn foreign exchange and to raise income and employment has been well recognized in economic literature. Also called as 'Switzerland of East' and 'paradise on earth', Jammu and Kashmir -the northern most state of India, has a huge potential for tourism as it is the land of sky-touching snowclad mountains, fresh springs, extensive green lush meadows, sprinkling lakes and valleys (especially Nubra, Bangus, and Lolab) besides a huge number of pilgrimage and archeological sites.

However, the onset of cross-border terrorism and insurgency since 1989 has led to massive socio-economic downswing with economy as its major casualty in general and tourism in particular. There is a direct relationship between armed conflict and economy of the state as armed conflict has led to decline in employment, handicraft business, agriculture production and tourism count, even the basic infrastructure like power supply, roads, communication system and drinking water remain poor because resources are diverted to counter-terrorism activities. Tourism which was once considered as backbone of Kashmir economy saw a major dip since 1989 with its share in state gross domestic product (GDP) falling below 10%. Terrorism often causes cancellations and withdrawal of travel plans to certain destinations thus indicating the tourism industry as extremely indestructible. In the proposed study we have tried to analyse and identify the impact of this armed conflict and cross border terrorist subversive activities on the economy of state with special reference to tourism sector. The proposed study by employing the help from primary and secondary sources will also seek to analyse psychological barriers affecting tourists to arrive here, besides finding the relationship between presence of security forces and inflow of tourists.

**Keywords:** *Jammu and Kashmir tourism, unemployment, terrorism, tourism potential, strikes and curfews, Economic loss.*

## 1. INTRODUCTION

Also known as business of travel, tourism is "the temporary movement of people outside their normal place of work and residence, the activities undertaken during their stay in those destinations and the facilities created to cater to their needs" (Mathieson and Wall, 1982, p.1).

Tourism is one of the rapidly growing sectors of the world economy. Tourism is considered a major tool of economic development round the globe and in the recent decades, it has proved its potential by emerging as the fastest growing industry, contributing about 9% to global Gross Domestic Product (GDP). Jammu and Kashmir (J&K) also known as the “Paradise on Earth” is among the most important and historic tourist destinations of the world. It consists of three regions namely Jammu, Kashmir and Ladakh. All these regions are well known for tourism potential all over the world. Kashmir Valley is known for its natural beauty and cultural heritage with rare concoction of mountains, lakes, forests, fertile land, tulip gardens, splendid blue skies. Likewise Jammu, also known as, “City Of Temples” is an important destination for pilgrimage tourism, with Ragunath temple, Vishno Devi temple and Bahu fort as major tourist attractions. Similarly, Ladakh, also known as, “Moon on Earth” with its naked peaks and barren lands is a famous destination for the adventure tourism. Apart from it, the state of Jammu and Kashmir has huge potential for Eco-tourism, Adventure tourism, Pilgrimage tourism and Medical tourism. Despite having such a huge tourism potential, tourism sector in the state is presently in shambles because of the ongoing insurgency and violence which have engulfed the state since 1989. The India-Pakistan conflict over Kashmir is rooted in competing claims to the territory, which has been divided since 1948 by a military line of control separating Indian-administered Muslim-majority state of Jammu and Kashmir from Pakistan-controlled Kashmir. The dispute is tied to the national identities of both countries. Thus, due to decades long violence economy of state got a strong Jolt, especially tourism sector, as history bears witness to the fact that whenever and wherever militancy or political movement found its roots in any part of the world, the economy of that region became the major casualty. It is true of Kashmir region as well since 1989. The major focus of the paper is to analyse and identify the damages inflicted by militancy and terrorism related activities on economy and its allied sectors especially tourism industry of state.

## II. METHODOLOGY

The methodology of the present study is based on a sound research design which is broadly consisted of primary as well as secondary data collection, followed by data processing and report writing.

The primary data is collected from the following stakeholders in the tourism set-up:

Officials / Staff of hotels.

Local inhabitants / Shopkeepers / Tourist Guides.

Artisans, Craftsmen.

Travel Agents / Tour Operators.

Other related agencies and persons.

**The secondary data is collected from various sources, primarily**

Jammu and Kashmir Tourism Development Corporation.

Tourist Reception Centers.

Directorate of Tourism, Govt. of J & K.

State Directorate of Economics and Statistics.

Census Reports.

Economic surveys.

### III.IMPACT ON ECONOMY

Armed conflict and violence anywhere in the world affects economy directly and Kashmir is not an exception as such. Cross-border terrorism with other insurgent activities has been rampant in the Kashmir Valley since 1989, leading to massive socio-economic downswing, as the conflict has affected all important sources of livelihood of local populace such as agriculture, horticulture, tourism and handicraft industry, with many traders having to shift their trading centers from Valley to other parts of the country and few others forced to look for an alternative source of income to survive the economic crisis. Similarly, because of erosion of tax base, increase in expenditure, depletion of infrastructure and various other factors related to law and order, the State income over the years did not grow. It should be noted here, that the economic cost of the conflict cannot be confined to a particular sector of industry or investment prospects, rather it had affected all the important sources of livelihood of local people, even the basic infrastructure like power supply, roads, communication system and drinking water remain poor because resources are diverted to counter-terrorism activities. Likewise silviculture is not possible any more since forests of the state have become perfect hiding places for terrorists while their presence negatively impacts the forest work making patrols difficult and dangerous which further helps timber smugglers continue unabated loot of forests.

Similarly there is a clear connection between terrorism and increasing unemployment as well. Statistics have shown that unemployment rate has declined from 44.3 percent in 1981 to 24.6 percent in 2016 (Economic survey, 2016). State of Jammu and Kashmir has been lagging behind most of the states of the union of India so far as the 'ease of doing business' as well as Gross domestic product (GDP) is concerned. According to World Bank report (2016) the rank of Jammu and Kashmir in ease of doing business and Gross domestic product stands at 22<sup>nd</sup> and 21<sup>st</sup> respectively, which is quite dismal considering the economic potential of the state. The reason for the slow growth of the State of J&K can be primarily attributed to the climate of armed struggle in Kashmir since the early nineties. Likewise because of armed conflict other sectors like education, horticulture, agriculture also received a strong jolt and were badly affected. The killing of Militant commander Burhan Muzaffer wani in July 2016 paralysed the life and all other development-cum-economic activities especially in valley for almost six months and which led to the loss of state economy worth 16 thousand crores (Economic survey, 2016). The education sector in Kashmir has suffered the most irreparable damage due to encounters, protests, strikes and shutdown calls which have become now the order of the day in Valley. The continuing disturbed environment has resulted in complete disruption of academic schedules. On an

average, schools, colleges, training institutions and universities remain closed for at least one or two days every week. The years 2008, 2012 and 2016 were devastating years for state's education sector as these years witnessed complete loss of academic sessions because of turmoil. In 2016, 10th class and 12th class exams held in November, 2016 covered hardly 40% of the total curriculum. Similarly, classes from First to 9th had to be given mass promotion. Also, the state lacks behind in literacy rates which stands at 68% against 74% national literacy rate (census, 2011). Apart from disrupting economy, education, employability, people, culture and heritage, health and hygiene, terrorism has also led to disruption of law and order from Kashmir Valley providing a fertile ground for corrupt practices. Jammu and Kashmir topped the list of most corrupt states of country in 2016 and in 2017 out of 20 states, and households experiencing corruption in public services during last one year was highest in Karnataka (77%) with J&K (44 percent) at 5<sup>th</sup> place according to CMS-Indian Corruption Study (CMS-ICS) 2017.

#### IV. IMPACT ON TOURISM SECTOR

Tourism industry is highly sensitive to issues of law and order. When the law and order is not working, tourism is certain to be affected. Peace is very prerequisite for the promotion of tourism in any place of the world. Jammu and Kashmir known as 'paradise on earth' for its unmatched beauty has huge tourism potential. But, unfortunately, tourism which was thought to be the backbone of Jammu and Kashmir has been drastically affected with the onset of the armed conflict. The state which was the favored destination of the tourists till 1990 has been deserted of the tourists for a very long time. Armed conflict spanning over almost three decades, has ravaged the tourism sector of state with its share in state Gross domestic product falling below 10%. Strikes, curfews, stone pelting prevent the tourists from visiting the state. According to the Jammu and Kashmir's Economic Survey, total number of tourists to state was 1.9 crores in 2013, which declined to just 27.68 lacs in 2016, (including Amarnath and Mata Vishnodevi pilgrims) as shown in the following

**Table - 1.**

<b>Table -1:- Tourists' arrival from 2008 to 2016)</b>					
<b>Year</b>	<b>Kashmir Valley</b>		<b>Jammu</b>	<b>Ladakh</b>	<b>Total State</b>
	<b>Amarnathji</b>	<b>Domestic/ Foreign</b>	<b>(Mata Vaishno Devi Ji)</b>	<b>Domestic/ Foreign</b>	
2013	353969	1171130	9287871	137650	10950620
2014	372909	1167618	7803193	181301	9525021
2015	352771	927815	7776604	146501	9203691
2016	220490	403442	2135482	8659	2768073

**Source:- Economic Survey 2016, J&k**

As large section of the population of the Kashmir valley directly or indirectly are dependent on the Tourism industry e.g., houseboat owners, shikhara owners ,artisans and craftsman etc. they suddenly found themselves without an occupation and no means of livelihood ,when the massive tourist industry got setback in 1989 (Sundarajan, 2006). While looking at the the years 1987, 1988 and 1989,we findthat the total expenditure by tourists was `15252, 15322 and 12399 lacs which fell down to `324, 247 and 435 lacs because of low tourist inflow during the years 1990, 1991 and 1992 respectively. Thus there was a decrease of 97.66% in the expenditure by tourists during the years when turmoil was at its peak. In view of the little flow of money, the people associated with this sector suffered heavily, due to which there was increase in poverty. Also shopping malls, recreational and transport facilities time and again became the victim of turmoil; some hotels are either occupied by security forces andmany got blazedinanti-militancy encounters. Thenumber of foreign tourists to Kashmir has drastically decreased from 67762 during the year 1989 to just24516 in 2016. Similarly,if we look at the contribution of tourism to foreign exchange earnings, the figures show a substantial decrease in foreign exchange earnings over the years because of conflict.

The year 1987, pre-terrorism period was the last big revenue generating season for Jammu and Kashmir tourism, and accounted for approximately 10% of the State's income, while the following 28 years contributed virtually nothing. The international tourists constituted a significant percentage of the tourists visiting Kashmir, who spent large sums on handicraft products, and invested in adventure sports like trekking, skiing and rafting. However, there have been series of headline grabbing incidences, especially the one in 1995 when some foreign tourist trekkers were kidnapped by terrorists, among whom one was be-headed, one escaped and other four untraced, who were later declared as dead, which proved to be a major blow for FTAs (Foreign Tourist Arrivals). As a consequence of this specific incident negative travel advisories to visit Kashmir were issued by foreign nations, adversely affecting the tourist revenue generated by foreign visitors. Besides foreign nationals, Indian tourists were also targeted especially Amaranth yatris . The Srinagar International Airport witnessed three major terror attacks and Srinagar was once declared as the most threatened site in India by the World Monuments Fund (WMF), placing it on the 2008 List of Most Endangered Sites. It is estimated that the State of Jammu and Kashmir lost around 57 million tourists from 1989-2016 leading to a tourism revenue loss of 7.36 billion USD and consequent high unemployment.

Nowlet us have a look at the relationship between turmoil -tourism and employment . Nearly 1094 houseboats in Dal Lake, Nigeen Lake and River Jhelum and all those people employed in their running were rendered idle, after the onset of armed conflict,thus forcing them to look for alternative sources of income. To study the relationship between turmoil, tourism and employment, data has been collected from sampled hotel owners, houseboat owners and shikhara owners with the help of interview schedules. The responses from these respondents is presented in Table -2



<b>Table -2: Relationship between Turmoil-Tourism and Employment</b>			
<b>Impact of Turmoil on Tourism</b>	<b>Houseboat Owners (percentage)</b>	<b>Hotel Owner</b>	<b>Shikara Owners (percentage)</b>
<b>Change in Occupation during turmoil</b>	75	53	44
<b>Average of Occupancy by Tourists before Turmoil</b>	82	73	70
<b>Average level of occupancy during turmoil</b>	4	5	8

**Source:-** Field Survey

Owing to unemployment, chronic poverty and economic problems about 75% of Houseboat owners changed their occupation during turmoil. Similarly 53% Hotel owners and 44% Shikhara owners also changed their occupation. It is also clear from the above table that the average level of occupancy before turmoil was 82%, 73% and 70% of Houseboat owners, Hotel owners and Shikhara owners respectively which decreased to 4%, 5% and 8% of the Houseboat owners, Hotel owners and Shikhara owners. This fall in occupancy rate level contributed to the unemployment in the state.

The employability in this sector will continue to be volatile as any terror attack would mean loss of business for tourism industry and impact handicraft, carpet industry, hotel industry which are majorly dependent on tourism. The handicraft industry, providing employment to more than 300,000 people, has witnessed a drastic dip in the production of art work like paper mache items, wooden art-ware and Kashmiri rugs, which are highly appreciated and purchased by (international) tourists.

## **V.SUGGESTIONS TO PROMOTE STATE TOURISM**

1. The first and the foremost thing in this regard would be to have a well documented tourism policy because J&K does not have a tourism policy which should give equal rights to all the stake holders involved in tourism related activities like local people, private sector and NGOs. As tourism is mainly a private sector driven industry, it is important for J&K govt. to act as a facilitator and not a regulator with respect to tourism.
2. Infrastructure development with regard to tourism is lacking. We do not have enough space in hotels and resorts to handle the tourist rush in peak seasons, transport facilities are meagre and sanitary conditions are pathetic. So there is a need for proper maintenance and development of infrastructure in J&K.
3. Institute of Hotel Management (IHM), Srinagar, is playing a crucial role in imparting training to the local residents and hence enhancing their skills which matchup with international standards. There is a need to open

more such institutions which will provide proper training to the local people engaged in tourism related activities like guides, tour operators and chefs etc. so that they may be better equipped in handling tourist inflow.

4. There are number of unexplored tourist destinations in J&K because of which it is also known as, “Paradise Unexplored”. Such new virgin tourist destinations need to be explored more and more.

5. J&K tourism needs enough measures to provide proper security to tourists so that a sense of safeness will be felt by the tourists.

6. J&K is one of the best destinations with regard to some new areas which include Adventure tourism, Medical tourism, Polo tourism etc. which needs to be explored and thus giving a new sense of hope to tourism.

7. State should take steps to revive the traditional Handicrafts sector via new innovative methods which will regain its old reputation in the international arena.

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