

Impact of Armed conflict on Tourism industry: A case study of Kashmir province

Ishfaq Mubarak

Research Scholar, Department of Economics, University of Mewar, Rajasthan, India.

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ABSTRACT: *During last two and half decades, Kashmir valley has been under political mayhem. During this havoc hundreds of lives had been laid down. When we look back not only human development index has fell down but also other sectors of the economy has been got set back. The attempt was made to study the impact of armed conflict on the tourism industry of the Kashmir valley, which has over years served as strength of character for the valley in economic terms. Be it employment creation, sources of revenue generation, share in SGDP, sources of linkages to other sectors of economy, tourism has played a vital role over the years. Kashmir, being an imperative tourist destination in India has witnessed downfall because of the ongoing mayhem. The valley has been engulfed in violent situation over past years which have endangered the sustainability of tourism industry. The study accentuates on impact of Armed Conflict on tourism industry and results were found that there lies a negative correlation between these variables.*

Key Words: *: Kashmir valley, tourism, turmoil, economy*

Introduction

The pillars of any state rests on the building blocks of Economy, Environment, Education, Employment and Health care. Although each block is necessary for the stability and growth of a civilization but 'Economy' is the corner stone on which the prosperity of a state rests. Tourism constitutes an important sector of the economy (Aijaz Ayoub, 29 Jan, 2013, gk magazine Kashmir uzma). Various Studies have revealed a long run equilibrium relationship and a bi-directional causality between tourism and economic development of a nation. In other words, Tourism and economic development reinforce each other (Hyun Jeong Kim). Tourism is a process of travelling for pleasure or business or a theory and practice of touring, the business of alluring, arranging, adjusting, and entertaining tourists. Tourism may be global, or within the traveler's state or country. The World Tourism Organization defines tourism more generally, in terms which go "beyond the common perception of tourism as being limited to holiday activity only", as people "traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure and not less than 24 hours, business and other purposes".

Tourism can be internal or international, and international tourism has a profound impact on a country's Balance of Payments. Tourism has become an important, even vital, source of income for many regions and even entire countries. The *Manila Declaration on World Tourism of 1980* recognized its importance as "an activity essential to the life of nations because of its direct effects on the social, cultural, educational, and economic sectors of national societies and on their international relations". For many developing countries, tourism is already a major part of their economy and a significant contributor to income and employment. For example, tourism accounts for about 11.3% of Mauritius's GDP and about 10% of Thailand's GDP (WTTC).

Tourism sector contributes towards economic development in a number of ways. Firstly, Tourism is a labour intensive industry and hence immensely contributes to employment generation of the nation. Secondly, tourism generates important foreign exchange earnings. Thirdly, increase in capital investment in tourism infrastructure and services such as airlines and telecommunication has a multiplier effect on the income of the nation. Fourthly, tourism boosts aggregate demand via raising the level of income and employment in the society and also leads to increase in standard of living of the people.

Aim of Study:

The proposed study aims at to show how armed conflict affects the economy and its sectors. The state of Jammu and Kashmir has been worst hit particularly its tourism industry which had played vital role in economic growth of the state. The present study highlights the impact of armed conflict on state tourism.

1. Jammu & Kashmir Tourism:-

Tourism constitutes an important sector of the Economy. As far as the state of Jammu & Kashmir is concerned, it is well known for its scenic beauty, natural waterfalls, chinars, holy shrines, etc. Tourism in J &

K is one of the weighty sectors of the economy. Being one of the largest service industry, tourism is a significant contributor to the state GDP, Foreign Exchange for the country, provides wide spread employment opportunities, yield tax revenue, etc. J & K has an immense potential for pilgrimage tourism as well. It attracts a large number of Pilgrims from various parts of the country. Pilgrimage tourism thus provides an extra boost to the state economy.

The state of J & K is divided into three Divisions, viz, Jammu, Kashmir and Ladakh. Jammu is called the “City of Temples”. Jammu is well known for its ancient temples, Hindu Shrines, gardens and forts. The Hindu Holy Shrine of Mata Vaishno Devi shrine in Jammu division attracts tens of thousands of Hindu devotees every year. The charming divinity at Raghunath temple, Ranbireshwar temple, Mahamya temple, Peer Baba and Peer Khoh touches every corner of Jammu to attract tourists. Kashmir is known for its beautiful Lakes, blooming Gardens, green meadows and had won epithet of heaven on earth or Switzerland of east. Kashmir’s natural landscape has made it one of the famous tourist destination places for adventure tourism in South Asia. Ladakh is famous for its picturesque beauty, unique culture, Buddhist monasteries and exciting adventure sports. Leh, Ladakh’s administrative capital is a tourist heaven with its beautiful surroundings and monasteries, in addition to the wonderful trekking routes.

It is worth mentioning here that the divisions of Jammu and Ladakh are almost out of the conflict zone. So my centre of focus is Kashmir Division, where armed conflict is hindering the growth of tourism sector, as well as of the overall state economy.

3. Review of Literature:

Since old times, Jammu & Kashmir was among the most famous travel destinations of India due to its natural beauty and being “a seat of great learning” (Mohammad, 2006, p.42). However, with the rise of violence the number of tourists drastically decreased which caused serious problems for the locals who heavily depended on the revenues of tourism. When we look from the psychological point of view of the decision making process of travelers, the decline of tourist arrivals is a logical consequence of rising terrorist activities since people choose their holiday destination according to the most benefits and least costs, i.e. risks (Sonmez & Graefe, 1998) whereby a destination with frequent terrorist attacks are usually perceived as high cost. The Kashmir dispute has always been seen as a fight for freedom and the right of self determination by Pakistan who “pledged moral, political, and diplomatic support to the Kashmir cause” which also “included material support to the fighters of Kashmir” (Akhtar, 2007). Contrarily India perceives the Kashmir issue as a matter of terrorism in the first place and accuses Pakistan to be at fault by “sponsoring and supporting cross border terrorism” (Akther, 2007,). Moreover the occurrence of 9/11 gave India the opportunity to involve the Kashmir issue in the current War on Terrorism and “to draw maximum benefit from the changed international opinion in favor of fighting terrorism lock stock and barrel” (Akther 2007). Most of the top scholars believed that the Kashmir conflict which is always perceived as a religious conflict is basically not a religious conflict but a political one. It is only to give it a shape of terrorism it has been framed into that situation. As we can easily draw conclusions from the above mentioned statements and there is a great amount of studies (Poland 1988; Toman 1991; Schmid & Jongman 1988 cited in Sönmez & Graefe 1998) that support the argument that the actual definition of terrorism cannot be used in the case of Jammu and Kashmir. So taking the context further the impact of the conflict has not only taken the thousand and lakh’s of lives it has also shattered the economic development of the state. Tourism can also help local communities to engage in economic activities and broaden the dimension of inclusiveness and development in the State (Bhat A, A 2018). The state which is very rich in all the natural resources and other things is lagging very much on their economic aspect. The main reason is the armed conflict. So in this study I have tried to identify the impact of armed conflict on the tourism sector.

4. Impact of Armed Conflict: - As noted earlier, armed conflict plays a backwash effects on overall development of the state and tourism sector in particular.

4.1. Impact of armed conflict on the Economy of Jammu and Kashmir:-

Terrorism imposes considerable economic effects on societies and will not only lead to direct material damage, but also to long term effects on the local economy. The identification and the estimation of these economic effects of terrorism have received wide attention in economic literature and research during the past few decades. Primary economic impact of terrorism “refers to the effects which arise from the immediate aftermath of a terrorist activity”. These effects include the physical destruction of objects, and the human casualties (injuries and losses of human life). There is an open relationship between the armed conflict and economy of the state. Armed conflict has led to a fall in handicraft business, agricultural

production and number of tourists, especially in the late 1980"s (Mahapatra, 2007). Even basic infrastructure like power supply, roads, communication systems and drinking water remain poor because resources are diverted to counter-terrorism activities (Mahapatra, 2007). Likewise silviculture is not possible anymore since Kashmir's forests have become the perfect hiding place for terrorists. Inevitably there is a clear connection between terrorism and increasing unemployment as well. Statistics have shown that the employment rate declined from 44.3 percent in 1981 to 36.6 percent in 2001. Considering the fact that government is almost the only employer (due to the lack of private investments). Another worth mentioning cost of violence is the waste of human talent" and "loss of creativeness that has stunted development and has compelled people to think only of survival not of development (Mahapatra, 2007). Quality of education has suffered drastically since schools and colleges are often closed or even come under fire because of terrorism related activities (Jarudi, 2002). What remains are thousands of low level educated students with no hope for a job, forcing them to enter into terror groups. Hundreds of local boys turned to militant training across the border. The basic cause is not ideological or the jihad factor. Many went because they have almost nothing here. No future, No job, No hope. If they had hope, they would not go" (Jarudi, 2002). This evolution gave the aggrieved party the opportunity to demonstrate their pain against the government, however, those who conceived a little chance to find employment elsewhere and had enough funds to leave Kashmir migrated to various parts of India (Ahmad & Hussain, 2011). As a matter of fact, Jammu & Kashmir's economic growth could not keep up with the growth at national level (Ahmad & Hussain, 2011) and can exhibit only 5.27 percent annual growth during the first three years of the tenth five year plan in comparison to the national average of 6.6 percent (Finance & Planning Commission, 2007). Similarly, "in 2007, the per capita income of the state was only two-thirds of the national average in India" (Finance & Planning Commission, 2007). The economic cost of the conflict cannot be confined to a particular sector of industry, but it had altered the important sources of livelihood of local people such as tourism, horticulture and handicraft industries also (Ahmad & Hussain, 2011). Nevertheless, terrorism and violence are not the only cause for Jammu & Kashmir's economic depression but "poor policy management, corruption and lack of infrastructure" as well (Mahapatra, 2007).

4.2. Impact of armed conflict on the tourism of Jammu and Kashmir:

Tourism which was thought to be the backbone of Jammu and Kashmir has been drastically affected by the evolution of the armed conflict. The state which has the favored situation for the tourists till 90"s has been deserted of the tourists for a very long time. Terrorism often causes cancellations and withdrawal of travel plans to certain destinations; though indicate the tourism industry as extremely indestructible (Chauhan & Khanna, 2009). The negative news by most of the international and national news channels makes it improbable to the people around the world to visit Jammu and Kashmir, because the way they present the news makes Jammu and Kashmir the terrorist paradise (Buckley and Klemm, 1993). Further it is suggested that locals and foreigners are equally likely to be involved in a crime scenario which causes the crucial variable "fear of the unknown and the risk" (Chauhan & Khanna, 2009). The news channels and reports play a very significant role, the way they make situation worse in Kashmir, no one else has contributed to that. They make the dead bodies speculative in their news channels like they are showing some sort of miraculous things not keeping in view the psychological impacts they have on people. (Ashraf, 2008). Moreover, the attack on the tourists is perceived as attack on the government that is why tourists are sometimes attacked to show their anger against the government (Ryan, 1993). In Jammu and Kashmir many such incidents have taken place where the people from the resistance have attacked the local and foreign tourists. So in this study I will try to identify the impact of armed conflict on the tourism of the state.

3. Methodology:

Data source and sample size:

The data has been collected from the secondary sources. The data regarding the number of tourists who have visited Jammu and Kashmir is collected from the JK tourism website. The data for number of fatalities due to the armed conflict has been collected from the south Asian war Statistics report. The data has been collected from year 1988 to 2012. The data for the two variables has been collected for 25 years from the time the conflict has started and to 2012.

3.1 Statistical methods and development of model:-

Firstly, the graphical representation to make comparison between the percentage change in number of fatalities and the percentage change in tourist count is shown. Then a correlation analysis has been carried to identify the degree of relatedness between the variables. I have used simple linear regression model to identify the impact of armed conflict on the Tourist count of the state. The regression equation can be written as:-

$$X_i = \alpha + \beta Y_i + e \quad \text{eq. (1)}$$

- X_i = tourist count for different years
- Y = number of fatalities due to armed conflict for different years
- $\alpha + \beta Y$ = parameters
- e = error term

So by this model I will be able to identify the impact of armed conflict on the tourism sector of Jammu and Kashmir.

In this second section of the study, we tried to identify the impact of armed conflict on the tourism of the state of Jammu and Kashmir. We have first of all plotted a graph between the tourism count and number of fatalities due to armed conflict, and then we have identified the cause and relationship analysis between the two variables using linear regression. The following graph clearly shows a negative relationship between the two variables as with positive change to the number of conflicts it is drastically reducing the tourist count as we can clearly see from the graph. While we have identified the correlation between the two there were found to be negatively correlated. A negative correlation of -0.64 was found between the two variables which is a very high value. As tourism has been found to be one of the most important sectors of Jammu and Kashmir economy, the decline in this sector has drastically affected the overall economy of the state.

Now to identify the extent to which the armed conflict has affected the overall tourism count a regression is being run between the two variables to identify the extent of the impact.

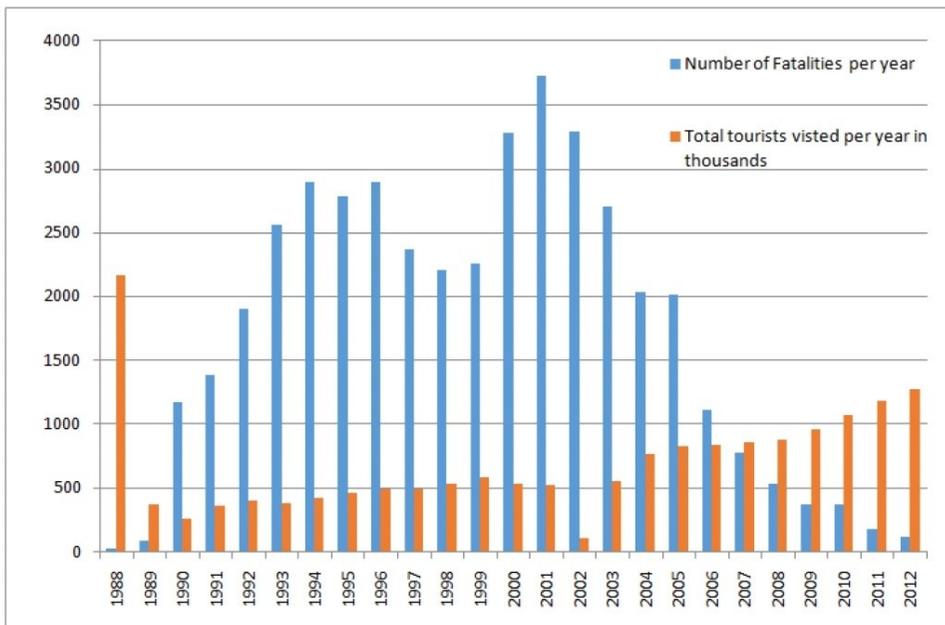
$$X_1 = \alpha + \beta Y + e \quad \text{eq. (1)}$$

Here: X_1 = tourist count for different years

Y = number of fatalities due to armed conflict fore different years

α, β = parameters

e = error term



Source: www.jkgov.in

When the regression was run between the two variables the results were found to be statistically significant at 1% level of significance. The model has been tested for the different assumptions. The impact of armed conflict on the economy of the state will be highlighted from the following estimated regression equation using OLS regression model. The fitness of the model was calculated through R^2 and the value of R^2 was found to be 0.64 which means model explains 64% of the change in one variable with respect to the other. So the final estimated regression model will be $Y_1 = 1096.076 - .232X + \mu$. The following model suggests that with every 1% change in the number of fatalities there is a negative change of .232%. This has also been shown by the graph clearly which shows a negative correlation between the two. So from this result I, have found that tourism is very heavily affected by the armed conflict and also we have quantified the impact of every unit increase in the conflict.

This armed conflict has not only affected tourism sector of Jammu & Kashmir, but also affected the overall economic growth and development process of the state, as tourism constitute an important sector of the state. There is also a negative correlation between armed conflict and Net State Domestic Product (NSDP), by which we measure the growth process of an economy.

Conclusion

The armed conflict has shaken the tourism sector which has played pivotal role in nurturing economy of the state. So to identify the impact of armed conflict on tourism it has been clearly found that there is a negative impact on the tourism industry of state by armed conflict and the cause and effect relationship was found using regression model.

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