The Political Economy of the Maoist Conflict in India: An Empirical Analysis

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Summary. — We study the Maoist/Naxalite conflict in India by constructing a comprehensive district-level database combining conflict data from four different terrorism databases to socioeconomic and geography data from myriad sources. Using data on 360 districts for three time periods, we find that land inequality and lower incomes are important factors behind the conflict. Exploiting the micro structure of the data we show that growth of incomes of Scheduled Tribes significantly decreases the intensity of the conflict. Finally, we show that historical property rights institutions from colonial times that go back centuries affect present day conflict outcomes.
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1. INTRODUCTION

In recent years the relation between economic performance and civil conflicts has generated a considerable amount of interest among economists. Within the span of a few years a lot has been written on the subject. A good part of the literature has taken a cross-country approach using aggregate data to identify the causes of civil conflicts.[1] However, there is a small but burgeoning literature showing that going to the sub-national-level is key. Conflicts are often localized, and have to do with the unequal spatial distribution of resources within countries. Thus, treating countries as being homogeneous is often problematic. In addition, the use of aggregate data in most studies limits the kind of questions one can address. For example, if ethno-linguistic diversity is shown to have an impact on the probability of conflict, aggregate data do not allow us to determine whether this is solely picking up the effect of cultural diversity or whether it is also proxying for economic heterogeneity across groups. To address this question, one needs microdata that give information on, say, income at the level of different ethnic groups.

This paper uses micro data at the sub-national level to analyze the Maoist (aka Naxalite) conflict in India. The conflict started as a localized land conflict in Naxalbari (hence the name Naxalite), a village in West Bengal in 1967. However, it has seen a terrifying increase in dimensions only in the last decade. In the period 2004–10 there have been more than 5,000 lives lost (even by official estimates). Including the number of wounded and displaced would make the figure many times higher. In fact, it has been identified as "the single biggest security challenge to the Indian state" by Dr. Manmohan Singh, the Prime Minister of India. While on paper the aim of the movement is to establish a "people's democratic state under the leadership of the proletariat" (Harris, 2010), at the heart of the conflict is land (rights, acquisition and its unequal distribution) and "in practice land redistribution appears to be one of the main goals" (Iyer, 2009). In addition, there is an ethnic/caste element to the conflict, as some tribal groups are at the lower end of the income distribution, and feel they are being left behind the rising tide of the Indian economy in the last decades (Guha, 2007).

Although the conflict has spread over several states across India, by no means is it affecting all regions in the same way. The goal of the paper is to exploit this spatial heterogeneity to understand the sources of the conflict. In particular we try to address some of the following questions: How important is land inequality? Are tribal groups resorting to violence because of being left behind? Does the spatial heterogeneity in colonial institutions help us explain the current distribution of violence?

With the above goal in mind we use district-level conflict data for the period 1980–2009 along with socio-economic and geographic data from multiple National Sample Surveys (NSS), Censuses etc. to build a district-level data set. To account for differences across tribal groups and castes, we use microdata to construct economic variables at the level of these groups for each district. This gives us a comprehensive dataset of 360 districts (for the 16 main states which constitutes >90% of the population) over three time periods. We use Probit regressions to explain the probability of conflict and Negative Binomial regressions to explain the intensity of conflict at the district level. The main findings of the paper are listed below.

A first finding is that land inequality is one of the key correlates of the conflict. Land inequality reflects not just the inequality in the distribution of land but also differences in the socio-economic lives of people in a predominantly agrarian society. Moreover, it also implies more scope for inadequate

compensation under land acquisition. As expected district income also comes out to be a significant correlate of the conflict.

One often heard argument is that tribal groups and lower castes are resorting to violence because their groups are not equally benefiting from the high rates of growth. We find that a lower growth in incomes of the Scheduled Tribes significantly increases the intensity of conflict. Moreover, in some of the specifications, we find that the presence of the Scheduled Tribes in the district leads to more conflict.

We also find that historical institutions matter. Class antagonism driven by land institutions that have lingered for centuries has a significant impact on both conflict presence and intensity. Districts where land rights were traditionally enjoyed by landlords have higher conflict compared to districts where land rights were traditionally with the farmers themselves.

Finally, we observe some interesting temporal patterns in the data. While land inequality is an important correlate of conflict throughout the period under consideration, its relative importance declines over time. On the other hand, to start with, income and the presence of tribal people are not that important, however, over time the conflict shifts to poorer areas and areas with more tribal people.

The existing literature has witnessed several different approaches to empirically identify the causes of civil conflicts. There are two clear directions in which this literature needs progress. The first direction is using sub-national micro data in order to overcome the shortcomings of the cross country analyses. The second crucial issue is to establish a causal relation between conflict and its determinants.

With regard to the use of cross country data in the analysis of civil conflict, Do and Iyer (2009) point out two caveats: (1) Data might not be comparable across countries. (2) Reasons for the conflict might vary from country to country. Another serious shortcoming of such studies is that they ignore the within country heterogeneity by treating the country as a unit of observation. Conflicts are often localized and depend on the unequal spatial distribution of resources within the country. For example, in the context of the Maoist conflict in India, in West Bengal, one of the severely affected states, the conflict is very pronounced in the Midnapore and Puruliya districts while it is completely absent in districts like Howrah, North and South 24 Parganas.[2] This is the kind of heterogeneity that one cannot take into account using even states as units of analysis. Moreover, by making use of micro data we can take into account the differences in incomes of disadvantaged groups vis-a-vis others and also the heterogeneity in the distribution of these groups.

The other critical issue in this literature is establishing a causal relation between conflict and its determinants. This is due to two main problems, as highlighted by Do and Iyer (2009). (1) There might exist unmeasured factors that affect both conflict intensity and pre-conflict characteristics. (2) Districts that are experiencing more violence might also be districts that have experienced high past conflict. Some recent studies have tried to address this issue using an instrumental variable approach (Ciccone, 2010; Dube & Vargas, 2013; Miguel et al., 2004). When clear instruments have not been available authors have tried to use data on covariates from the pre-conflict period in order to prevent endogeneity arising out of reverse causality (Do & Iyer, 2009; Mitra & Ray, 2014). Following in the same vein, in this paper we use data from the pre-conflict period, and control for an exhaustive set of covariates including the presence of past conflict.[3]

As far as the literature on the Naxalite conflict itself is concerned, there are very few rigorous empirical studies. Barooah (2008) relying on a simple cross section OLS analysis finds that the probability of conflict in the district is increasing in the poverty rate and is decreasing in the literacy rate. Hoelscher, Mikilian, and Vadlamannati (2012) also using a cross section and relying on probit and negative binomial techniques, find forest cover, prevalence of conflict in the neighboring district and presence of Scheduled Castes and Tribes to be important. Gawande, Kapur, and Satyanath (2012) using a district-level panel find that negative natural resource shocks increase the intensity of conflict. Vanden Eynde (2011) on the other hand, also using a district-level panel, finds that negative labor income shocks increase violence against civilians to prevent them from being recruited as police informers. While all these papers are important for understanding the nature and causes of the Maoist conflict in India, they ignore some important factors like land inequality, historical land institutions, and the exclusion of the tribals in India, which are crucial for understanding the conflict.[4]

Thus, to summarize, this paper contributes to several different strands of the literature. The first strand is the research using sub-national-micro data exploiting the spatial heterogeneity within a country and the micro characteristics of the data to pin down the causes of civil conflict.[5] This is a clear progress over existing cross country literature. Moreover, we show how horizontal inequality in growth rates matters rather than growth itself. We see that while overall growth, or the lack of it, does not affect the conflict, the low growth in incomes of the Scheduled Tribes significantly increases the intensity of conflict, controlling for income growth of other ethnic groups. Finally, this paper also contributes to the broad class of literature that traces divergences in current economic outcomes to differences in historical institutions in a country. We show that, in addition to economic underdevelopment, land relations and historical institutions within a country could lead to conflict.[6]

In the next section we provide a brief historical background of the Maoist conflict in India. In Section 3, we list the main hypotheses of the study. In Section 4, we present our empirical analysis and results. In Section 5, we discuss our empirical findings in light of the theoretical conflict literature, and finally in Section 6 we conclude.

2. THE MAOIST/NAXALITE CONFLICT

The start of the Maoist conflict is marked by a peasant uprising in the year 1967 in Naxalbari, a small village in the Darjeeling district of West Bengal. It started off as a localized land dispute between tribal farmers and local landlords which later resulted in an escalation of violence which the state had to step in to control (Kujur, 2008).

After West Bengal the movement spread to the state of Andhra Pradesh where the formation of the People's War Group (PWG) in 1980 marks the revival of the movement post the Naxalbari uprising. It has since then spread across various states in India including Bihar, Jharkhand, Madhya Pradesh, Orissa, Chhattisgarh, Maharashtra, and Karnataka across many districts and has existed in varying degrees across the country.[7] However, it was the 2004 merger of the PWG with the Maoist Communist Center (MCC) that led to the formation of the Communist Party of India-Maoist (CPI-Maoist) that marks the modern revival of the movement and followed a huge rise in insurgency and violence thereafter.

While the term "Naxalite" comes from the place of birth of the movement the term "Maoist" is used due to the Maoist