

Demonetization: Impact on Combating Naxalism

SYNOPSIS

Introduction

With the aim of curbing corruption, black money, combating Naxal movement, eliminating counterfeit currency, and terrorism funding, honorable PM Narendra Modi on 8th November, 2016 announced the demonetization of higher denominations of ₹500 and ₹1000. Since then, it has achieved many of its objectives, and combating the Naxal movement which affects India's 106 districts, is one of them.

Naxal movement has been one of the longest interior arm conflicts faced by any country. Recent data from home ministry proves that Naxalism in India is at its all-time low. However, there has been no significant study to substantiate the impact with on ground empirical research. In this background, PPRC (Public Policy Research Centre) commissioned this study.

The research study is based on primary and secondary data on the effects of demonetization on LWE, qualitative and quantitative. Case-study is primary tool of analysis. This research work assumes that demonetization was the only new variable during the period.

The research team visited Rajnandgaon, Sukma, Bijapur, and Narayanpur which were selected based on their ranking in the aspirational districts program and Naxal movement. Consultations were undertaken with Gram Sabhas, district headquarters, media organizations and Civil Governance officials, Police officers, current and surrendered Naxals and local tribals. Research was conducted in two phases, spanning over 2300 km, 33 villages and interviewing over 500 people.

Naxalism

Started as an ideological movement in the late 1960s from a small place in West Bengal, it has today affected 106 districts. From 1996, over 15,000 lives lost due to LWE. Several parts of the country witness unchallenged movement of Naxalites even today.

Money Matters: Funding involved in the Naxal Movement

It was learnt that Naxalites collect the required sums annually. According to their scheme of things, they envisage collecting thrice their annual requirement (one year's requirement, plus one year's reserve and an additional one year's requirement). The annual collection from Chhattisgarh alone ranges somewhere between Rs 350–400 crore. Demonetization by invalidating the notes of higher denominations curbed the financing of the Naxal movement, and the cash stored from their annual collections became useless.

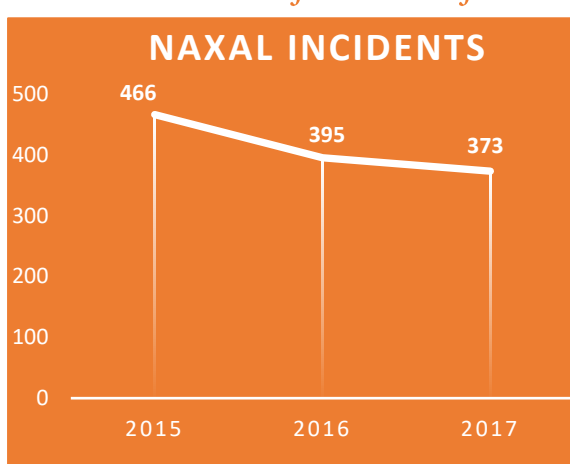
Findings:

The multifold observations range from Demonetization leading to curbing the finances of Naxalism to exposing the involvement of villagers and local contractors, lobbyists, activists, supportive and subordinate organizations.

1. *Demonetization Broke The Backbone Of LWE Movement By Curbing Its Finances:*

The role of monetary resources is very significant in the violence caused by Naxalites to the common people and the security forces. Demonetization, which led to curbing those resources, has been instrumental in highlighting the linkage between the monetary resources accumulated by the Naxalites through different sources and using those resources to unleash barbaric violence on the local tribals and the forces.

2. *Reduced Number Of Incidents Of Naxal Offences:*

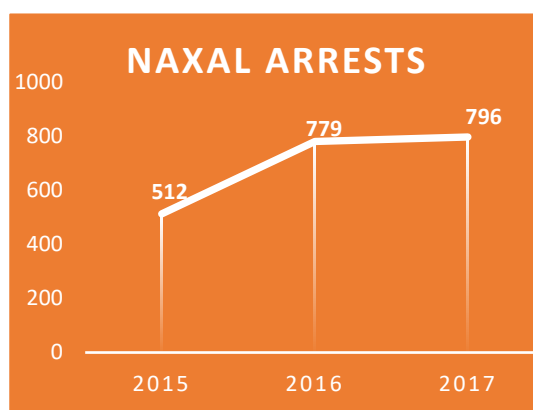


Inputs received from Naxal leaders as well as the police officials give enough evidence to state that demonetization choked the financial reserves of the Naxalites. The cash crunch which led to the lack of necessary resources, Naxalites were not able to implement their strategy of ambush on the forces and hence this decrease in the number of Naxal offences. *Compared to 2015, the number of incidents of Naxal offences decreased by 20% in 2017 in Chhattisgarh.*

3. *Increased Number Of Naxals Arrested:*

There was a rise of 55% in the arrests and surrender of the Naxals in the year 2017 compared to 2015.

The lack of resources to the Naxals caused by demonetization gave an opportunity to the security forces to bring the Naxalites in the mainstream after surrendering with the arms.



4. *Implementation Of Government Projects:*

Previously, construction companies were reluctant to bid for work fearing the Maoist backlash. Due to Naxalite presence, public welfare schemes were not reaching the people in the interior regions. With ample resources at hand, Naxalites enjoyed local support. Post demonetization, as resources were choked, Naxalites were sterilized. No tender for road construction has gone unfulfilled because of Naxalites in the past 3 years. Civil governance is reaching in the interiors. Over 1500 solar pumps were installed in the last two years, in Sukma alone.

¹ Data received from District administration

5. *Reduction in recruitments in Naxal Cadre:*

Government's focus on development projects, creation of employment avenues for the tribals, and supported by bold decisions like demonetization have resulted in the reduction of recruitments in the Naxal cadre. 'Recruitment in Sukma district has come down to a two-digit number', said a local businessman during interview who does recruitments on behalf of the local Naxal leadership.

6. *Developing local intelligence:*

Lack of information and the local intelligence proved to be the most challenging for the forces that are deployed in the Naxal hit areas of Chhattisgarh. The crisis among the Naxal cadre caused by demonetization helped the police officials to engage the local community by providing necessary items like food and medicines through different community engagement programs. In the Civic Action Programme (CAP) initiated by the government, special camps for the awareness and distribution of essential goods among the villagers has also been done continuously and has helped a lot in convincing the people to join the government in uprooting the Naxals, especially after demonetization. All this has helped the police in gaining the trust and confidence of the locals, which has further improved their local intelligence.

7. *Un-masking the Urban Naxals:*

There are several front organizations for propaganda peddling. Kabir Kala Manch, one such organization was recently in the news when many of its members were arrested for their links with Naxalites. Post demonetization, many of such bodies that were used by the Naxals to launder invalidated currency were put under scanner and after several levels of scrutiny, many of them have been banned and blacklisted already.

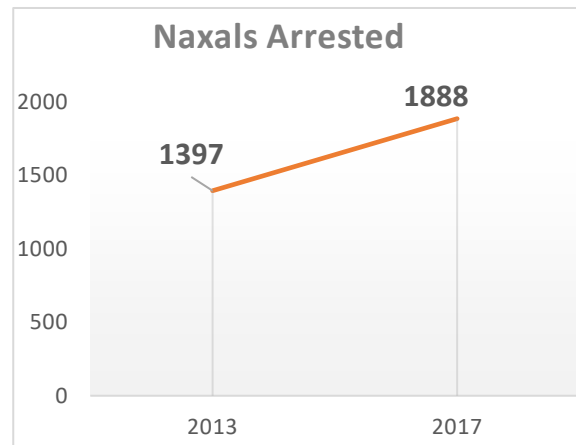
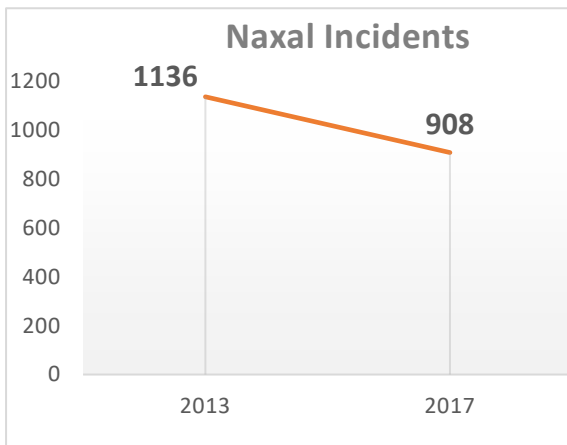
Conclusions

Once a very serious challenge, the effect of Naxalism today has reduced further in the last few years because of the serious efforts by the government and the forces. Some major successes are:

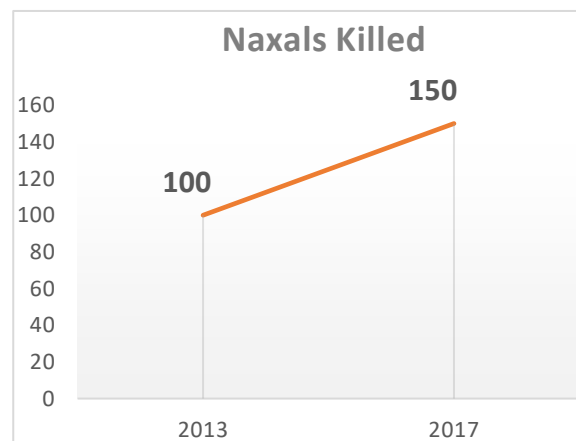
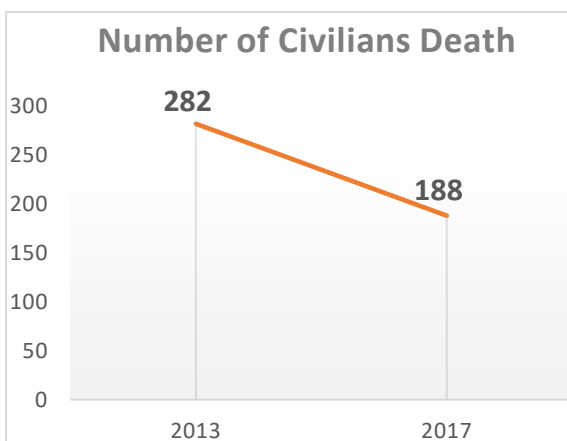
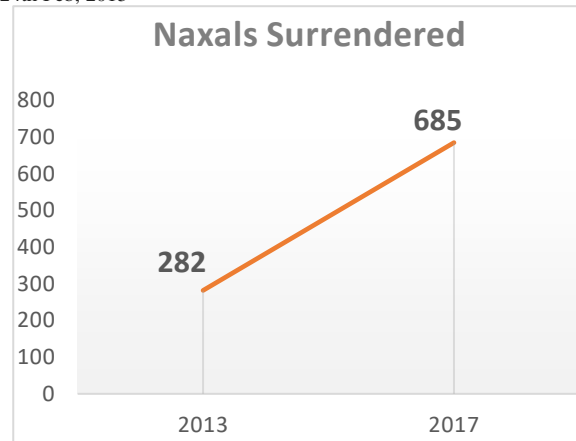
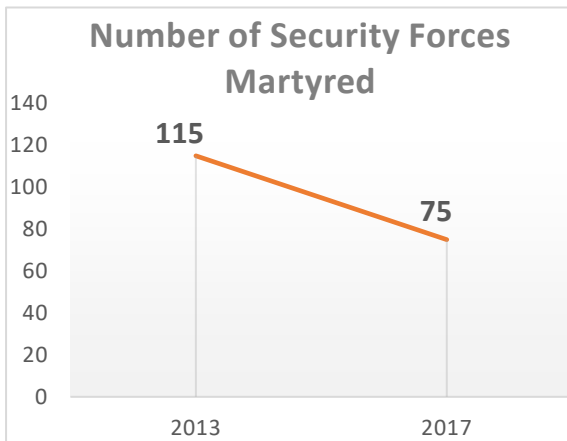
1. The casualty among the security forces has decreased in the past three years. Casualties among Naxalites are higher in comparison to previous years.
2. Naxals are compelled to join the mainstream.
3. The surrender and the rehabilitation policy of the state of Chhattisgarh which was complemented by Demonetization have contributed significantly to the increased number of surrendered Naxals.

Earlier With a clear vision and commitment, the government initiated very strong reforms to control the menace of Naxalism. From launching a special assistance scheme for all the Naxal hit states and the bold measure of demonetization, the central government under the leadership of Prime Minister Shri Narendra Modi and Home Minister Shri Rajnath Singh has effectively put all the resources to end the armed rebellion by the Naxalites. The government has also been very effective in unmasking the true nature of the rights activists who actually support the armed struggle by creating a positive atmosphere for them in the university campuses and the other urban space.

Comparative Study of UPA and NDA in Combating Naxalism at National Level



*Sources: L.S.U.S.Q.NO.1113 FOR 24.07.2018 and L.S.U.S.Q.No- 144 for 24th Feb, 2015



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