

Understanding the Economic and Financial Impacts of Natural Disasters

Abstract

The current research paper attempts to evaluate the impact of Economic and financial Impact of Natural Disasters in the rehabilitation of the affected people by natural calamity occurred at Uttarakhand in June 2013. In order to achieve the framed objectives, the study incorporates data and information from both secondary and primary data sources. The analysis and Interpretation of data in the study area with administration of questionnaire in the affected region. The analysis and interpretation of the data collected from primary survey is presented in the chapter is made with a description of Gaps found in the project study

The study presents the Economic and Financial Impacts of Natural Disaster It takes into account the evolution, consequences of disaster and its impact on the Uttarakhand economy. Post disaster review is taken with role of banks and financial institutions in disaster recovery.

The research paper attempts to evaluate the role of Banks and other Financial Institutions in the rehabilitation of the affected people by natural calamity occurred at Uttarakhand in June 2013. The conclusions and inferences drawn from the study and proposes recommendations for the betterment of Banks and Financial Institutions in the rehabilitation of the affected people in the study area.

Keywords: Natural Disaster, Financial Institutions, Rural Economy, Hills.

Introduction

After being hit by natural Calamity in 2013 Uttarakhand requires more attention than ever before. *The Himalayan tragedy which struck Uttarakhand in 2013 has set back the state's economy and development by at least three years. Estimates put the loss at Rs 100,000 crores.* The PHD Chamber of Commerce and Industry (PHDCCI) has estimated that the state of Uttarakhand has lost a revenue earnings of about Rs. 12,000 crores from its tourism sector alone in the 2014-15 on account of torrential rains that devastated the state. Close to about 11% of state's GSDP has been ruined in terms of prospective tourism earnings on account of the flood in all its riverbeds through which the services sector, specially the tourism industry was flourishing in the state in the last couple of years, points out the assessment of the PHD Research Bureau, the research arm of PHD Chamber of Commerce and Industry.

Uttarakhand depends largely upon agriculture and tourism for its income and this structure is totally shattered after disaster. Manufacturing industries are virtually non-existent in the state. The large portion of the state's population is rural and survives by cultivating food grains. And the other important revenue earner for Uttarakhand is tourism. Uttarakhand nestled in the foothills of the Himalayas, houses a lot of mineral resources which largely contribute towards the industrial development of the State.

The natural disaster hit various small scale Industries which were already in their initial stages of origin. To name a few are Agro Based and Food Processing Industry, handicrafts, Handlooms, Wool Based Industry, Khadi and Village Industries, Wax Based Industry, Agro Based and Food Processing Industry, Biotechnology, Floriculture, Industry based on Herbal and Medicinal Plants, Tea Industry and Forest-based Industry.

In the face of such natural disaster in the rural mountainous areas of the state, the problem of Uttarakhand needs to be defined in terms of effectiveness of Banks and Financial Institutions in the present scenario. A policy framework to generate inclusive growth for disaster hit Uttarakhand needs to be planned for.

The Primary role of Banking and other Financial Institutions is to foster the growth of region. And in the present scenario their role is increased multifold. The functioning of Banking and financial Institutions leads to provide immediate large scale employment and to facilitate an



Pradeep Mangain

Assistant Professor,
Deptt. of MBA,
School of Management,
HNB Garhwal University,
Srinagar, Uttarakhand

effective utilization of resources, capital and skill which might otherwise remain unutilized.

Objective of the Study

The current research paper attempts to understand the Economic and Financial Impacts of the affected people by natural calamity occurred at Uttarakhand in June 2013. The conclusions and inferences drawn from the study and proposes recommendations for the betterment of Banks and Financial Institutions in the rehabilitation of the affected people in the study area. In order to achieve the framed objectives, the study incorporates data and information from both secondary and primary data sources.

The study presents the background and introduction to Natural disaster occurred in Uttarakhand in June 2013. It takes into account the evolution, consequences of disaster and its impact on the Uttarakhand economy. Post disaster review is taken with role of banks and financial institutions in disaster recovery.

Research Design and Review of Literature

It starts with discussing the methodology adopted in conducting the research project and followed by a description of literature reviewed in order to understand the concept, nature, trends and current scenario of role of banks and financial institutions in the rehabilitation of the affected people by natural calamity occurred at Uttarakhand in June-2013. The study adopted survey method using structured questionnaires in order to gather the responses from various stakeholders selected for the study along with the opinion of the managers of Banks and Financial Institutions.

The analysis and Interpretation of data in the study area with administration of questionnaire in the affected region. The analysis and interpretation of the data collected from primary survey is presented in the chapter is made with a description of Gaps found in the project study

In the end Conclusion and recommendation. The conclusions and inferences drawn from the study and proposes recommendations for the betterment of Banks and Financial Institutions in the rehabilitation of the affected people in the study area which can also be applied to the institutions situated in study area.

Consequences of the Disaster

Natural Disaster Causes the floods, landslides, damaged several houses and structures, killing the trapped. The heavy rains resulted in large flashfloods and massive landslides. Entire villages and settlements such as gaurikund and the market town of ram bada, a transition point to kedarnath, have been obliterated, while the market town of sonprayag suffered heavy damage and loss of lives.

Pilgrimage centres in the region, including gangotri, yamunotri, kedarnath, badrinath, chardham four sites pilgrimage centers, are visited by thousands of devotees, especially after the month of may onwards. Over 70,000 people were stuck in various regions because of damaged or blocked roads. People in other important locations like the valley of flowers, roopkund and the sikh pilgrimage centre hemkund were stranded for more than three

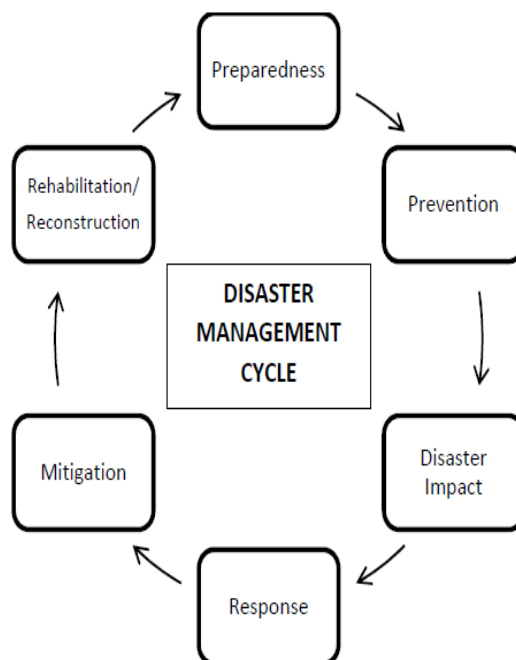
days. The relief needs to be prompt, adequate and of approved standards. Immediate relief in cash or kind is provided to the disaster victims, by the Government and donors, on the basis of losses suffered by them. A systemic and transparent arrangement must be in place for the purpose. The State Disaster Management Authority/ State Government should provide relief to the victims, as per the prevailing norms, after the assessment of losses to the life and property.

The National Policy for Disaster Management (NPDM) advocates that the State shall review the existing standards of relief code and manuals to address the contemporary needs of communities affected by disasters.

Roads in the area are observed to be aligned in close proximity of river, either over the river borne material terrace or over an excavated bench . In case the banks are not adequately protected there exists high probability of such roads being disrupted during high floods. It is therefore recommended that the roads be realigned at places these traverse chronic slip zones or zones of subsidence. The new alignment should maintain respectable distance from the streams.

The disaster management cycle consists of three phases; pre-disaster management, disaster occurrence management and post-disaster management. Completion of one phase leads to the emergence another phase of the cycle.

Disaster Management Cycle



Holistic and Proactive Approach for Effective Disaster Management

The Holistic and Proactive Approach for effective disaster management lies in the understanding of Disaster management cycle. Effective disaster management calls for comprehensive legal and constitutional framework for

preparedness, prevention, response, mitigation and rehabilitation activities encompassing the role of all the stake holders such as Government, Corporate Sector, NGOs and citizens of the country. There is need to imbibe a national culture for safety and resilience. After a disaster, the enforceable right of people to get the relief and rehabilitation needs to be recognized. Powers and responsibilities of emergency managers need to be expressly mentioned and there should be proper allocation and management of finances which should be need-based.

There should be appropriate punishment for violating the provisions of law/orders/directions. A Framework of insurance, loans, advances and compensations in respect of disaster preparedness/mitigations/rehabilitation needs to be given increased importance. Many a times it is observed that the interface between stakeholders and the disaster management framework is backed by legislative measures (e.g. Disaster Management Act), decisions, such as those taken for establishment of the bodies/committees for managing disasters and the government orders taken out to execute these decisions. They also define the composition of the structure and the role to be performed by each stakeholder by identifying the stakeholders to be involved in the disaster management framework. However, the stakeholders are also required to understand their role and its significance. This can be streamlined at the planning stage by careful role specifications and arrangement for sufficient training/practice/ mock drills in a time bound manner. The relevance based interface emerges when stakeholders lie at the impact end of the disaster and therefore are required to undertake policy measures to deal with those impacts.

Data Analysis and Interpretation

A Total of 318 respondents was interviewed from Four disaster affected districts of Uttarakhand i.e Pithoragrah , Uttarkashi, Chamoli and Rudraprayag. They were interviewed during October 2016 to April 2017. The time was chosen because after occurring Natural disaster 2013 as the banks and Financial institutions which helps the people of the region are fully operationalized.

The individuals are selected as per convenient sampling method from the disaster affected region. There are 86 respondents from Pithoragr, 121 from Uttarkashi,80 from Chamoli and 31 were from Rudraprayag.

Q1. Sex Composition of The Respondents

		Frequency	Percent
Valid	Male	251	78.9
	Female	66	20.8
	Total	317	99.7
Missing	System	1	.3
Total		318	100.0

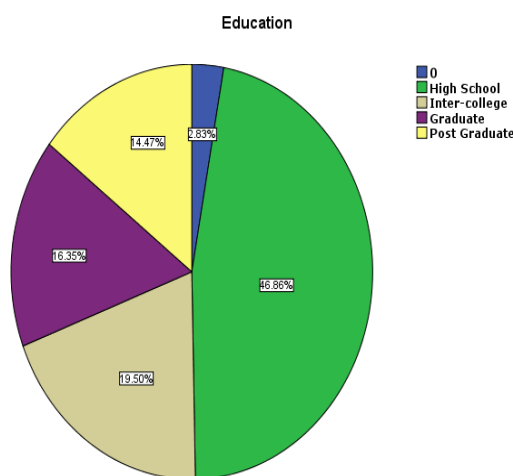
Out of 318 respondents 251 male and 66 interviewed were female from the four disaster affected districts of Uttarakhand. .

Q2. What is the Age composition of the respondents?

Among the respondents interviewed(109) i.e. 34.3 % were in the 21-30 years of age group, 32.4% were in the 31-40 years of age group, 17 % were in the 41-50 years of age group, 9.7 % were in the 51-60 years of age group and 6.6 % were above 60 years of age.

Q3. What is the Education profile of the respondents?

Out of the 318 respondents 9 i.e 2.8 percent were having no formal education, 149 i.e 46.9 percent were high school pass, 62 i.e 19.5 percent were Inter pass, 52 i.e 16.4 percent were Graduate and 46 i.e. 14.5 percent were Having Post Graduate Degree.



Q4 From where the respondents get the information regarding government schemes?

Among the respondents interviewed(13) i.e. 4.1 % get the information regarding government schemes from 116 i.e 36.5 % from Gram Sevak, (155) i.e 48.7 % from News paper, 19 i.e. 6% from Internet, only 3 i.e less than 1% get information from the least effective Information letter by various institutions and magazine makes on 11 i.e 3.5% respondents aware of the various Government schemes.

Q5. What was The Respondents Source of Income before Disaster?

After research it was found in the disaster effected region 23 i.e 7% were from Government service back ground, 17 i.e 5% were in private service, 84 i.e 26 % were owing some shop, 41 i.e 13% were in hotel business , 104 i.e. 33 % around were pursuing tourism related business and 49 i.e. 15 % were doing agriculture related activities.

Q6. Which Type of Loss occurred in disaster?

1. Among the 318 respondents 60 percent replied that their houses were fully damaged and 40% respondents were left with broken damaged house after the disaster of June 2013.
2. 47 % respondents land was fully destroyed whereas around 53 % of the respondents were partially destroyed in the disaster.
3. 39% of the respondents who were based on agriculture were destroyed in the disaster 2013.

4. 54 respondents i.e 8.5% respondents who were involved in the hotel business revealed that around 7 % were fully disturbed and 2 % had faced partial destruction of their hotel property.

Q7. Which type of support did you get from Banks and financial Institutions after disaster?

It was found in the disaster effected region the Banks and Financial Institution support was less than 1 % in the form of short term loan, only 15 i.e 4.7 % in the form of Interim Compensation Momentarily given after the Incident, around 30 % i.e 94 respondents were given lasting compensation and a large portion i.e around 62 % (196) says they were not given any compensation.

Q6. What was the time duration for getting the help from Banks?

It was found out that 26 % get the help within three months, 10 % get within 6 months 15 % of the people get within nine months and 15 % are compensated within year. The research points out that 66 % of the disaster affected region don't get any help even after one year.

Q7. Whether any Loan was taken before the occurrence of disaster 2013?

Before the occurrence of disaster 2013, around 3% of the respondents had taken loan for house, around 5% for Automobile 14% for the self-employment while 77 % of the respondents have not taken any loan from the Banks and Financial Institutions.

Q 8. What was the remedy in Loan repayment provided by Banks and Financial Institutions after Disaster?

Among the respondents 4.4 % get the relief in Loan reschedulement and 77% i.e 243 gets no relief in the form of loan reschedulement after the Disaster

Q9. Whether Banks and Financial Institutions working in the region inform about the various schemes of Loans available after the disaster?

Only 4 i.e 1.3 % of the respondents says that they get the right information at the right time, 6.3 % i.e 20 of the respondents confirms that they get late information about the loan, 7.2% i.e 23 says that they get very late information about the loan schemes from the Banks and Financial institutions operating in their region and 85% i.e 271 tells that they get no information in this regard.

Q10. At what time did you get the loan from Banks and Financial institutions after the Disaster Occurred?

Only 4.1 % i.e 13 respondents says that they get the loan in right time for their perusal, 6.3 % i.e 20 says that they get loan some what late for their work, 10.4 % i.e 33 respondents are of the view its very late in getting the loan from the Banks and Financial Institutions and 79 % says that no loan was provided to them even after their requirement.

Q11 What problems the residents faced in recovery from natural disaster 2013?

Around 21 % i.e 69 tells that without right information to fight from disaster, 10.7 % i.e 34 says that they have lost their assets completely to mortgage, 8.5% i.e. 27 says that there is no source of income to fight

against the recovery and 59 % i.e. 188 are of the view that No help is provided to them by any Banks and Financial Institutions in the recovery from Disaster

Q12. What remedy the Banks and Financial Institutions provide for disturbed livelihoods and small business owners?

Out of the 318 respondents 42 % i.e 133 feels that they don't get any help, 19 % i.e. 59 respondents feels they get late help , 39 % i.e 124 respondents feels they get very late help and 0.6% i.e 2 were uncertain to tell of any answer regarding the remedy provided by Banks and Financial Institutions for disturbed livelihoods and small business owners

Q13. What type of Insurance schemes are provided by Banks and Financial Institutions in the disaster affected region of Uttarakhand?

Among the respondents 3.8% i.e 12 are of the view that Housing Insurance schemes are available, 7.5% i.e 24 are of the view that Crop Insurance is available, 11.9 % i.e 38 knows about the Life Insurance schemes , 13.5% i.e 43 are of the view that nimal Insurance schemes are available, while 63 % i.e 201 respondents feels that there is no such Insurance schemes are available to them.

Q14 What type of Organisations come forward to people for disaster recovery?

Among the respondents 39.3% i.e 125 are of the view that its Governement organization which come farward to help the people, 25.8% are from Non Governmental Organisations- NGOs working in the region, 5.7 % i.e 18 were the Local regional representatives and 30 % i.e 92 respondents are of the view that they were not helped by any organization at all in the recovery from disaster.

Q 15 After Natural Disaster 2013 what facilities the Banks upgrade for the customers?

Among the respondents 21.7 % i.e. 69 feels that ATM facility is improved, 1.6 % i.e. 5 feels that internet banking is improved, 1.6 % i.e 5 feels the mobile banking is improved, 2.2 % i.e 7 feels the single window system is adopted by banks and financial institutions more successfully. While 70 % i.e 223 respondents are of the view that nothing is improved at all.

Q 16. Satisfaction level of the respondents from the services by Banks and Financial Institutions after the Natural Disaster 2013.

Among the 318 respondents 30% feels very below , 26.7 % i.e 85 feels below normal, 36.2 % feels normally satisfied 7.2 % i.e 23 feels Very good and only .3% i.e 1 feels merely good about the various servies provide by the banks and Financial Institutions after the Disaster 2013. It is referring towards the lot of scope available for improvement in the customer service on their part.

Conclusions and Suggestions

The following findings were emerged from the study carried out during the project.

Coordination in Disaster Management Activities

Coordination in responses to disasters is not simply a specific set of actions rather an approach to emergency response that attempts to maximise the benefits and minimize inefficiencies as well as wastages. It involves various stakeholders such as

the government, Corporate sector, NGOs, international organizations, civil society and affected communities coming together to provide an appropriate, efficient and inclusive response to disasters. This involves coordination and collaboration through different phases of the response including planning, operations, data collection, information management, resource mobilization and resource allocation etc.

Assessment and Valuation of the Disaster

There is no systematic and scientific approach for assessing the disaster damages, losses & needs. There is a tendency to overestimate or inflate some of the damages by some sectors, while at the same time there is also under-estimation of the damages in some sectors. The damages in some sectors are sometimes not being considered at all.

Proactive and Holistic approach for Effective Disaster Management

Natural disaster need to include a broad range of national and local stakeholders, particularly the poorest and the most vulnerable section of the society from the region including the pets. There are heightened vulnerabilities to disaster risks due to expanding population, environmental degradation, unplanned urbanization, industrialization, etc. Within the vulnerable groups, elderly persons, women, children, physically challenged persons, etc., are more likely to bear the brunt of disasters and therefore require special attention during response. In the response phase, children orphaned and women rendered destitute on account of disasters deserve special attention. However, efforts in this direction are very few.

Efforts by Banks and Financial Institutions

The socio-economic problems such as poverty and inequality of wealth often render the weaker individual or society more vulnerable. Due to

the lack of a standardised and synchronized approach to damage estimation and relief provision there is unnecessary duplication of efforts or lack of efforts and funding which causes delays in response and Rehabilitation initiatives in the aftermath of disasters.

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