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The Economics of Disaster Risk Management in Nepal

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ABSTRACT

Nepal is highly vulnerable to many disasters and substantially increasing every year. It has been creating an adverse impact on human lives, livelihoods, and infrastructures. The primary objective of this study is to state the human causalities and economic loss from disasters in Nepal and suggest institutional and system reforms for effective disaster risk management in the country. This is an analytical study based on secondary data. Data published from various government and non-government organizations are used to analyse the situation. Although the findings of the study reveal that the Government of Nepal has been continuously carrying out many efforts for fighting against various levels of disasters in the country, it concludes that additional efforts are needed from the federal to the local level at all phases of disaster management including preparedness, response, and recovery. It is also important to integrate disaster risk reduction and climate change adaptation policies, plans and programmes into national development.

KEYWORDS

Act, Disaster, Loss, Mainstreaming, Management, Risk

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INTRODUCTION

Day by day the world is becoming high prone to the natural and man-made disasters like flood, landslide, earthquake, tsunami, fire, storm, hailstorm, epidemics, cold wave, hot wave, drought, wild animal attack, thunder, accident etc. in terms of both the frequency and related damages and losses. The main factors of this trend are the global growth of wealth and population; urbanisation involving a concentration of population, assets and economic activity; expansion of cities onto marginal lands with higher exposure to disaster risk; anthropogenic change of the environment; and better historical and statistical coverage of disaster situations (Zenklusen, 2007).

Conventionally there are three types of disaster losses (1) direct losses, (2) indirect losses, and (3) secondary effects (Charlotte, 2012). Direct losses are loss of human life and injury and physical damage to productive and social assets. Indirect losses are disruptions to the flow of goods and services stemming from these direct stock losses. Secondary effects are the impacts on socio-economic imbalances and the functioning and performance of an economy.

Regarding the macroeconomic consequences of a disaster, social scientists have forwarded two contrasting hypotheses in economic literature. The hypotheses are completely opposite to each other. One group argue about the adverse impact. They believe that disasters destroy existing productive and social capital. Disasters also reduce stocks of human capital by resulting in fatalities, long-term health problems and the withdrawal of children from education. Investment in the economy decreases. Employment slows down and the economy forced to grow with lower growth (Zenklusen, 2007; Charlotte, 2012; Luis, 2016).

On the other hand, another group believe that disasters would have positive impact in the economy. Disasters generate construction-led booms and offer an opportunity to upgrade capital, raising factor productivity and competitiveness. Massive investment takes place in the economy. There will have high employment generation and improvement in labour market. As a result, growth rate stimulates and in turn reduce poverty (Zenklusen, 2007; Charlotte, 2012; Luis, 2016).

Disasters have also short and long run distributive impacts both in terms of creating regional inequalities and adverse effect on vulnerable groups. Unaffected regions may benefit from a rise in demand for construction workers, capital goods and consumables from the disaster zone. Producers in these areas may also gain additional market. Women, children, the elderly, the disabled and minority groups suffer mostly. They generally trapped in poverty (Zenklusen, 2007).

However, longer-term impacts on regional inequalities and vulnerable groups also depend on the government's relief and recovery programmes including reconstruction. If the government allocate significant capital investment over a period of longer term to these efforts, problems may be normalized.

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